



HIAP SENG INDUSTRIES LIMITED

ANNUAL REPORT 2024



CONTENTS

- 01 About the Group
- 02 Chairman's Statement
- 05 Board of Directors
- 07 Group Structure
- 08 Corporate Information
- 09 Financial Contents

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.



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, 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.

PLANT MAINTENANCE

Oil-and-Gas, Chemical & Utility Plant Maintenance



CONSTRUCTION

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



EPC

Process Equipment and Tank farms

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

We are pleased to present our annual report for Hiap Seng Industries Ltd for the financial year ended 31 March 2024. This past year has been one of significant progress and achievement for our company, marked by strong financial performance, strategic initiatives, and a reinforced commitment to our core values.

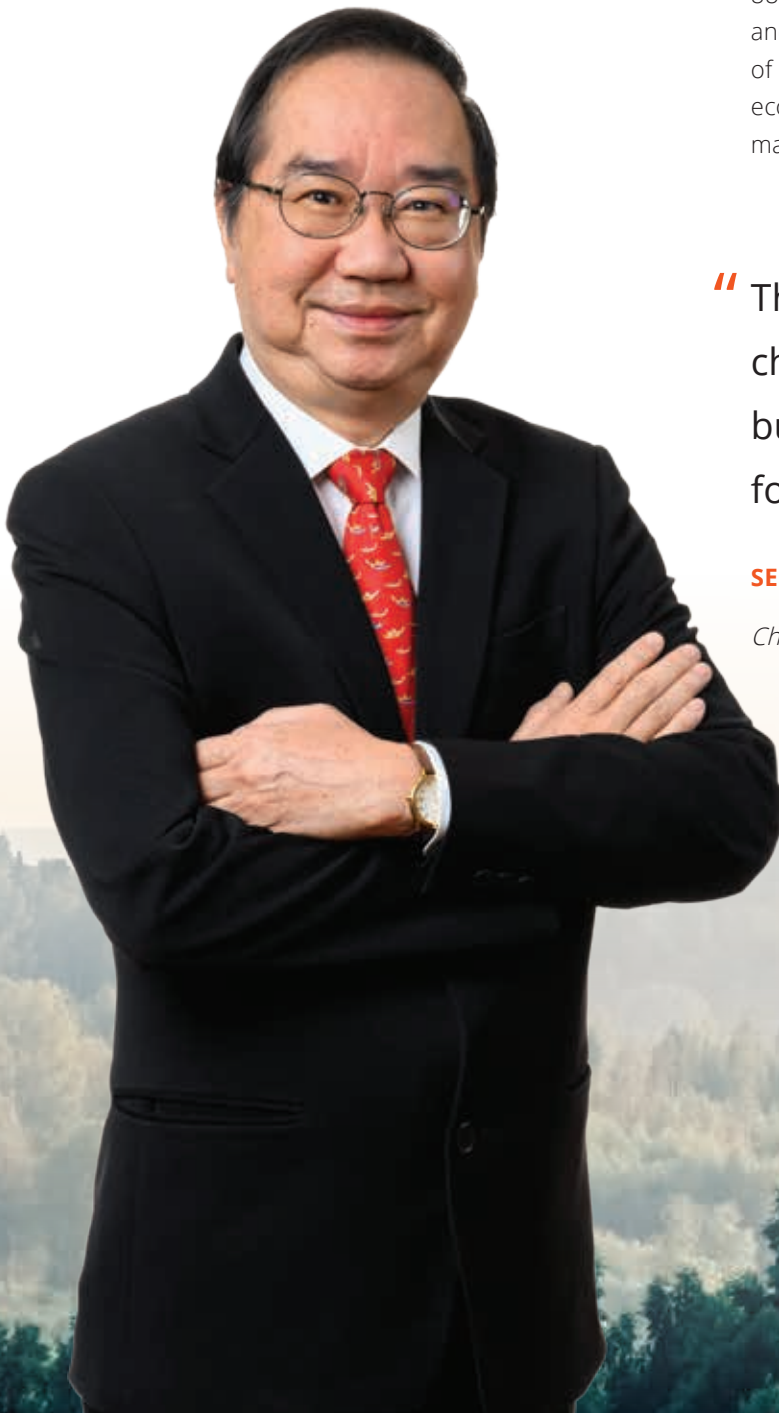
PERFORMANCE AND GROWTH

Our company delivered robust financial results, achieving a revenue growth of 34% and an increase in net profit of 884%. This performance is a testament to the resilience and dedication of our team, as well as the trust and loyalty of our customers and partners. Despite the challenging economic environment, we have continued to expand our market share and enhance our operational efficiency.

“ The re-listing not only marks a new chapter for **Hiap Seng Industries** but also opens up new opportunities for growth and investment. ”

SEBASTIAN TAN CHER LIANG

Chairman of the Board



CHAIRMAN'S STATEMENT

DISCHARGE OF JUDICIAL MANAGEMENT ORDER

A significant milestone for Hiap Seng this year was the successful discharge of the Judicial Management Order on 23 February 2024. This achievement marks the culmination of extensive restructuring efforts and a return to normalcy for our operations. The discharge underscores our financial stability and operational resilience, providing a solid foundation for future growth.

We are deeply grateful to our creditors, customers, and shareholders for their patience and unwavering support during this period. This milestone would not have been possible without the diligent efforts of our management team and employees, whose dedication and hard work have been instrumental in our recovery.

RE-LISTING ON THE SINGAPORE EXCHANGE

Following the discharge of the Judicial Management Order, we are thrilled to announce our re-listing as Hiap Seng Industries Limited on the Singapore Exchange. This significant achievement reaffirms our commitment to transparency, corporate governance, and shareholder value. The re-listing not only marks a new chapter for Hiap Seng Industries but also opens up new opportunities for growth and investment.

Notably, as part of our restructuring process, some of our creditors have become shareholders in the re-listed entity. Their conversion from creditors to equity holders demonstrates their confidence in our long-term prospects and aligns their interests with the company's future success. We welcome them as new shareholders and appreciate their continued support and belief in our vision.

REFRESHED BOARD OF DIRECTORS

In our continued efforts to strengthen governance and drive the company forward, we have refreshed our board of directors. This year, we welcomed several new members who bring with them a wealth of experience, fresh perspectives, and deep industry knowledge. Their diverse backgrounds and expertise are invaluable assets as we navigate the complexities of our industry and work towards our strategic goals.

The new board members join us at a pivotal time, and their insights and leadership will be crucial in steering Hiap Seng Industries towards new heights. We are confident that this refreshed board will enhance our decision-making processes and contribute significantly to our long-term success.



CHAIRMAN'S STATEMENT

COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY

We remain steadfast in our commitment to sustainability and corporate social responsibility. This year, we have made significant strides in reducing our environmental footprint and advancing our social initiatives. Our sustainability programs have not only contributed to a better planet but have also enhanced our reputation and stakeholder trust.

As part of our sustainability efforts, we are excited to announce plans to install solar panels on our premises, which will generate 2 megawatts peak (MWp) of electricity. This initiative underscores our commitment to renewable energy and reducing our carbon footprint. The solar panels will not only provide a sustainable source of energy for our operations but also serve as a testament to our dedication to environmental stewardship.

We have also focused on fostering a diverse and inclusive workplace where all employees can thrive. We continue to strive for excellence in diversity and inclusion.

OUTLOOK AND FUTURE PLANS

Looking ahead, we are optimistic about the future. Our strong financial position, coupled with our strategic initiatives, positions us well to navigate the uncertainties of the global economy. We will continue to focus on innovation, customer satisfaction, and operational excellence to drive sustainable growth.

In closing, I would like to extend my gratitude to our shareholders for their continued support and confidence in our company. I also want to thank our employees for their unwavering dedication and hard work. Together, we have built a strong foundation for continued success, and I am excited about the opportunities that lie ahead.

Thank you.

Sincerely,

Sebastian Tan Cher Liang

Chairman of the Board

Hiap Seng Industries Limited



BOARD OF DIRECTORS

MR. SEBASTIAN TAN CHER LIANG

(Independent Chairman, NC Chairman, AC & RC member)

Mr. Tan was appointed as an Independent Director on 16 February 2024. He chairs the Nominating Committee and is a member of the Audit Committee and the Remuneration Committee. He has more than 41 years of experience in corporate advisory and general management. Mr. Tan was the Managing Director and Finance Director of Boardroom Limited which he co-founded in May 2000 and was listed on the Main Board of the SGX-ST from September 2000 to August 2019. Having retired from Boardroom Limited in March 2013, he continues to be an Advisor. Prior to May 2000, he was with Ernst & Young Singapore and its affiliates since September 1973. He is a qualified financial professional from the Association of Chartered and Certified Accountants of the United Kingdom. He is currently serving on the Boards of various public and private companies, and charitable organisations in Singapore. He was conferred the Public Medal (PBM) in 1996.

MR. KHUA KIAN HUA

(Executive Director, NC member)

Mr. Khua was appointed as an Executive Director on 23 August 2023 to oversee administrative matters and assisting the Chief Executive Officer of the Company in his other duties. He is a member of the Nominating Committee. Mr. Khua graduated from University of Pacific, United States with Bachelor of Science in Business Administration. He is currently also serving as Non-Executive Director of Vibrant Equities Pte Ltd and General Manager of Vibrant Capital Pte Ltd.

MR. TAN PHUAY HUNG, MAX

(CEO)

Mr. Tan was appointed as an Chief Executive Officer on 16 February 2024. Mr. Tan graduated from University of Manchester, United Kingdom with First Class Masters of Engineering (Hons) Chemical Engineering with Industrial Experience. Mr. Tan was the Lead Contact Engineer in ExxonMobil Chemical Operations Pte Ltd from 2012 to 2017. He was previously Manager Special Projects of Hiap Seng Engineering Ltd.



BOARD OF DIRECTORS

MR. PITI PRAMOTEDHAM

(Independent Director, AC Chairman, RC member)

Mr. Piti was appointed as an Independent Director on 16 February 2024. He chairs the Audit Committee and is a member of the Remuneration Committee. Mr. Piti graduated from National University of Singapore with Bachelor of Engineering (Civil Engineering). Mr. Piti was Executive Chairman & Group CEO of Kronologi Asia Berhad Group of Company from 2012 to 2015. He is Board Member, Audit & Risk Committee Member of Singapore LNG Corporation from 2015 to 2019. Mr. Piti is currently Director and Chairman Audit Committee of Littlemore Innovation Labs and Venture Partner of IncuVest Pte Ltd.

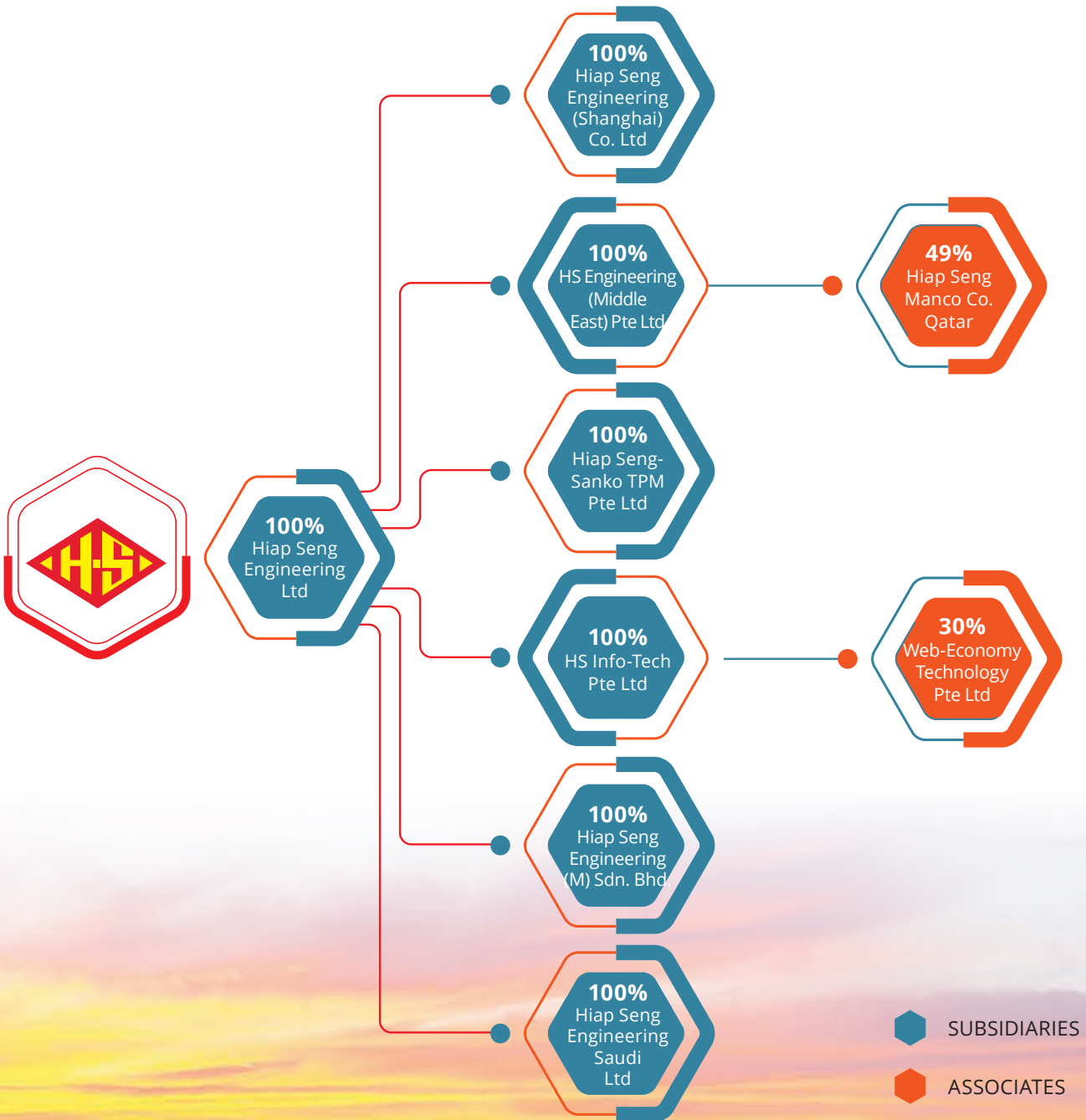
MR. DAVID ONG KIM HUAT

(Independent Director, RC Chairman, AC & NC member)

Mr. Ong was appointed as an Independent Director on 16 February 2024. He chairs the Remuneration Committee and is a member of the Audit Committee and the Nominating Committee. Mr Ong began his professional career in 1989 and held senior marketing positions in various international companies, including Visa International, Reed Elsevier, Planet Marketing Inc and Publicis. In 1998, he started RedDot Media Inc Pte Ltd, a company that specializes in providing media solutions to the tourism industry. Mr Ong is currently the Managing Director of RedDot Media Inc Pte Ltd and also serves as Chairman and Independent Director of Ellipsiz Ltd and Non-Executive Independent Director of New Toyo International Holdings Ltd. Mr Ong was formerly a Member of Parliament of Singapore from 2011 to 2016. He was awarded the Public Service Medal and Public Service Star in 2005 and 2009 respectively. Mr Ong graduated from the University of Oregon, USA, with Bachelor of Science in Business Administration with double major in Marketing and Management.



GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sebastian Tan Cher Liang

Independent Non-Executive Chairman

Khua Kian Hua

Executive Director

Tan Phuay Hung, Max

Executive Director and CEO

Piti Pramotedham

Independent Non-Executive Director

David Ong Kim Huat

Independent Non-Executive Director

AUDIT COMMITTEE

Piti Pramotedham, Chairman

Sebastian Tan Cher Liang, Member

David Ong Kim Huat, Member

REMUNERATION COMMITTEE

David Ong Kim Huat, Chairman

Sebastian Tan Cher Liang, Member

Piti Pramotedham, Member

NOMINATING COMMITTEE

Sebastian Tan Cher Liang, Chairman

David Ong Kim Huat, Member

Khua Kian Hua, Member

COMPANY SECRETARY

Chan Lai Yin, ACIS

REGISTERED OFFICE

28 Tuas Crescent

Singapore 638719

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd.

1 Harborfront Avenue

Keppel Bay Tower

#14-07

Singapore 098632

AUDITORS

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

1 Raffles Place #04-61

One Raffles Place Tower 2

Singapore 048616

Partner: Kong Chih Hsiang, Raymond

(Year of appointment: FY2024)

PRINCIPAL BANKER

United Overseas Bank Limited

Standard Chartered Bank

FINANCIAL CONTENTS

- 10** Directors' Statement
- 13** Independent Auditor's Report
- 19** Consolidated Statement of Comprehensive Income
- 20** Consolidated Statement of Financial Position
- 21** Consolidated Statement of Changes in Equity
- 22** Consolidated Statement of Cash Flows
- 24** Notes to the Financial Statements
- 73** Sustainability Report
- 106** Corporate Governance Report
- 124** Statistics of Shareholdings
- 126** Notice of Annual General Meeting
- 129** Additional Information on Director Seeking Re-Election
- Proxy Form



DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

The directors present their statement to the members together with the audited consolidated financial statements of Hiap Seng Industries Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2024 and the balance sheet of the Company as at 31 March 2024.

In the opinion of the directors,

- (a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); 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.

Directors

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

Tan Cher Liang (Appointed on 16 February 2024)	(Independent Non-Executive Chairman)
Tan Phuay Hung, Max (Appointed on 16 February 2024)	(Executive Director and Chief Executive Officer)
Khua Kian Hua (Appointed on 23 August 2023)	(Executive Director)
Piti Pramotedham (Appointed on 16 February 2024)	(Independent Non-Executive Director)
Ong Kim Huat (Appointed on 16 February 2024)	(Independent Non-Executive Director)

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

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 31.3.2024	At 1.4.2023, or date of appointment, if later	At 31.3.2024	At 1.4.2023, or date of appointment, if later
Hiap Seng Industries Limited				
(No. of ordinary shares)				
Khua Kian Hua	-	-	1,104,972,375	-
Tan Phuay Hung, Max	-	-	254,950,701	-

- (b) The directors' interests in the ordinary shares of the Company as at 21 April 2024 were the same as those as at 31 March 2024.

Share options

On 16 February 2024, 1,473,296,500 options have been granted to Vibrant Equities Pte Ltd and Tian Yuan (collectively the "Subscribers") pursuant to the creditors scheme arrangement by Hiap Seng Industries Limited on behalf of Hiap Seng Engineering Ltd (specifically, 1,104,972,375 options to Vibrant Equities Pte Ltd and 368,324,125 options to Tian Yuan), wherein Hiap Seng Industries Limited has assumed all liabilities and obligations of Hiap Seng Engineering Ltd in connection with such options.

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 during the financial year and at the date of this statement are:

Mr Piti Pramotedham (Chairman)
Mr Tan Cher Liang
Mr Ong Kim Huat

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

Audit Committee (continued)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Foo Kon Tan LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent Auditor

The independent auditor, Foo Kon Tan LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

.....
KHUA KIAN HUA

.....
TAN PHUAY HUNG MAX

12 July 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Seng Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hiap Seng Industries Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

1 Group re-organisation and accounting for the extinguishment of liabilities of Hiap Seng Engineering Limited ("HSEL") under Scheme of Arrangement (Note 7)

The Company was listed on the Mainboard of SGX-ST on 19 February 2024 following the successful implementation of a scheme of arrangement (the "Scheme") proposed by HSEL to its shareholders under Section 210 of the Companies Act 1967, as described in HSEL's circular to its shareholders dated 6 November 2023 (the "Scheme Circular").

Since September 2020, HSEL and its subsidiary were placed under Judicial Management.

In January 2022, the Judicial Managers of HSEL entered into a subscription agreement with the Company, Vibrant Equities Pte. Ltd. and Tian Yuan (collectively, the "Subscribers") respectively, in respect of the subscription by the Subscribers in (a) 1,473,296,500 new ordinary shares of the Company at an issue price of S\$0.00543 per subscription share for a total consideration of \$8 million and (b) 1,473,296,500 unlisted and transferable share options of \$8 million with each option carrying the right to subscribe for one option share in the Company (collectively, the "Subscription Agreement").

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Seng Industries Limited

Key Audit Matters (continued)

1 Group re-organisation and accounting for the extinguishment of liabilities of Hiap Seng Engineering Limited ("HSEL") under Scheme of Arrangement (Note 7) (continued)

In August 2022, HSEL, together with the Subscribers, have entered into a restructuring deed with a financial institution. Upon successful completion of the Subscription Agreement, HSEL will utilise the proceeds from the subscription proceeds from the Subscribers for partial settlement of the principal amounts and interests owed to the financial institution prior to 15 September 2020. The remaining unsecured amounts owing to the financial institution will be restructured together with other unsecured creditors of HSEL who have filed proofs of debts ("Scheme Debts") via the Scheme, which has been sanctioned by the High Court of Singapore. Under the Scheme, the Scheme Debts will be partially settled by way of a cash distribution and issuance of settlement shares at S\$0.00543 per settlement shares (the "Restructuring Transaction"). The remaining Scheme Debts will be irrevocably released, discharged and extinguished upon the successful completion of the Subscription Agreement and Scheme implementation, post restructuring.

On 28 November 2023, HSEL convened an extraordinary general meeting; and its shareholders approved all the proposed resolutions in respect of the Subscription Agreement, the Restructuring Transaction and the Scheme, including the proposed transfer listing of HSEL to the Company and the appointments of new directors of the Company.

Arising from the above, the Group recorded a net gain from the extinguishment of liabilities of \$19.3 million against the total liabilities amounting to \$38.5 million under the Scheme. The liabilities were extinguished via (a) cash settlement of \$8.0 million from the Subscribers and \$4.3 million from internally funded cash balances and (b) the issuance of 1.266 billion shares at S\$0.00543 per settlement shares amounting to \$6.9 million.

In preparing this set of consolidated financial statements, management did not consider the group re-organisation as disclosed in Note 1.1 to the financial statements as a business combination under SFRS(I) 3 – *Business Combinations* and has applied the principles of pooling of interest method under common control as a continuation of HSEL and its subsidiaries ("HSEL Group") using their predecessor carrying values and fair value measurement is not required. Accordingly, the interest of entities of HSEL Group were transferred under common control to the Company, which has been effected as if the combination occurred as at 1 April 2022 or the dates when common control is established, whichever is later.

We have determined the accuracy of the gain on extinguishment of liabilities as a key audit matter due to the amounts involved. In addition, we have to consider the appropriateness of the application of the pooling of interest method in respect of the group re-organisation exercise carried out by the Company on HSEL Group.

Our response and work performed:

We have identified and performed the following audit procedures to address the completeness, existence and accuracy of the gain on extinguishment of the Scheme liabilities:

- (a) Obtained and reviewed the Scheme approved by the High Court of the Republic of Singapore to verify if the gain is calculated in accordance with the relevant clauses;
- (b) Reviewed management's computation of the gain by reconciling the payments of liabilities, releases and discharge of claims, obligations and liabilities under the Scheme of Arrangement, to bank transactions, share registers and other underlying accounting records; and
- (c) Performed re-computation of the gain on extinguishment of the liabilities.

In respect of the accounting on the Group's re-organisation exercise between the Company and HSEL Group, we analysed whether a business combination has occurred, which involved understanding the economic drivers and rationale behind the transactions and reviewed the appropriateness of the accounting entries involved in the Group's re-organisation exercise and the adequacy of the relevant disclosures made in Notes 1.1, 7, 19 and 20 respectively, to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Seng Industries Limited

Key Audit Matters (continued)

2 Revenue recognition – account for revenue from maintenance services (Note 4)

During the financial year ended 31 March 2024, revenue from maintenance services amounted to \$24.8 million, which represented 99% of the Group's revenue.

Revenue from maintenance service 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. Due to administrative delays between the time when the amounts are approved by the customers and billed, the Group tracks and record these unbilled revenue amounts during period-end closing.

We focused on this area due to the significance of revenue to the financial statements and the risk of revenue to the financial statements and the risk of revenue from maintenance services being recognised in the wrong accounting period.

Our response and work performed:

We performed the following audit procedures relating to cut-off in recognition of revenue from maintenance services:

- (a) Evaluated the appropriateness of revenue recognition accounting principles and practices applied by management.
- (b) Inquired and evaluated the relevant controls relating to cut-off in recognition of revenue from maintenance services during period-end;
- (c) Tested billed invoices recorded after year-end on a sample basis by agreeing to the supporting documentation for the accounting period in which maintenance services are rendered (such as maintenance contracts, service reports, timesheets and delivery documents) and assess if revenue is recorded in the correct accounting period; and
- (d) Tested accrued revenue on a sample basis by agreeing to supporting documentation for the accounting period in which maintenance services are rendered and reconciled the accrued revenue amounts recorded to subsequent billed invoices amount.

Disclosure of the pertinent information has also been set out in Note 4 to the financial statements.

3 Fair value of unquoted equity investment (Note 14)

As at 31 March 2024, the carrying amount of the Group's financial assets measured at fair value through other comprehensive income ("FVOCI") amounting to \$1.02 million, relate to a 27% equity interest in Petroleum Maintenance Services Joint Stock Company ("PMS"), an unlisted equity securities in Vietnam.

Management has engaged an independent professional valuer ("management's expert") to determine the fair values of the unquoted investment. The fair value of the unquoted investment is considered to be a key audit matter due to the judgements applied and the assumptions and estimates used in the determination of the fair value of the investment, and the significance of the fair value changes of the investment in the Group's statement of comprehensive income.

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Seng Industries Limited

Key Audit Matters (continued)

Our response and work performed:

We performed the following audit procedures to ascertain the appropriateness of the fair value of the unquoted investment:

- (a) Assessed the methodologies and appropriateness of the key assumptions used by the management's expert.
- (b) Involved an auditor's expert to gain understanding of and reviewed the assumptions in the input data from management and the management's expert through discussions, comparisons to industry peers, historical trends and independent external data sources, and agreed to supporting documentation.
- (c) Evaluated the competence, capabilities and objectivity of the management's expert.
- (d) Evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the management's expert and auditor's expert; and
- (e) Considered the adequacy of disclosures in the financial statements.

Disclosure of the pertinent information has also been set out in Note 14 to the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in 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 Industries Limited

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 scepticism 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, actions taken to eliminate threats or safeguards applied.

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 Industries Limited

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 subsidiary corporations 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 Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants

Singapore, 12 July 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Revenue	4	24,936	18,601
Cost of services rendered	5	(18,819)	(15,525)
Gross profit		6,117	3,076
Other income	7	923	1,401
Other (losses)/gains – net			
– Write back/(allowance) of impairment of financial assets and contract assets		244	(133)
– Others	7	17,940	(1,001)
Expenses			
– Administrative	5	(4,739)	(5,413)
– Finance	8	(427)	(497)
Share of profit of associated companies	13	7	8
Profit/(loss) before income tax		20,065	(2,559)
Income tax expense	9	–	–
Profit/(Loss) for the year		20,065	(2,559)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		544	665
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
– Fair value changes – equity investment	22(b)(iii)	(8)	94
Other comprehensive income, net of tax		536	759
Total comprehensive income/(loss)		20,601	(1,800)
Profit/(loss) attributable to:			
Equity holders of the Company		20,065	(2,559)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		20,601	(1,800)
Basic earnings/(loss) per share (cents per share)	10	0.7	(0.1)
Diluted earnings/(loss) per share (cents per share)	10	0.4	(0.1)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2024

	Note	The Group		The Company	
		31 March		31 March	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	2,256	3,887	-	-
Investment in a subsidiary	12	-	-	16,524	-
Investment in associate companies	13	277	270	-	-
Financial assets, at FVOCI	14	1,019	907	-	-
		3,552	5,064	16,524	-
Current assets					
Other current assets	15	1,015	754	4	8
Trade and other receivables	16	7,166	7,518	1,727	-
Cash and cash equivalents	17	14,278	18,744	266	-
		22,459	27,016	1,997	8
Total assets		26,011	32,080	18,521	8
LIABILITIES					
Non-current liability					
Lease liabilities	18	-	148	-	-
Current liabilities					
Lease liabilities	18	791	862	-	-
Borrowings	19	-	14,696	-	-
Contract liabilities	4(b)	5	7	-	-
Trade and other payables	20	5,485	33,731	377	20
		6,281	49,296	377	20
Total liabilities		6,281	49,444	377	20
NET ASSETS/(LIABILITIES)		19,730	(17,364)	18,144	(12)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	18,142	36,178	18,142	-*
Other reserves	22	36,630	1,565	-	-
Accumulated losses		(35,042)	(55,107)	2	(12)
Total equity		19,730	(17,364)	18,144	(12)

Note:

* Less than \$1,000

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2024

	Attributable to equity holders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
2024				
Balance as at 1 April 2023	36,178	1,565	(55,107)	(17,364)
Profit for the year	-	-	20,065	20,065
Other comprehensive income for the year	-	536	-	536
Total comprehensive income for the year	-	536	20,065	20,601
Contributions to and distributions to owners of the Company:				
Effects of capital re-organisation (Note 21 and Note 22)	(34,529)	34,529	-	-
Issuance of shares to Subscribers (Note 21)	8,000	-	-	8,000
Issuance of shares to Scheme creditors (Note 21)	6,875	-	-	6,875
Right issue during the year (Note 21)	1,618	-	-	1,618
Total transactions with owners, recognised directly in equity	(18,036)	34,529	-	16,493
Balance as at 31 March 2024	18,142	36,630	(35,042)	19,730
2023				
Balance as at 1 April 2022	36,178	806	(52,548)	(15,564)
Loss for the year	-	-	(2,559)	(2,559)
Other comprehensive income for the year	-	759	-	759
Total comprehensive income/(loss) for the year	-	759	(2,559)	(1,800)
Balance as at 31 March 2023	36,178	1,565	(55,107)	(17,364)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Total profit/(loss)		20,065	(2,559)
Adjustments for:			
- Reversal of bad debt written off		(195)	-
- (Write back of)/Allowance for impairment of financial assets and contract assets	24(b)	(49)	133
- Depreciation of property, plant and equipment	11	1,570	1,791
- Dividend income	7	(120)	-
- Gain on waiver of debts	7	(19,316)	-
- Interest expense	8	427	497
- Interest income	7	(350)	(111)
- Impairment loss on property, plant and equipment	11	746	-
- Net gain on disposal of property, plant and equipment	7	(29)	(50)
- Property, plant and equipment written off	11	3	378
- Unrealised currency translation losses		31	683
- Share of profit of associated companies	13	(7)	(8)
		2,776	754
Change in working capital, net of effects from disposals of subsidiaries:			
- Contract assets		-	964
- Trade and other receivables		596	1,993
- Other current assets		(261)	114
- Contract liabilities		(2)	(106)
- Trade and other payables		425	1,019
Cash generated from operations		3,534	4,738
Judicial management fees and other professional fees paid		(4,282)	-
Net cash (used in)/generated from operating activities		(748)	4,738
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		72	55
Purchases of property, plant and equipment	11	(111)	(58)
Interest received		350	111
Net cash generated from investing activities		311	108
Cash flows from financing activities			
Payment on Scheme transaction cost	Note 20	(469)	(318)
Cash distribution to Scheme creditors	Note A	(1,885)	-
Interest paid	Note A	(21)	(16)
Issuance of shares to Subscribers	Note 21	8,000	-
Proceeds from Rights Issue	Note 21	1,618	-
Repayment of bank borrowings	Note A	(10,410)	-
Repayment of principal portion of lease liabilities	Note A	(850)	(843)
Net cash used in financing activities		(4,017)	(1,177)
Cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents		(4,454)	3,669
Beginning of financial year		18,744	15,120
Effects of currency translation on cash and cash equivalents		(12)	(45)
End of financial year	17	14,278	18,744

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2024

Note A: Reconciliation of liabilities arising from financing activities

	1 April 2023	Cash flows	Non-cash changes					31 March 2024
			Lease modifications	Interest expense (Note 8)	Settlement shares	Gain on waiver of debts (Note 7)	Foreign exchange Movements	
			\$'000	\$'000	\$'000	\$'000	\$'000	
Bank borrowings (Note 19)	13,540	(10,410)	-	388	(1,793)	(1,725)	-	-
Bank financing (trust receipts) (Note 19)	1,156	-	-	18	-	(1,175)	1	-
Corporate guarantee (Note 20)	2,953	-	-	-	-	(2,953)	-	-
Trade payables (under Scheme) (Note 20)	20,431	(1,885)	-	-	(5,083)	(13,463)	-	-
Lease liabilities (Note 18)	1,010	(871)	631	21	-	-	-	791
	39,090	(13,166)	631	427	(6,876)	(19,316)	1	791

	1 April 2022	Cash flows	Non-cash changes					31 March 2023
			Lease modifications	Interest expense (Note 8)	Settlement shares	Gain on waiver of debts (Note 7)	Foreign exchange Movements	
			\$'000	\$'000	\$'000	\$'000	\$'000	
Bank borrowings (Note 19)	13,123	-	-	459	-	-	(42)	13,540
Bank financing (trust receipts) (Note 19)	1,158	-	-	22	-	-	(24)	1,156
Corporate guarantee (Note 20)	2,953	-	-	-	-	-	-	2,953
Trade payables (under Scheme) (Note 20)	20,431	-	-	-	-	-	-	20,431
Lease liabilities (Note 18)	764	(859)	1,089	16	-	-	-	1,010
	38,429	(859)	1,089	497	-	-	(66)	39,090

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

1. General information

Hiap Seng Industries Limited (the "Company") is a limited liability company, which is domiciled and incorporated in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are that of an investment holding company. The principal activities of the Group 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 address of its registered office is 28 Tuas Crescent, Singapore 638719.

1.1 Group re-organisation

The Company was listed on the Mainboard of SGX-ST on 19 February 2024 following the successful implementation of a scheme of arrangement (the "Scheme") proposed by Hiap Seng Engineering Limited ("HSEL") to its shareholders under Section 210 of the Companies Act 1967, as described in HSEL's circular to shareholders dated 6 November 2023 (the "Scheme Circular").

The shares of HSEL were suspended from trading on the Mainboard of SGX-ST since 28 November 2019 at the request of HSEL. HSEL was placed under Judicial Management since 15 September 2020 and all powers conferred; and duties imposed on the directors of HSEL by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967 or by the constitution of HSEL, were exercised and performed by the Judicial Managers.

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

On 7 January 2022, the Company and HSEL entered into a Conditional Subscription Agreement ("CSA") with Vibrant Equities Pte. Ltd. and Mr. Tian Yuan (collective the "Subscribers"), in which the Subscribers will subscribe for \$8 million ordinary shares (the "Proposed Subscription") and up to \$8 million in unlisted and freely transferable share options ("Options Shares") in the Company (collectively, the "Proposed Transaction"). Under the Proposed Transaction, the Company will issue (a) 1,473,296,500 new ordinary shares to the Subscribers at an issue price of \$0.00543 per subscription share at a total cash consideration of \$8 million and (b) grant another 1,473,296,500 unlisted and transferable options to the Subscribers, with each option carrying the right to subscribe for one new share (an "option share").

On 18 August 2022, HSEL, together with the Subscribers, entered into a restructuring deed with the principal lender (the "Proposed Debt Restructuring"), which prescribed how the liabilities of HSEL due to the principal lender will be discharged. Upon successful completion of the Proposed Debt Restructuring, HSEL will utilise the proceeds extended by the Company from the Subscribers for the partial settlement of the principal amounts and interests under the loans owing to the principal lender prior to 15 September 2020.

The remaining unsecured amount owing to the principal lender will be restructured together with the other unsecured creditors who had filed proof of debts (collectively, the "Scheme Debts") which had been sanctioned by the Court on 29 August 2022 (the "Scheme").

Under the Scheme, the Scheme Debts will be partially settled by way of a cash distribution and issuance of settlement shares equivalent to 1,353,591,160 new shares to the scheme creditors at an issue price of \$0.00543; and the remaining Scheme Debt shall be irrevocably and forever released, discharged. The Company will also issue an aggregate 9,883,551 settlement shares to certain ex-directors and officers of HSEL (collectively the "Settlement Directors") at an issue price of \$0.00543.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

1. General information (continued)

1.1 Group re-organisation (continued)

On 29 August 2022 and subsequently on 7 March 2023, the High Court of Singapore (the "Court") granted the extension of the JM order till 4 September 2023 to allow the Company to complete the Proposed Transaction with the Subscribers. On 4 September 2023, the Court granted a further extension of the JM order for the Company to 2 March 2024.

On 28 November 2023, the shareholders of HSEL approved all the proposed resolutions:

- (a) allot and issue 1,473,296,500 new ordinary shares (the "Subscription Shares") to Vibrant Equities Pte. Ltd. and Tian Yuan (collectively, the "Subscribers") at an issue price of S\$0.00543 per subscription share (the "Proposed Subscription"),
- (b) grant 1,473,296,500 unlisted and transferrable options to the Subscribers, with each option carrying the right to subscribe for one new share (the "Grant of Options"),
- (c) allot and issue 1,353,591,160 new shares to the scheme creditors pursuant to the share distribution under the creditor's scheme of S\$0.00543 per settlement share (the "Settlement Shares"),
- (d) allot and issue 4,757,810 settlement shares to Mr, Richard Tan Leau Kee @ Tan Chow Kee at an issue price of S\$0.00543 per settlement shares,
- (e) allot and issue 4,520,552 settlement shares to Mr Koh Kim Wah at an issue price of S\$0.00543 per settlement share,
- (f) allot and issue 577,947 settlement shares to Mr Tan Yaw Song at an issue price of S\$0.00543 per settlement share,
- (g) allot and issue 27,242 settlement shares to Mr Tan Yew Kun at an issue price of S\$0.00543 per settlement share,
- (h) transfer of controlling interest in HSEL to the Subscribers from the issue of the subscription shares and assuming the full exercise of the options granted to the Subscribers,
- (i) approve the whitewash resolution for the waiver by the independent shareholders of their right to receive a mandatory general offer from Vibrant Equities Pte Ltd for all the issued shares in the capital of HSEL not already owned or controlled by Vibrant Equities Pte Ltd and its concert parties,
- (j) allot and issue renounceable non-underwritten rights issue of up to 607,500,000 new shares at an issue price of S\$0.00543 for each rights share, on the basis of 2 rights shares for every 1 existing share held by entitled shareholders as at the record date; and
- (k) appoint Mr. Sebastian Tan Cher Liang, Mr. Khua Kian Hua, Mr. Tan Phuay Hung Max, Mr Piti Pramotedham and Mr. David Ong Kim Huat as directors of the Company upon completion of the proposed subscriber transactions and proposed transfer listing of HSEL to the Company ("Proposed Transfer Listing").

On 17 January 2024, the Scheme was sanctioned by the High Court of the Republic of Singapore and became effective and binding upon the lodgement of the Scheme Court Order with the Registrar of Companies in Singapore. Pursuant to the completion of the Proposed Subscription, the Proposed Debt Restructuring and Proposed Transfer Listing, the entire issued share capital of HSEL was held directly by the Company.

On 19 February 2024, the Company commenced trading on the Mainboard of the SGX-ST, and HSEL was delisted from the SGX-ST on the same date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information

2.1 Basis of preparation

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

In preparing this set of consolidated financial statements, the group re-organisation (Note 1.1.) is not considered a business combination under SFRS(I) 3 – *Business Combinations* and principles of pooling of interest method under common control was applied as continuation of HSEL, where the interest of entities of HSEL were transferred under common control to the Company, which has been effected as if the combination occurred as at 1 April 2022, or the dates of incorporation of the entities, or the dates when common control is established, whichever is later.

The Group applies the pooling of interest method which involve the following:

- Assets and liabilities of the transferred entities are stated at their predecessor carrying values and fair value measurement is not required.
- The Group's profit and loss reflects the results of the transferred entities.
- No new goodwill is recognised as a result of the combination.

Accordingly, the comparative numbers of the Group for financial year ended 31 March 2023 comprised the aggregated financial information of HSEL Group and the Company prior to the capital re-organisation.

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.

2.2 Standards issued and effective for the current year

The Group and the Company have adopted all new and revised SFRS(I) and amendments to SFRS(I), effective for the current financial year that are relevant to them.

- SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12 *International Tax Reform – Pillar Two Model Rules*

The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I) and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

2.4 Revenue recognition

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.4 Revenue recognition (continued)

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

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.

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

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

(b) *Rendering of maintenance services*

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

(c) *Sale of goods*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.4 Revenue recognition (continued)

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

2.5 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. Subsidiaries are deconsolidated from the date 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(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 "Subsidiaries" in Note 2.7 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Common control accounting

The financial statements incorporated the financial statements of the Company and HSEL Group and had been prepared using the principles of merger accounting and on the assumption that the re-organisation of entities controlled by the same shareholders collectively had been effected as at the beginning of the earliest period presented in the financial statements.

Under merger accounting, the assets, liabilities, revenue and expenses and cash flows and all the entities within the Group are combined after making such adjustments as are necessary to achieve consistency of accounting policies. This manner of presentation reflects the economic enterprise, although the legal parent-subsidiary relationship between the Company and the subsidiaries was not established until 19 February 2024.

(c) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.5 Group accounting (continued)

(d) Associated companies (continued)

(ii) Equity method of accounting

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

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

(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.

2.6 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment, is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

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

(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".

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.8 Associates (continued)

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operation of the associates. Dividends received from the associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continue to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group accounts for its share of the change of interest in the net assets of the associate as a result of the associate's equity transaction by reflecting it under "Other reserve" in the consolidated statement of changes in equity.

2.9 Impairment of non-financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.10 Financial assets

(a) *Classification and measurement*

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

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

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

(ii) Equity investments

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

Movements in fair values of investments classified as FVOCI are presented as "fair value changes" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.10 Financial assets (continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24(b) details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

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

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

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

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

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

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 Leases

- (a) When the Group is the lessee:

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

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

Right-of-use assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.16 Leases (continued)

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

Lease liabilities

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

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

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

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

Short-term and low-value leases

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

(b) When the Group is the lessor:

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

Lessor – Operating leases

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

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

Lessor – Subleases

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

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 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.18 Related parties (continued)

- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.19 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.

2.20 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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.21 Currency translation (continued)

(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.

2.22 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.

2.23 Government grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

2. Material accounting policy information (continued)

2.24 Borrowing costs

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

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

2.25 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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.

(i) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Critical judgement over the lease terms (Note 11 and 18)

As at 31 March 2024, the Group's lease liabilities, which are measured based on the lease terms, amounted to \$791,000. Extension options at the discretion of the lessee are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

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

As at 31 March 2024, future (undiscounted) cash outflows of approximately \$17,442,000 have not been included in lease liabilities because it is not reasonably certain based on the Group's financial position that it is able to fulfil the conditions associated with the lease extension granted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

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

(i) Judgements made in applying accounting policies (continued)

(b) Critical judgement over the re-organisation

In preparing this set of consolidated financial statements, management did not consider the group re-organisation as disclosed in Note 1.1 to the financial statements as a business combination under SFRS(I) 3 – Business Combinations and has applied the principles of pooling of interest method under common control as a continuation of HSEL and its subsidiaries (“HSEL Group”) using their predecessor carrying value and fair value measurement is not required. Accordingly, the interest of entities of HSEL Group were transferred under common control to the Company, which has been effected as if the combination occurred as at 1 April 2022 or the dates when common control is established, whichever is later.

(ii) Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based on its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Accounting for revenue from maintenance services (Note 4(a))

The Group has ongoing contracts to render maintenance services and revenue 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. Due to administrative delays between the periods when maintenance services are rendered and when these amounts are approved by the customer, the Group tracks and record these unbilled revenue amounts during period-end closing. Management has to estimate the unbilled revenue amounts based on available documentation as at each end of each reporting period such as maintenance contracts, service reports, timesheets and delivery documents.

Significant judgement is used to estimate unbilled revenue as at end of each reporting period, due to the timing of availability of these documentation during period-end closing. If the estimated unbilled revenue as at 31 March 2024 had been lower by 10% from management’s estimates, the Group’s revenue and results before tax would have been lower by \$265,000 (2023 - \$357,000) respectively.

(b) Provision of expected credit losses of trade receivables (Note 16)

As at 31 March 2024, the Group’s net trade receivables amounted to \$7.2 million (2023 - \$7.4 million). Management uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables from individual customers.

Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the historical observed default rates.

Management will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group’s historical credit loss experiences and forecast of economic conditions may also not be representative of its trade receivables’ actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

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

(ii) Key sources of estimation uncertainties (continued)

(c) Fair value of unquoted equity investment (Note 14)

As at 31 March 2024, the Group's financial assets measured at fair value through other comprehensive income ("FVOCI") relate to a 27% equity interest in Petroleum Maintenance Services Joint Stock Company ("PMS"), an unlisted equity security in Vietnam.

Significant judgements applied and the assumptions and estimates used in the determination of the fair value of the investment, and the significance of the fair value changes of the investment in the Group's statement of other comprehensive income.

(d) Impairment of non-financial assets (Note 11,12, and 13)

The Group and the Company assessed whether there are any indicators of impairment for non-financial assets, comprising, property, plant and equipment and investments in subsidiary and associate companies at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

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 through the following revenue streams.

<u>The Group</u>	At a point in time	Over time	Total
	\$'000	\$'000	\$'000
2024			
Maintenance services	-	24,800	24,800
Others	136	-	136
	136	24,800	24,936
2023			
Maintenance services	-	18,426	18,426
Construction of plant and equipment	-	149	149
Others	26	-	26
	26	18,575	18,601

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities

	31 March	
	2024	2023
	\$'000	\$'000
<u>The Group</u>		
Contract liabilities	5	7

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts.

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.

(i) Revenue recognised in relation to contract liabilities

	The Group	
	2024	2023
	\$'000	\$'000
Revenue recognised in current period that was included in the contract liabilities balances at the beginning of the period		
– Plant and equipment construction contracts	7	106

(ii) Unsatisfied performance obligations

	The Group	
	2024	2023
	\$'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	-	6

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

5. Expenses by nature

	The Group	
	2024	2023
	\$'000	\$'000
Cost of services rendered:		
Sub-contractor charges	3,645	1,639
Structural materials and other related costs	803	806
Employee compensation (Note 6)	10,009	9,176
Foreign worker levies	1,408	1,162
Rental expenses	25	53
Property taxes	384	371
Transportation & logistic expenses	945	508
Utilities expenses	32	28
Depreciation of property, plant and equipment (Note 11)	1,542	1,752
Other expenses	26	30
Total cost of services rendered	18,819	15,525
Administrative expenses:		
Employee compensation (Note 6)	2,468	2,381
Foreign worker levies	20	20
Directors' fees	77	-
Professional fees (including judicial management related fees)	1,510	1,982
Depreciation of property, plant and equipment (Note 11)	28	39
Utilities expenses	193	176
Fees on audit services paid to:		
- Auditor of the Company	160	290
- Other auditors	-	2
Non-audit fees paid to the auditors of the Company	26	-
Other expenses	257	523
Total administrative expenses	4,739	5,413

6. Employee compensation

	The Group	
	2024	2023
	\$'000	\$'000
Wages and salaries	11,994	11,159
Bond charges	10	-
Government grants	-	(22)
Employer's contribution to defined contribution plans, including Central Provident Fund	473	420
	12,477	11,557

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

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

	The Group	
	2024 \$'000	2023 \$'000
Other income:		
- Sub-lease of leasehold land and building (Note 18(g))	95	539
- Rental of equipment	358	213
- Dividend income from unquoted equity investment (Note 14)	120	-
- Interest income	350	111
- Government grant income	-	538
	923	1,401
Other gains/(losses) - net:		
- Currency exchange loss - net	(654)	(701)
- Net gain on disposal of property, plant and equipment	29	50
- Property, plant and equipment written off	(3)	(378)
- Impairment loss on property, plant and equipment (Note 11)	(746)	-
- Gain on waiver of debts (Note A)	19,316	-
- Sundry gain	34	28
- Others	(36)	-
	17,940	(1,001)

In FY2023, government grant income of \$538,000 refer to a grant income from a government agency to support the Group in productivity enhancement.

Note A:

	Note	2024 \$'000
Trade payables (under Scheme)	20	20,431
Corporate Guarantee	20	2,953
Borrowings	19	14,696
Interest expense	8	406
Total liabilities discharged under the Scheme		38,486
Consideration paid to extinguish the liabilities:		
Cash distribution to Scheme creditors		(1,885)
Issuance of 1,266,170,000 settlement shares to Scheme creditors	21	(6,875)
Repayment of bank borrowings	19	(10,410)
Gain on waiver of debts		19,316

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

8. Finance expenses

Interest expense
 – Bank borrowings
 – Lease liabilities (Note 18(c))

Group	
2024	2023
\$'000	\$'000
406	481
21	16
427	497

9. Income taxes

Tax expense attributable to results is made up of:
 Current income tax

Group	
2024	2023
\$'000	\$'000
-	-

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:

Profit/(loss) before tax
 Share of profit of associated companies, net of tax
 Profit/(loss) before tax and share of profit of associated companies
 Tax calculated at tax rate of 17% (2023: 17%)
 Effects of:
 – different tax rates in other countries
 – income not subject to tax
 – expenses not deductible for tax purposes
 – utilisation of previously unrecognised tax losses
 – deferred tax asset not recognised
 Tax expense

Group	
2024	2023
\$'000	\$'000
20,065	(2,559)
(7)	(8)
20,058	(2,567)
3,410	(436)
(53)	(26)
(1,169)	(92)
587	195
(2,775)	-
-	359
-	-

Income not subject to tax comprised mainly the gain on waiver of bank borrowings and expenses not deductible for tax relate mainly to impairment loss and depreciation expense on property, plant and equipment.

As at 31 March 2024, the Group has unrecognised tax losses of approximately \$28,665,000 (2023: \$45,000,000) and unrecognised capital allowances of \$228,000 (2023: \$228,000). The deductible temporary differences and tax losses do not expire under current tax legislation.

On 13 June 2024, the Inland Revenue Authority of Singapore approved HSEL's application for the waiver of shareholding test under Section 37(16) of the Income Tax Act 1947. These unrecognised tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to the relevant taxation regulations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

10. Earnings/(losses) per share

(a) Basic earnings/(losses) per share

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

	Group	
	2024	2023
Net earnings/(loss) attributable to equity holders of the Company (\$'000)	20,065	(2,559)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	3,059,544	3,043,217
Basic earnings/(loss) per share (cents per share)	0.7	(0.1)

(b) Diluted earnings/(losses) per share

Net earnings/(loss) attributable to equity holders of the Company (\$'000)	20,065	(2,559)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	4,532,840	4,516,513
Diluted earnings/(loss) per share (cents per share)	0.4	(0.1)

In connection with the group re-organisation exercise as disclosed in Note 1.1 to the financial statements, the number of ordinary shares outstanding for purpose of calculating the weighted average number of ordinary shares for the financial year ended 31 March 2024 is deemed to be the number of ordinary shares issued by the Company to (a) the shareholders of HSIL, (b) the Subscribers, (c) the Scheme Creditors in full discharge of the restructuring of the debts of HSIL Group, as if the group re-organisation had been completed as at 1 April 2023 and the weighted average number of the Rights Issue to entitled shareholders.

Given that the comparative numbers of the Group for the financial year ended 31 March 2023 comprised the aggregated financial information of the Company and HSEL Group prior to the capital re-organisation, the number of ordinary shares outstanding is deemed to be the number of ordinary shares issued by the Company to (a) the shareholders of HSIL, (b) the Subscribers, (c) the Scheme Creditors in full discharge of the restructuring of the debts of HSIL Group as if the group re-organisation has been completed as at 1 April 2022.

The dilutive earnings per share for both financial years take into account the issuance of 1.47 billion unlisted and transferrable options extended to the Subscribers with each option carrying the right to subscribe for one new share in the capital of the Company as if the group re-organisation has been completed as at 1 April 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

11. Property, plant and equipment

	Leasehold land and buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
The Group					
2024					
<i>Cost</i>					
Beginning of financial year	11,127	19,041	2,180	4,270	36,618
Additions	-	6	105	-	111
Disposals	-	-	(222)	-	(222)
Lease modification	631	-	-	-	631
Written-off	-	(6)	-	-	(6)
Currency translation differences	(20)	-	-	(6)	(26)
End of financial year	11,738	19,041	2,063	4,264	37,106
<i>Accumulated depreciation</i>					
Beginning of financial year	9,786	16,675	2,106	4,164	32,731
Depreciation charge (Note 5)	885	613	43	29	1,570
Impairment loss (Note 7)	-	746	-	-	746
Disposal	-	-	(179)	-	(179)
Written-off	-	(3)	-	-	(3)
Currency translation differences	(11)	-	-	(4)	(15)
End of financial year	10,660	18,031	1,970	4,189	34,850
Net book value					
End of financial year	1,078	1,010	93	75	2,256

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

11. Property, plant and equipment (continued)

	Leasehold land and buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
2023					
<i>Cost</i>					
Beginning of financial year	10,129	19,815	2,382	4,272	36,598
Additions	–	6	37	15	58
Disposals	–	(8)	(229)	(1)	(238)
Lease modification	1,089	–	–	–	1,089
Written-off	(23)	(772)	(10)	(12)	(817)
Currency translation differences	(68)	–	–	(4)	(72)
End of financial year	11,127	19,041	2,180	4,270	36,618
<i>Accumulated depreciation and impairment</i>					
Beginning of financial year	8,943	16,262	2,303	4,138	31,646
Depreciation charge (Note 5)	878	838	37	38	1,791
Disposal	–	(8)	(224)	(1)	(233)
Written-off	(5)	(416)	(10)	(8)	(439)
Currency translation differences	(30)	(1)	–	(3)	(34)
End of financial year	9,786	16,675	2,106	4,164	32,731
Net book value End of financial year	1,341	2,366	74	106	3,887

- (a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18(a).
- (b) In FY2023, certain leasehold buildings of the Group with a net carrying amount of \$1,027,000 were mortgaged to banks to secure banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

11. Property, plant and equipment (continued)

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

Description	Location	Land Area (sq metres)	Tenure
<u>The Group</u>			
A four-storey office building and adjoining three-storey factory building	24 Tuas Crescent, Singapore (the "Premise")	6,200	Lease term of 22 years commencing 1 June 1997 extended to 15 August 2038 (conditional)
A two-storey office building and five single-storey workshops	28 Tuas Crescent, Singapore (the "Premise")	40,578	Lease term of 25 years commencing 16 February 1983 extended to 15 August 2038 (conditional)
A single-storey factory building with mezzanine office	30 Tuas Crescent, Singapore (the "Premise")	8,959	Lease term of 22 years commencing 1 June 1997 extended to 15 August 2038 (conditional)
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

The extension of the leases is subject to the Group fulfilling the declared aggregate investment on plant and machinery for the three Premise of at least \$18,055,000, of which \$14,736,000 must consist of the new investment on plant and machinery and the remainder may consist of the net book value of the existing plant and machinery and ensure that at least 86.5% of the total land area is developed.

In prior years, HSEL had acquired certain plant and equipment to complement a business segment within its construction and maintenance services rendered to its customers. Following the resumption of trading of the Company's shares and the discharge of the judicial management orders previously granted in respect of HSEL in February 2024, the new management undertook a review of the Group's business operations and concluded that a business segment is no longer part of their business strategy.

On this basis, management carried out a review to determine the recoverable amount of the plant and equipment related to the business segment at the balance sheet date. During the financial year ended 31 March 2024, an impairment loss of \$746,000 was recognised to write down the carrying amount to its fair value less costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

12. Investment in a subsidiary

	The Company	
	31 March	
	2024	2023
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	-	-
Effects of Capital Re-organisation (Note 1):		
(a) Effect of share swaps with the shareholders of HSEL	1,649	-
(b) Issuance of settlement shares to Scheme creditors	6,875	-
(c) Deemed capital contribution	8,000	-
End of financial year	16,524	-

Note 1: Effects of Capital Re-organisation

Upon the completion of the Proposed Subscription, the Proposed Debt Restructuring and Proposed Transfer Listing as described in Note 1.1, HSEL became a wholly-owned subsidiary of the Company where it:

- Acquires all existing shares in HSEL comprising 303,750,000 issued ordinary shares from its existing shareholders in a one-to-one swap, at a conversion price of \$0.00543 per share amounting to \$1,649,363,
- Issues 1,266,170,000 ordinary shares in the Company to the Scheme Creditors in partial settlement of the total liabilities to be extinguished under the Scheme, at an issue price of \$0.00543 per settlement share amounting to \$6,875,000, and
- Contributes the entire proceeds \$8,000,000 from the Proposed Subscription to HSEL, in partial settlement of the outstanding bank borrowings due to a principal lender. As the amount is, in substance, part of the Company's net investment in HSEL, it is considered to be part of the cost of investment, and is stated at cost, less impairment losses, if any.

Details of subsidiaries are provided in Note 27.

13. Investments in associated companies

	The Group	
	31 March	
	2024	2023
	\$'000	\$'000
Beginning of financial year	270	262
Share of profit	7	8
End of financial year	277	270

Details of associated companies are provided in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

13. Investments in associated companies (continued)

Summarised financial information in respect of Web-Economy Technology Pte Ltd ("Web Economy"), are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s.

	Web-Economy	
	2024	2023
	\$'000	\$'000
Revenue	547	688
Profit for the year, representing total comprehensive income for the year	37	12
Non-current assets	49	12
Current assets	930	925
Current liabilities	(56)	(37)
Net assets of the associated company	923	900
Proportion of the Group's interest	30%	30%
Carrying amount of the Group's interest	277	270

14. Financial assets, at FVOCI

	The Group	
	31 March	
	2024	2023
	\$'000	\$'000
Beginning of financial year	907	813
Dividend received in shares (Note 7)	120	-
Net fair value changes (Note 22(b)(iii))	(8)	94
End of financial year	1,019	907

The financial assets at FVOCI comprised an investment in unquoted equity securities in Vietnam (the "Investee"), which is classified as Level 3 (recurring) of the fair value measurement hierarchy (Note 24(e)). The equity investment is not held for trading and is irrevocably elected at initial recognition to be measured at FVOCI.

In FY2023, the Group estimates the fair value of financial assets at FVOCI classified as Level 3 by reference to its share in the investee's Net Asset Value ("NAV"), which is a significant unobservable input in the valuation of the financial assets. Adjustments, using appropriate measures to fair value the underlying assets and liabilities, are applied to NAV where applicable. The investee's NAV comprises the sum of the fair value of the cash and other assets less any liabilities.

In the current year, the judicial managers of HSEL have approved the subscription of the rights shares in the Investee using the proceeds from the profit distribution to subscribe for 220,000 rights shares out of the Group's entitlement of 648,000 rights shares at VND 10,000 per share.

Management has engaged a firm of independent professional valuers ("management expert") who have the relevant recognised professional qualifications to determine the fair value of the unquoted investment. The management expert used the market approach, i.e. using Enterprise Value ("EV")/Earnings Before Income Tax ("EBIT") multiple of selected listed companies which they consider to be broadly comparable to the principal business of the Investee. Subsequently, a discount for lack of marketability of 15% is applied to arrive at the equity value of the Investee.

Management reviews the appropriateness and reliability of the fair value of the financial assets and the Group's share in the investee's fair market value, for financial reporting purposes.

A 10% increase/(decrease) of the changes of EV and EBIT multiple of selected listed comparable companies at the reporting date will not significantly affect the fair value of the financial assets at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

15. Other current assets

	The Group		The Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Deposits	679	327	-	8
Prepayments	336	427	4	-
	1,015	754	4	8

16. Trade and other receivables

	The Group		The Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Non-related parties	4,654	3,965	-	-
- Subsidiary	-	-	227	-
- Associate	-	29	-	-
	4,654	3,994	227	-
Less: Allowance for impairment				
- Non-related parties (Note 24(b))	(140)	(160)	-	-
- Associate (Note 24(b))	-	(29)	-	-
Trade receivables - net	4,514	3,805	227	-
Accrued receivables	2,652	3,573	-	-
Other receivables	-	140	-	-
Non-trade amount due from subsidiary	-	-	1,500	-
	7,166	7,518	1,727	-

The non-trade receivables comprising advances due from subsidiary are unsecured, interest-free and repayable on demand.

17. Cash and cash equivalents

	The Group		The Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	3,452	5,948	266	-
Short-term bank deposits	10,826	12,796	-	-
	14,278	18,744	266	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

18. Leases

Nature of the Group's leasing activities – The Group as a lessee

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

(a) Carrying amounts

	The Group	
	31 March	
	2024	2023
	\$'000	\$'000
Undiscounted lease payments due:		
– Not later than one year	800	884
– Later than one year and not later than five years	-	148
	800	1,032
Less: Unearned interest cost	(9)	(22)
	791	1,010
Presented as:		
– Non-current	-	148
– Current	791	862
	791	1,010

(b) Depreciation charge

	The Group	
	2024	2023
	\$'000	\$'000
Leasehold buildings	850	833

(c) Interest expense

	The Group	
	2024	2023
	\$'000	\$'000
Interest expense on lease liabilities (Note 8)	21	16

(d) Lease expenses not capitalised in lease liabilities

	The Group	
	2024	2023
	\$'000	\$'000
Lease expenses – short-term leases and low value leases in respect of dormitories and cranes rental	1,974	1,310

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

18. Leases (continued)

Nature of the Group's leasing activities – The Group as a lessee (continued)

- (e) Total cash outflow for all the leases in 2024 was \$2,845,000 (2023: \$2,169,000).
- (f) There was no addition of ROU assets during the financial years ended 31 March 2024 and 2023.
- (g) Total income from subleasing ROU assets was \$95,000 (2023: \$539,000) (Note 7).

As at 31 March 2024, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

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

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

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

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

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

<u>The Group</u>	31 March	
	2024 \$'000	2023 \$'000
Less than one year	46	49

19. Borrowings

	The Group		The Company	
	31 March		31 March	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<i>Current</i>				
Bank borrowings	-	3,663	-	-
Bank financing (trust receipts)	-	1,156	-	-
Trade receivables invoice financing	-	9,877	-	-
Total borrowings	-	14,696	-	-

In accordance with the terms set out in the Proposed Debt Restructuring, total bank borrowings, including interest expense of \$406,000 (Note 8) and corporate guarantee of \$2,953,000 (Note 20) as disclosed in the financial statements, amounting to \$18,056,000 were fully discharged under the Scheme on (a) repayment of \$10,410,000 and (b) issuance of 330,158,996 settlement share at conversion price of \$0.00543 per share amounting to \$1,792,763. The gain on settlement of borrowings on completion of the Scheme is \$5,853,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

20. Trade and other payables

	The Group		The Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade payables to:				
– Non-related parties	2,638	2,460	-	-
– Non-related parties (under Scheme)	-	20,431	-	-
– Associated companies	5	169	-	-
	2,643	23,060	-	-
Other payables	1,466	2,133	327	17
Corporate guarantee	-	2,953	-	-
Accrued professional fees related to the Scheme	560	4,137	-	-
Accruals for operating expenses	816	1,448	50	3
Total trade and other payables	5,485	33,731	377	20

In accordance with the terms set out in the Proposed Debt Restructuring, trade and other payables amounting to \$20,431,000 were fully discharged under the Scheme on (a) repayment of \$1,885,000 and (b) issuance of 936,011,225 settlement share at conversion price of \$0.00543 per share amounting to \$5,083,000. The gain on settlement of trade and other payables, excluding corporate guarantee, on completion of the Scheme is \$13,463,000.

During the year, \$4.3 million was paid in respect of judicial management fees and other professional fees. Additionally, professional fees paid in respect of the Scheme amounted to \$469,000 (2023: \$318,000).

21. Share capital

	Issued share capital			
	Number of shares		Amount	
	2024	2023	2024	2023
	'000	'000	\$'000	\$'000
<u>The Group</u>				
Beginning of financial year	303,750	303,750	36,178	36,178
Effect of capital re-organisation (Note 22)	-	-	(34,529) [#]	-
Issuance of shares to Subscribers	1,473,297	-	8,000	-
Issuance of shares to Scheme creditors	1,266,170	-	6,875	-
Right issues	331,075	-	1,618	-
End of financial year	3,374,292	303,750	18,142	36,178
<u>The Company</u>				
Beginning of financial year	-*	-*	-*	-*
Effect of capital re-organisation	303,750	-	1,649	-
Issuance of shares to Subscribers	1,473,297	-	8,000	-
Issuance of shares to Scheme creditors	1,266,170	-	6,875	-
Right issues	331,075	-	1,618	-
End of financial year	3,374,292	-*	18,142	-*

* Less than \$1,000

The effect of capital re-organisation records the difference between the fair value of the shares in the Company issued to the existing shareholders of HSEL and the share capital of HSEL restructured under capital re-organisation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

21. Share capital (continued)

The Company did not hold any treasury shares as at 31 March 2024.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2024 and 31 March 2023.

During the year, the Company issued 1,473,296,500 new ordinary shares to the Subscribers at an issue price of \$0.00543 per ordinary shares and issued additional 1,266,170,221 settlement shares to the Scheme Creditors at a settlement price of \$0.00543 per settlement shares. On 11 March 2024, the Company issued and allotted an aggregate of 331,075,614 Rights Shares at an issue price of \$0.00543 for each Rights share, the basis of two Rights Shares for every existing share held by the entitled shareholders.

22. Other reserves

	The Group		The Company	
	31 March		31 March	
	2023	2022	2024	2023
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Currency translation reserve (Note (b)(i))	3,684	3,140	-	-
Merger reserve (Note (b)(ii))	34,529	-	-	-
Fair value reserve (Note (b)(iii))	(1,583)	(1,575)	-	-
	36,630	1,565	-	-
(b) Movements:				
(i) Currency translation reserve				
Beginning of financial year	3,140	2,475	-	-
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	544	665	-	-
End of financial year	3,684	3,140	-	-
(ii) Merger reserve				
Beginning of financial year	-	-	-	-
Capital re-organisation	34,529	-	-	-
Ending balance	34,529	-	-	-
(iii) Fair value reserve				
Beginning of financial year	(1,575)	(1,669)	-	-
Fair value (losses)/gain on financial assets at FVOCI (Note 14)	(8)	94	-	-
End of financial year	(1,583)	(1,575)	-	-

Currency translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

22. Other reserves (continued)

Merger reserve

The merger reserve records the difference between the fair value of the shares in the Company issued to the existing shareholders of HSEL and the share capital of HSEL restructured under the group re-organisation exercise as disclosed in Note 1.1 to the financial statements.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at fair value through other comprehensive income until they are disposed of or impaired.

23. Corporate guarantees

In FY2023, HSEL had issued corporate guarantees to banks for credit facilities granted to its subsidiary, HSCP, which was placed under liquidation and was deconsolidated in the previous financial year. The principal risk to which the Company was exposed is the credit risk of HSCP in connection with the guarantees it has issued.

Corporate guarantees issued by the HSEL are as follows:

HSEL
31 March
2023
\$'000
40,050

24. 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. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

(a) *Market risk*

(i) *Currency risk*

The Group operates mainly in Singapore, Malaysia, 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").

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 and UAE are managed primarily through borrowings denominated in the relevant foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD \$'000	USD \$'000	MYR \$'000	AED \$'000	Others \$'000	Total \$'000
The Group						
At 31 March 2023						
Financial assets						
Financial assets, at FVOCI (Note 14)	907	-	-	-	-	907
Deposits (Note 15)	322	-	2	3	-	327
Trade and other receivables (Note 16)	6,529	21	2	966	-	7,518
Cash and cash equivalents (Note 17)	16,717	956	928	58	85	18,744
	24,475	977	932	1,027	85	27,496
Financial liabilities						
Lease liabilities (Note 18)	(1,010)	-	-	-	-	(1,010)
Borrowings (Note 19)	(12,013)	(2,683)	-	-	-	(14,696)
Trade and other payables (Note 20)	(33,632)	(88)	(2)	-	(9)	(33,731)
	(46,655)	(2,771)	(2)	-	(9)	(49,437)
Net financial (liabilities)/assets	(22,180)	(1,794)	930	1,027	76	(21,941)
Add/(less): Net financial liabilities/(assets) denominated in the respective entities' functional currencies	22,180	-	(930)	(1,027)	(31)	20,192
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	(1,794)	-	-	45	(1,749)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

If the USD changes against SGD by 5% (2023: 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)	
	Results before tax	
	2024	2023
	\$'000	\$'000
<u>Group</u>		
USD against SGD		
- strengthened	51	(90)
- weakened	(51)	90

(ii) Price risk

The Group and the Company are not exposed to equity security price risk as the financial assets, at FVOCI is unquoted investment.

(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 exposure to cash flow interest rate risks arises from variable rate borrowings. The Group'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% (2023: 0.50%) with all other variables including tax rate being held constant, the results after tax would have been lower/higher by \$48,000 (2023: \$48,000) as a result of higher/lower interest expense on these borrowings.

Short-term deposits, fixed deposits and lease liabilities bear interest at fixed rates. All other financial assets and liabilities are interest-free. Accordingly, the Group and the Company are not exposed to any significant interest rate risk.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(b) Credit risk (continued)

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 Group Financial Controller.

As the Group's credit exposure is monitored on an ongoing basis, the Group has determined that the ECL on trade receivables is insignificant.

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

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Corporate guarantees provided to banks on HSCP's borrowings	-	2,953	-	-

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

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Singapore	6,174	6,414	227	-
United Arab Emirates	992	964	-	-
	7,166	7,378	227	-

The Group's trade receivables comprise four major debtors (2023: three major debtor) that represented 75% (2023: 69%) of trade receivables.

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

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
Balance at 1 April	189	56	-	-
(Write back of)/loss allowance recognised in profit or loss	(49)	133	-	-
Balance at 31 March	140	189	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(b) Credit risk (continued)

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

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

(i) Credit rating

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

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

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

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

(ii) Trade receivables and contract assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade receivables and contract assets (continued)

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables where necessary. The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 March 2024 and 2023 are set out as follows:

	Current \$'000	Past due less than 30 days \$'000	Past due 31 to 120 days \$'000	Past due over 120 days \$'000	Total \$'000
31 March 2024					
Trade receivables	3,015	1,573	1,394	1,324	7,306
Less:					
Loss allowance – credit impaired	-	-	-	(140)	(140)
	3,015	1,573	1,394	1,184*	7,166
31 March 2023					
Trade receivables	4,629	1,011	980	947	7,567
Less:					
Loss allowance – credit impaired	-	-	-	(189)	(189)
	4,629	1,011	980	758*	7,378

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

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

(iii) Financial guarantee contracts

The Company issued financial guarantees to banks for borrowings of its subsidiary, HSCP (Note 23) which were placed under liquidation in the previous financial year. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company assessed that HSCP no longer has the financial capacity to repay their bank borrowings. Hence the financial guarantee contracts (Note 20) are remeasured in accordance with Note 2.13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(c) Liquidity risk

The Management monitored the cash flow and managed the liquidity risk of the Company by maintaining sufficient cash to enable them to meet their normal operating commitments. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and bank balances and short-term bank deposits as disclosed in Note 17.

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.

	The Group		The 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 2024				
Lease liabilities (Note 18)	800	-	-	-
Trade and other payables (Note 20)	5,485	-	377	-
	6,285	-	377	-

	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 2023				
Lease liabilities (Note 18)	884	148	-	-
Borrowings (Note 19)	14,696	-	-	-
Trade and other payables (Note 20)	30,778	-	20	-
Corporate guarantee (Note 20)	2,953	-	-	-
	49,311	148	20	-

(d) Capital risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

24. Financial risk management (continued)

(d) Capital risk (continued)

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		31 March	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Net (cash)/debt	(14,278)	(4,048)	(266)	-
Total equity	19,730	(17,364)	18,144	(12)
Total capital	5,452	(21,412)	17,878	(12)
Gearing ratio	n.m	n.m.	n.m	n.m.

* n.m. - not meaningful

(e) Fair value measurements

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- 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 14.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts due to the short-term maturity.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 14 to the financial statements, except for the following:

	31 March	
	2024	2023
	\$'000	\$'000
<u>The Group</u>		
Financial assets, at amortised cost	22,123	26,589
Financial liabilities, at amortised cost	6,276	49,437
<u>The Company</u>		
Financial assets, at amortised cost	1,993	8
Financial liabilities, at amortised cost	377	20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

25. 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	
	2024	2023
	\$'000	\$'000
Computer maintenance fees paid to an associated company	81	62

Outstanding balances as at 31 March 2024 and 2023 are set out in Notes 16 and 20, respectively.

(b) *Key management personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2024	2023
	\$'000	\$'000
Salaries and other short-term employee benefits	408	613
Employer's contribution to defined contribution plans, including Central Provident Fund	25	46
	433	659

Included in the above is total compensation to directors of the Company amounting to \$423,000 (2023: \$185,000).

26. Segment information

The Management have determined the operating segments based on the reports that are used to make strategic decisions.

During the financial year, the management reassessed its operating segments and determined Plant Construction and Maintenance to be the sole operating segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

26. Segment information (continued)

The segment information provided to the management team for the reportable segments for the year ended 31 March 2024 and 2023 is as follows:

	Plant construction and maintenance \$'000	Total \$'000
Group		
2024		
Revenue		
Revenue from external parties	24,936	24,936
Adjusted EBITDA		
Depreciation	1,571	1,571
Share of profit of associated company	7	7
Segment assets		
Segment assets include:		
Investment in associated companies	277	277
Additions to:		
– Property, plant and equipment	111	111
Segment liabilities		
	(5,490)	(5,490)
2023		
Revenue		
Revenue from external parties	18,601	18,601
Adjusted EBITDA		
Depreciation	(1,791)	(1,791)
Share of profit of associated company	8	8
Segment assets		
Segment assets include:		
Investment in associated companies	270	270
Additions to:		
– Property, plant and equipment	58	58
Segment liabilities		
	(33,738)	(33,738)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

26. Segment information (continued)

(a) Reconciliations

(i) Segment profits

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

	2024	2023
	\$'000	\$'000
Adjusted EBITDA for reportable segments	21,712	(382)
Depreciation	(1,570)	(1,791)
Finance expense	(427)	(497)
Interest income	350	111
Profit/(loss) before tax	20,065	(2,559)

(ii) Segment assets

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

Segments' assets are reconciled to total assets as follows:

	31 March	
	2024	2023
	\$'000	\$'000
Segment assets for reportable segments	24,992	31,173
Financial assets, at FVOCI	1,019	907
Total assets	26,011	32,080

(iii) Segment liabilities

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

Segments' liabilities are reconciled to total liabilities as follows:

	2024	2023
	\$'000	\$'000
Segment liabilities	5,490	33,738
Borrowings	-	14,696
Lease liabilities	791	1,010
Total liabilities	6,281	49,444

(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. Breakdown of the revenue are disclosed in Note 4(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

26. Segment information (continued)

(c) Geographical information

The Group operate in three 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;
- 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.

	2024	2023
	\$'000	\$'000
<u>Revenue</u>		
Singapore	24,936	18,558
United Arab Emirates	-	36
Other countries	-	7
	24,936	18,601
	31 March	
	2024	2023
	\$'000	\$'000
<u>Non-current assets</u>		
Singapore	2,259	3,842
Other countries	274	315
	2,533	4,157

Revenues of \$19,919,000 (2023: \$15,654,000) are derived from 4 (2023: 4) external customers which individually contributed 5% or more of the Group's revenues. These revenues are attributable to the Singapore plant construction and maintenance segment.

	2024	2023
	\$'000	\$'000
Customer A	5,683	5,354
Customer B	2,726	5,103
Customer C	9,975	3,831
Customer D	1,535	1,366
	19,919	15,654

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

27. Listing of companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding			
			Company		Subsidiary	
			2024	2023	2024	2023
			%	%	%	%
Subsidiaries						
Hiap Seng Engineering Ltd ⁽¹⁾	Provision of building construction, engineering, procurement, construction and plant maintenance	Singapore	100	100	-	-
Hiap Seng-Sanko TPM Pte Ltd ⁽²⁾	Provision of engineering services and plant maintenance	Singapore	-	-	100	100
HS Info-Tech Pte Ltd ⁽²⁾	Investment holding	Singapore	-	-	100	100
HS Engineering (Middle East) Pte Ltd ⁽²⁾	Provision of engineering services and plant maintenance	United Arab Emirates/ Singapore	-	-	100	100
Hiap Seng Engineering (M) Sdn Bhd ⁽³⁾	Provision of engineering services, plant construction and maintenance services	Malaysia	-	-	100	100
Hiap Seng Engineering Shanghai Co. Ltd ⁽⁴⁾	Provision of engineering services and plant maintenance	People's Republic of China	-	-	100	100
Hiap Seng Engineering Saudi Ltd ⁽⁵⁾	Provision of engineering services and plant maintenance	Saudi Arabia	-	-	100	100
Associated companies						
Web-Economy Technology Pte Ltd ⁽⁶⁾	Internet e-business solutions including internet professional services	Singapore	-	-	30	30
Hiap Seng Manco Co. Qatar ⁽²⁾	General construction and trade of electrical tools and mechanical equipment	Qatar	-	-	49	49

(1) Audited by Foo Kon Tan LLP

(2) Audited by Foo Kon Tan LLP for purpose of consolidation

(3) Audited by Crowe Malaysia

(4) Audited by Shanghai Asahi

(5) Audited by Alluhaid & Alyahya Chartered Accountants

(6) Audited by DP & Associate

SUSTAINABILITY REPORT

BOARD OF DIRECTORS STATEMENT

We are pleased to issue our 5th dedicated Sustainability Report. This year's report will be an update on the same material topics that were reported for the financial year ended 31 March 2023 ("FY2023"). Together with Management, the Board continues to hold the view that these topics are of considerable importance to the Group.

The past year remained a challenge for the company and the team. However, despite the various challenges, the team performed admirably in the various ESG aspects. There are areas of improvement which occurred in the past reporting period. We see the opportunity in learning from these lessons, and continue to strive in the right direction.

With the rapidly changing business environment that we operate in, we are committed to ensure relevancy of the material topics. In FY 2024, we established short, medium, and long-term targets for multiple material topics. This demonstrates our unwavering commitment to sustainability and our ongoing pursuit of continuous improvement in our sustainability performance. The Board will take into account various factors, including key performance indicators and established sustainability practices, to rigorously evaluate progress made against these targets. The Sustainability Council continues to be an important bridge between the Board and management with the grassroots level. Everyone is encouraged to share their views on the company's sustainability approach.

We are also pleased to inform that the Company is in the midst of discussions to invest in solar panels on our rooftops. It is estimated that the project will generate 2.1 MWp of power for our own use, as well as supply excess to the grid.

For the financial year ended 31 March 2024 ("FY 2024"), the High Court of Singapore granted the discharge of Judicial Management Order. The refreshed Board of Directors ("Board") has managed the affairs of the Company as of 23rd February 2024, with Hiap Seng Industries Limited as the listed entity. We require a transition period to ensure we fully address all additional requirements for the Company's sustainability reporting in accordance with SGX's guidelines. This includes gaining a comprehensive understanding of the climate-related risks and opportunities our company faces. We are committed to aligning our sustainability report for the financial year ending 31 March 2025 ("FY 2025") with the Task Force on Climate-Related Financial Disclosures recommendations.

In this report, we will focus our sustainability reporting in accordance with the Global Reporting Initiative (GRI) 2021 Standards.

Finally yet most importantly, I would like to extend my appreciation to all stakeholders for your continued support in the company. The road ahead will continue to be challenging, but our team will not shy away from these challenges. We will continue to focus on our core fundamental ESG aspects, in hope of evolving Hiap Seng into a more sustainable company.

SEBASTIAN TAN CHER LIANG

Chairman

SUSTAINABILITY REPORT

ABOUT THE REPORT

SCOPE AND BOUNDARY

This report covers Hiap Seng Industries Ltd's ("Hiap Seng") sustainability performance for FY 2024. It follows the last report issued in August 2023.

This report has been prepared in compliance with the SGX-ST Listing Rule 711a and 711b and in accordance with the GRI 2021 Standards. This GRI framework was selected as it is currently the most widely used sustainability reporting framework.

The report identifies the material Economic, Social and Governance (ESG) factors for the organisation and aims to provide balanced disclosure around our policies, practices, performance and targets in relation to the identified material factors.

Our boundary of reporting covers only our operations for this year¹.

EXTERNAL ASSURANCE

We have not obtained external assurance for this report and may consider doing so in the future. We aim to further enhance our data monitoring and collection processes in future.

FEEDBACK

We value feedback from our stakeholders and will be glad to respond to any questions about this report. Please feel free to reach us at info@hiapseng.com.



¹ This includes Hiap Seng Engineering Ltd, Hiap Seng-Sanko TPM Pte Ltd and HS Info-Tech Pte Ltd. Operational activities for the other entities have either ceased or are in the process of liquidation.

SUSTAINABILITY REPORT

ABOUT HIAP SENG

COMPANY OVERVIEW

Founded and established in 1950, Hiap Seng is headquartered in Singapore and listed on the Singapore Exchange ("SGX"). We are one of the leading integrated service providers of mechanical engineering, plant fabrication and installation and plant maintenance services in the region. We have established an outstanding record of accomplishment with both local and global clients; a track record premised on efficient, reliable and quality products and services.

The company takes pride in taking on unprecedented challenges in order to meet our client's requirements. Amongst our engineering feats are:

- 1981 – Hiap Seng built what was then South-East Asia's largest crude oil storage tank, with a capacity of one million barrels.
- 2007 – Hiap Seng erected the largest furnace in the world on Jurong Island – petrochemical hub of Singapore.
- 2019 – Hiap Seng delivered South-East Asia's biggest tank lift by a floating crane, after fabrication of the tank off-site in our workshop premises.



MARKETS SERVED

After scaling down its operation, the company currently has operations in Singapore only.

Our services extend primarily to the Oil and Gas, Chemicals, Utilities and Pharmaceutical sectors with our client base including Multi-National Corporations ("MNCs"), local plant owners and major construction engineering companies. Depending on customer requirements, our size of operations and scope of work varies accordingly.

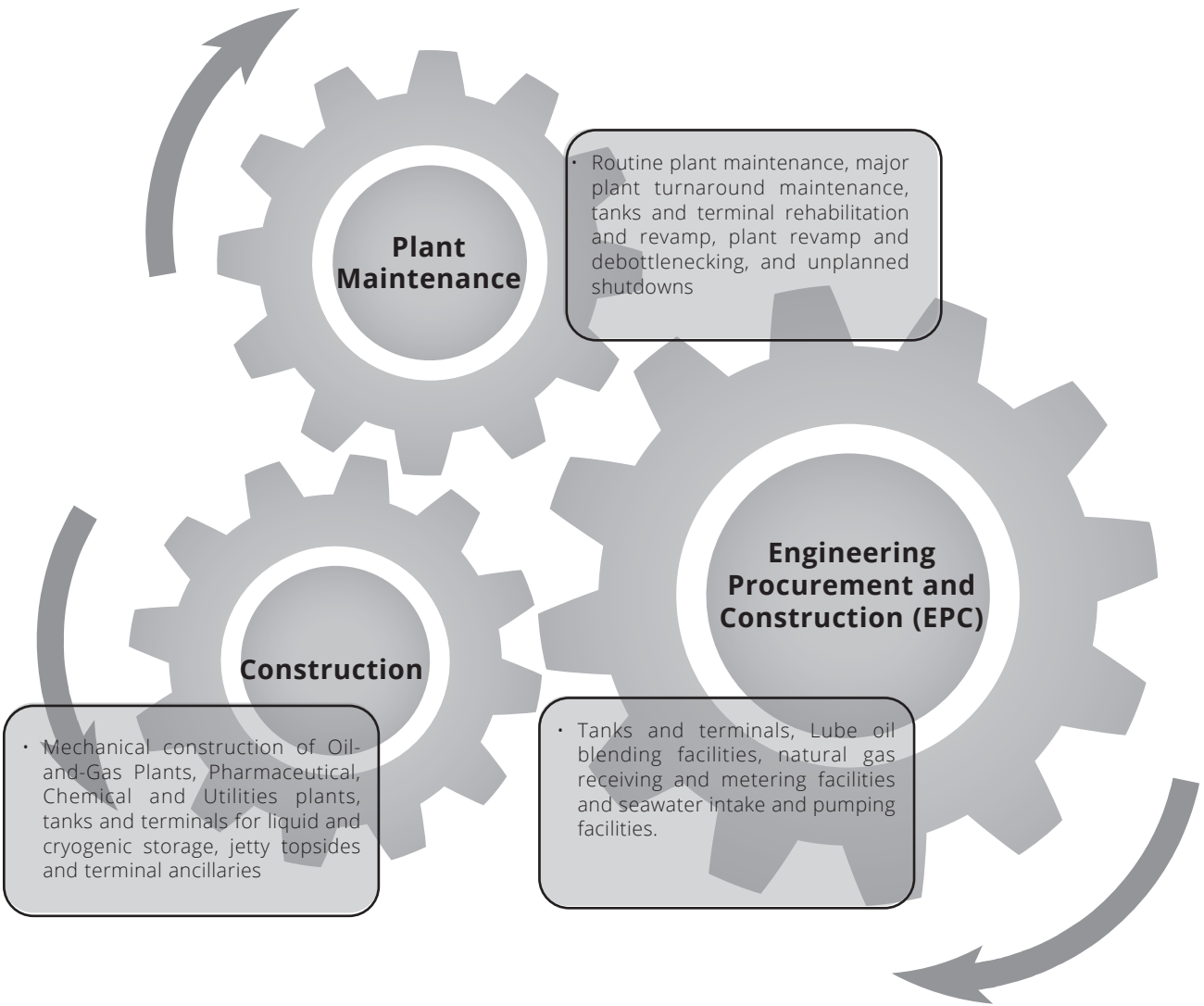
SUSTAINABILITY REPORT

OUR ACTIVITIES, BRANDS, PRODUCTS AND SERVICES AND SUPPLY CHAIN:

The core activities under the Hiap Seng brand are as follows:

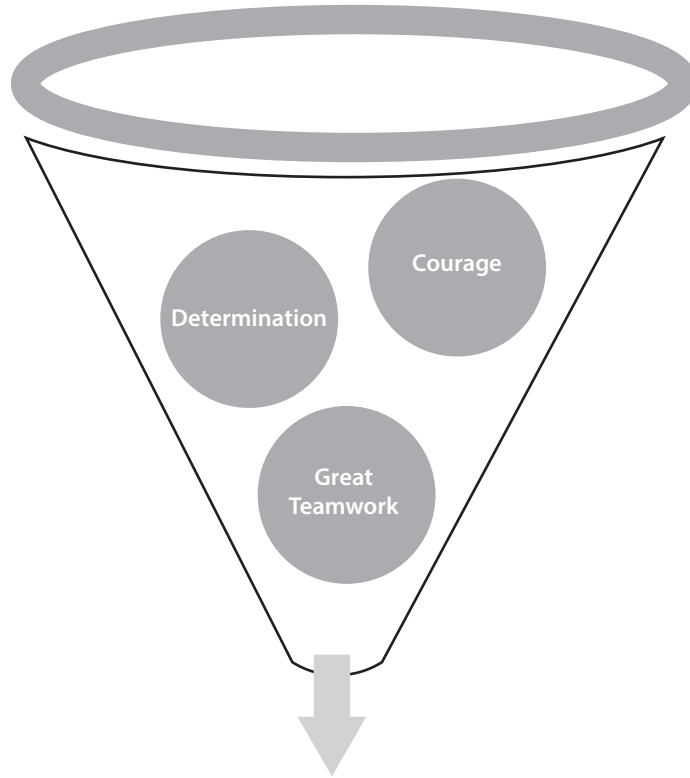
OUR SUSTAINABILITY APPROACH

OUR VALUES, VISION AND MISSION



SUSTAINABILITY REPORT

Sustainability considerations are part of the company's DNA and are driven through our vision and mission. The foundations of our success are based on our core values of:



CORE VALUES

OUR VISION

To be the preferred service provider in plant design, fabrication and construction and maintenance to the process industries in Singapore and beyond

OUR MISSION

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

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Together with our Integrated Management System (“IMS”) consultants, we have identified the following key stakeholder groups based on their dependence and influence on our business.

- Shareholders
- Customers
- Suppliers
- Employees
- Regulators
- Neighbours and society

The concerns of our stakeholders serve as an important foundation for the determination of our material topics.

The following are our key stakeholders’ topics, concerns raised, and our engagement mechanism.

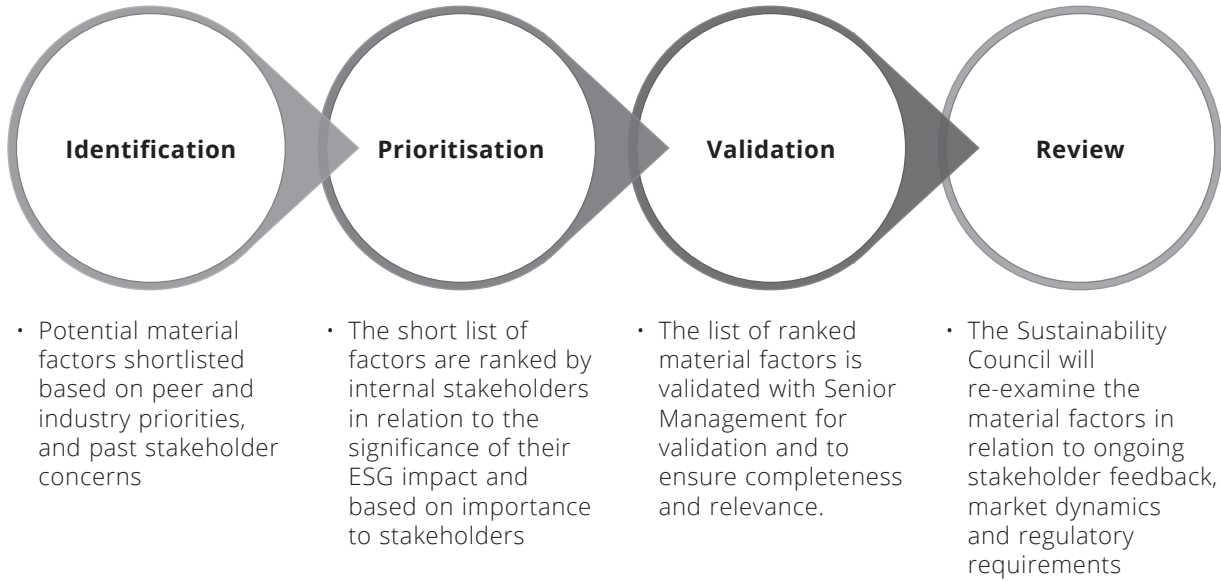
Stakeholder	Key Topics and Concerns	Engagement Mechanism and Frequency
Shareholders	Profit and high value market share	Regular shareholder meetings
		Quarterly management review
		Annual general meeting
Customers	Quality and delivery as agreed	Market research reports
	No EHS issue	Customer feedback and any complaints
	Post-delivery support	Face to face meetings for project monitoring
Suppliers	Timely payments	Project meetings
	Correct inputs on product requirements and acceptance on variation	Annual review and re-evaluation of suppliers
Employees	Timely payments	Ad-hoc one to one meetings
	Work hours	Annual appraisals
	Good work environment and no EHS issues	Monthly safety committee meetings
		Exit interviews
Regulators	Compliance with legal requirements pertaining to environment, health and safety	Regular compliance reviews
		Ad hoc on-site inspections
		Regular email and telephone communications
Neighbours and society	Less pollution and environmentally friendly operations	Regular compliance reviews
		Pre-work aspect and impact analysis
		Regular monitoring and measurement

We continually review for any change in stakeholders’ concerns, and assess the adequacy of the current material topics in addressing their concerns. We regularly review our systems to ensure their effectiveness.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Materiality is the bedrock of our sustainability strategy as it provides our stakeholders with meaningful sustainability information about our business. In FY 2018, we conducted a formal materiality assessment exercise. Guided by our consultants, the process included review of existing stakeholder concerns, peer priorities, surveys with internal stakeholders such as employees and a final validation workshop with senior management and board.

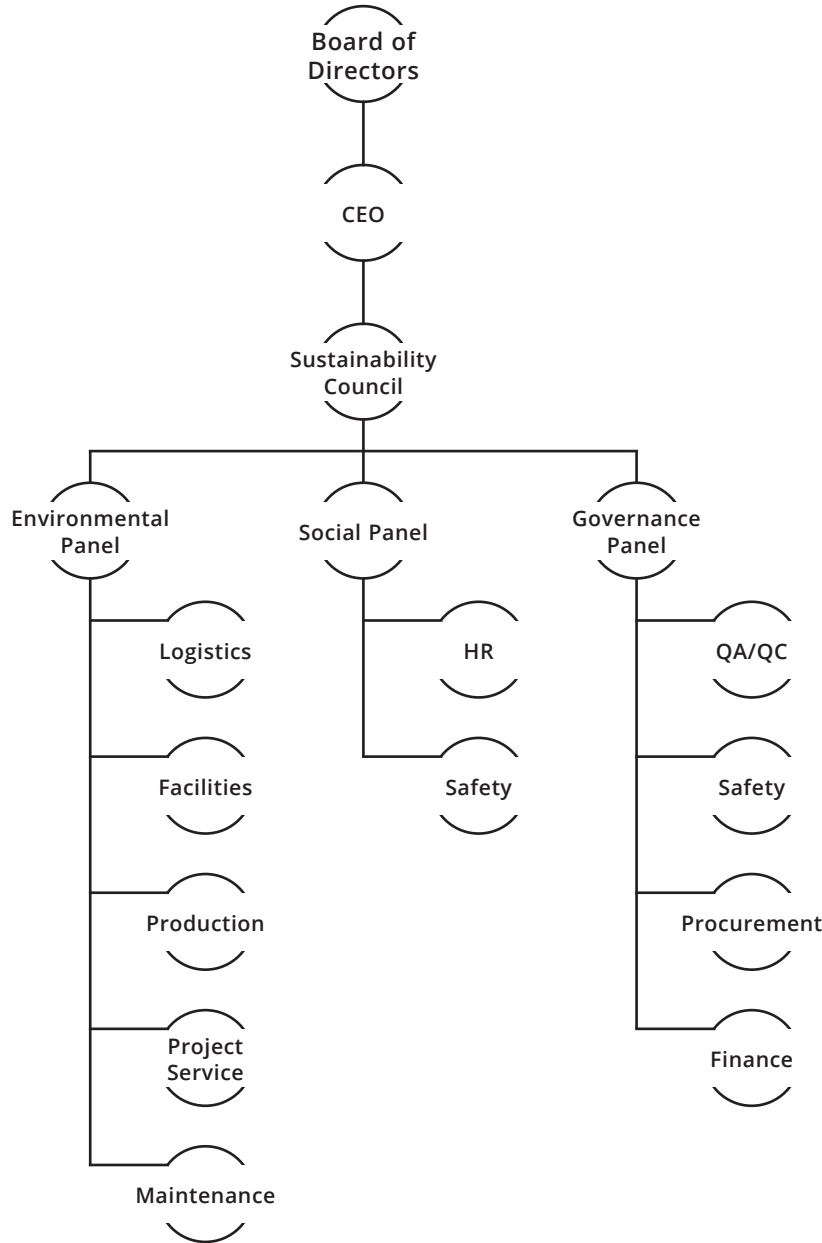


The figure below highlights our list of identified material topics.



SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE



Management of sustainability issues flows right through the organisation and engages all employees in some way. Our business departments collectively contribute to ensure the implementation of our sustainability policies, report and steward performance as set by the Sustainability Council (“Council”). The Council, made up of senior executives of the Company then reports directly to the CEO, and subsequently to the Company’s Board of Directors on matters pertaining to sustainability through emails or during the regular board meetings, acting in accordance with the Board of Directors’ strategic priorities.

The Council will provide resources required by the ESG panels to achieve set targets, and facilitate two-way communication with internal stakeholders through quarterly meetings that allows performance monitoring and feedback assessment and improvement suggestions from the ESG panels.

Alternatively, stakeholders have the option to provide general feedback through a dedicated email. The email is monitored and any feedback received is assessed during the quarterly meetings, before a report is shared with the CEO. There was no feedback received in this period.

SUSTAINABILITY REPORT

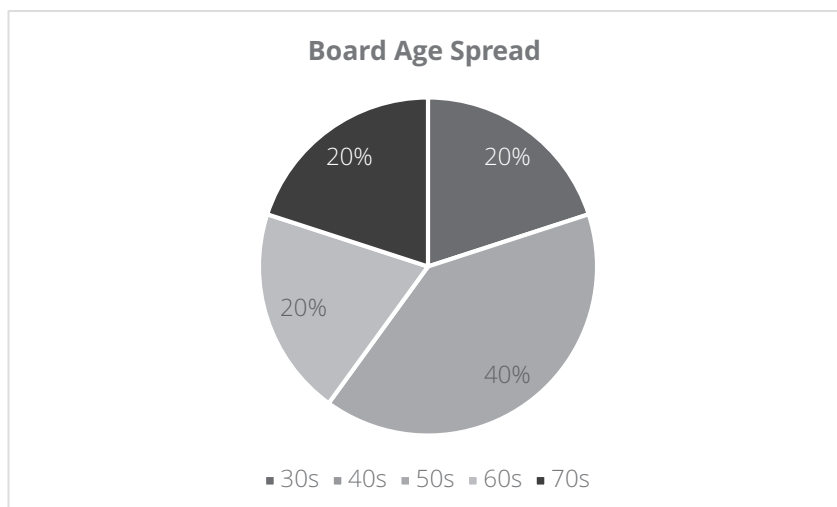
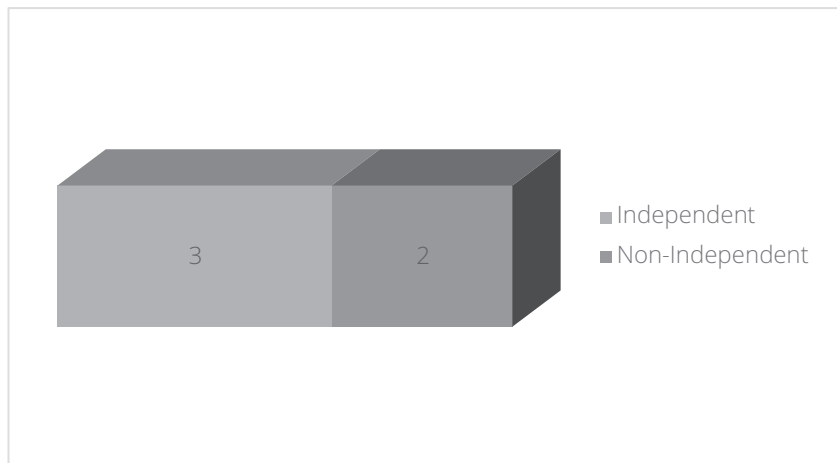
By monitoring the latest performance data, indicators and stakeholders’ feedback, the Council will also review the effectiveness of current management approaches towards each material topic. Where applicable, the experience gained from lessons learnt will be incorporated to improve the relevant systems. In this manner, we aim to ensure practicing of initiatives and setting of targets that are highly relevant to our material topics.

One way we address and mitigate our sustainability risks is through our **IMS**, which we developed and put in place to fulfil our ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 requirements. The externally assured IMS helps us ensure compliance across the three ESG pillars and is major part of our sustainability strategy.

Since 15 September 2020, court appointed Judicial Managers have managed the affairs of the Company up to 23 February 2024. An application to discharge the Judicial Management Order was approved by the High Courts of Singapore, and subsequently a refreshed Board of Directors was appointed by the company to manage the affairs of Hiap Seng Industries Ltd.

During this period of transition, our refreshed Board of Directors will undergo the necessary directors’ trainings, then convene to set directions for the Company with regards to sustainability. In addition, a Board Diversity Policy has been drawn up as covered in Corporate Governance.

Board Statistic



Furthermore, cognizant of the SGX requirement to disclose risks and opportunities relating to the climate in line with Taskforce for Climate-related Financial Disclosures, Hiap Seng will be taking steps to assess our status and will include an update in our FY 2025 sustainability report.

SUSTAINABILITY REPORT

RESPONSIBLE BUSINESS CONDUCT

The company takes a firm stance on responsible business conduct, as we are committed to comply with applicable law and practice good ethics when doing business.

With that in mind, we have the following policies in place to serve as a guideline for all our internal stakeholders in order to have a responsible business conduct in all our operations:

- Human Rights Policy
- Anti-Corruption Policy
- OHS and Environmental Policies
- Quality Policies

These guidelines endorsed by the Board of Directors and senior management are briefed to all staff during their on-boarding programme and displayed at various areas of the Company's premises to serve as a constant reminder to conduct business on the Company's behalf responsibly. These policies are available for all internal stakeholders to access through the Company's intranet; external stakeholders are provided copies of the policies as and when requested.

We expect all employees to comply with our business conduct guidelines, which outlines non-acceptable business practices. We also require all employees to declare any potential conflict of interest situations in the course of their work. Employees in sensitive positions are required to perform an annual declaration.

Employees are also required to report any known or suspected practices in contradiction to the business conduct corresponding to our grievance as well as whistle blowing guidelines.

It is mandatory for all our employees and governance body members to acknowledge the business conduct guideline as part of our company's on-boarding process.

There were no reported incidents of violation and grievances in this period.

Our approach to business conduct in accordance to our policies is reviewed on a regular basis to ensure that the systems we have in place are effective.

ANTI-CORRUPTION

The company takes a firm stance against corrupt practices, as we are committed to comply with applicable law and practice good ethics when doing business.

We expect all employees to comply with our business conduct guidelines, which outlines non-acceptable business practices, including bribery. We also require all employees to declare any potential conflict of interest situations in the course of their work. Employees in sensitive positions are required to perform an annual declaration.

Employees are also required to report any known or suspected practices in contradiction of the business conduct, as part of our whistle blowing policy. In our policy, external stakeholders are also encouraged to report of any known or suspected practices to the Company.

It is mandatory for all our employees and governance body members to acknowledge the business conduct guideline as part of our company's on-boarding process. The anti-corruption message is also shared by means of posters and notices spread around the Company's premises to remind everyone of the Company's stance.

There were no reported incidents of corruption in this period.

Our approach to Anti-Corruption is reviewed on a regular basis to ensure that the systems we have in place are effective.

SUSTAINABILITY REPORT

MEMBERSHIP OF ASSOCIATIONS & EXTERNAL CHARTERS OR INITIATIVES

Hiap Seng is a member of the following associations:



Association of Process Industry (ASPRI)



Singapore Welding Society (SWS)

Hiap Seng has adopted the following external initiatives/standards:



ISO 9001:2015



ISO 14001:2015



ISO 45001:2018



bizSAFE Star



bizSAFE Partner

SUSTAINABILITY REPORT

REDUCING OUR ENVIRONMENTAL FOOTPRINT

We are committed to reducing our environmental footprint by minimising our energy and water consumption and managing waste from our operations in a responsible manner. We see this as a necessity to remain competitive in resource-constrained economy faced with the challenge of climate change. We regularly review our systems to ensure its effectiveness.

ENERGY CONSUMPTION

Why material

Our industry is energy intensive with our production sites, offices and warehouses being the key sources of energy consumption. Some of the processes that we use in our operations, such as welding, can use a lot of energy. Lowering our consumption can help reduce our operational costs and align our efforts towards global and national efforts to curb emissions and climate change.

Management approach

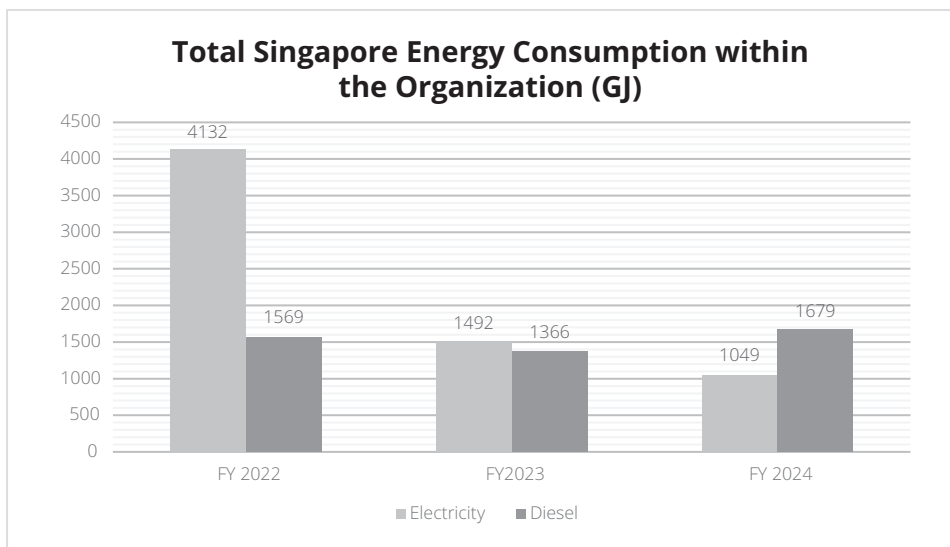
We are an ISO 14001:2015 certified organisation and our adherence to this standard highlights our precautionary approach to environmental risks. Our energy management efforts are guided by our environmental policy, which requires us to control environmental risks, develop environmental programs, promote best practices and develop awareness in managers, supervisors and workers, and will be reviewed regularly to ensure that it is effective.

Performance

In FY 2024, we continued our progress in optimising our energy consumption. Currently, no renewable energy is being used in our operations, due to non-availability.

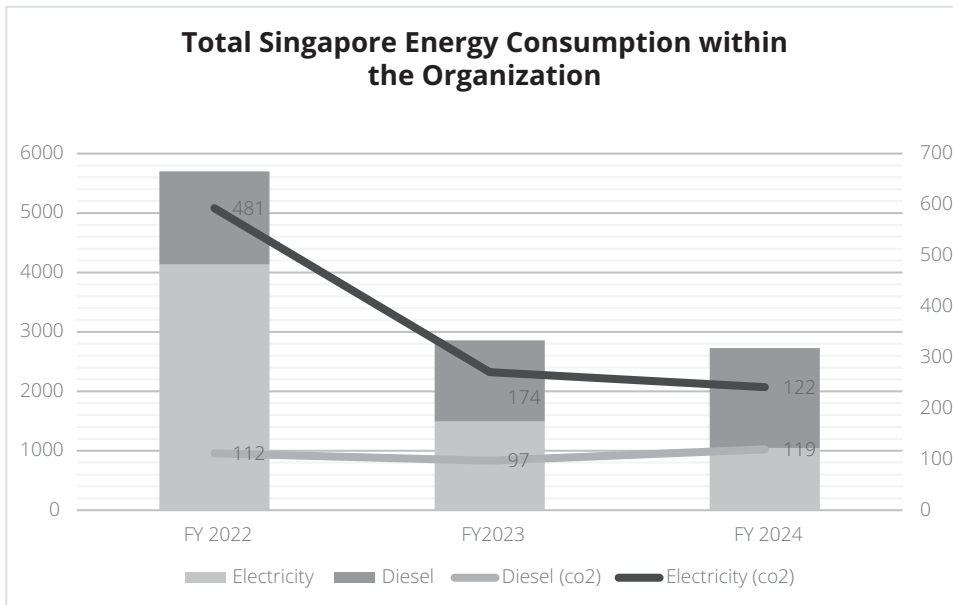
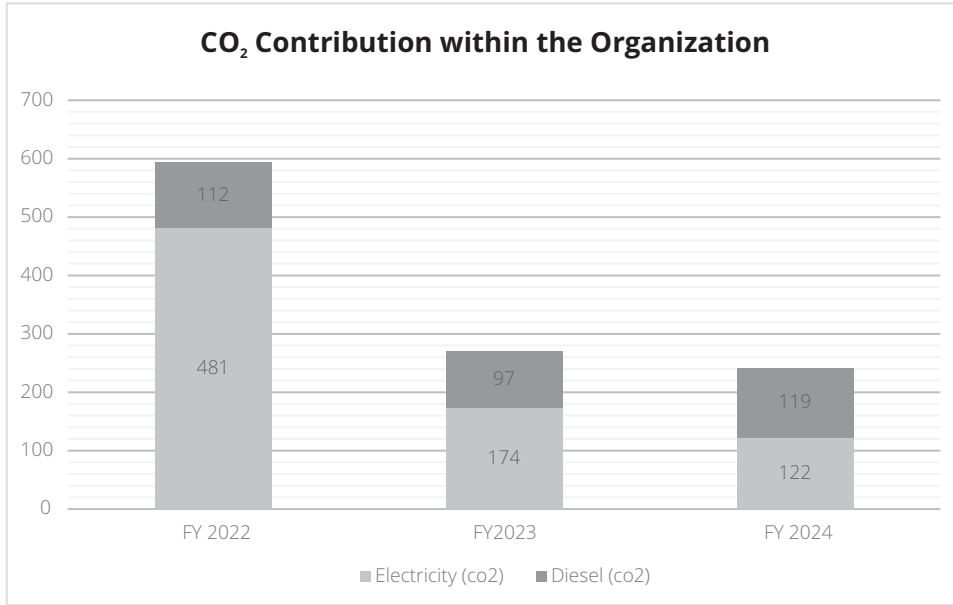
We are in the midst of discussions with relevant vendors to install solar panels on our rooftops. It is estimated that the project will generate 2MWp of power for our own use, as well as supply excess to the grid.

Disciplined usage of high-powered electrical equipment (e.g. welding machines, generators, compressors) in the workshop is enforced by incorporating the behavioural requirement as a standard operating procedure for workshop activities. This includes switching off electrical supply to the equipment during break time, or after work completion.



SUSTAINABILITY REPORT

Total electricity² and diesel³ consumption reduced by 30% year-on-year, with diesel consumption increased by 22%.



² The data is compiled based on utility bills and the conversion factor used: 1 kWh = 0.0036 GJ.

³ The data is estimated based on procurement data for the year and conversion factor used: 1 Litre = 0.036 GJ, based on conversion factor from UK Government GHG Conversion Factors for Company Reporting (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>).

SUSTAINABILITY REPORT

Our energy consumption levels are highly correlated to project activities, especially those occurring in work-site with diesel powered generators providing the bulk of energy. Slight decrease in diesel consumption was predominantly due to reduction in site construction activities. Total man-hours worked in FY 2024 is 108% of that in FY2023.

With consistent energy saving efforts by all employees, the office and workshop electricity consumption further reduced by 5%.

Targets

We have achieved our target, by increasing the proportion of energy efficient lighting used in our office & workshop to 80%.

We have considered energy consumption targets for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.

WATER CONSUMPTION

Why material

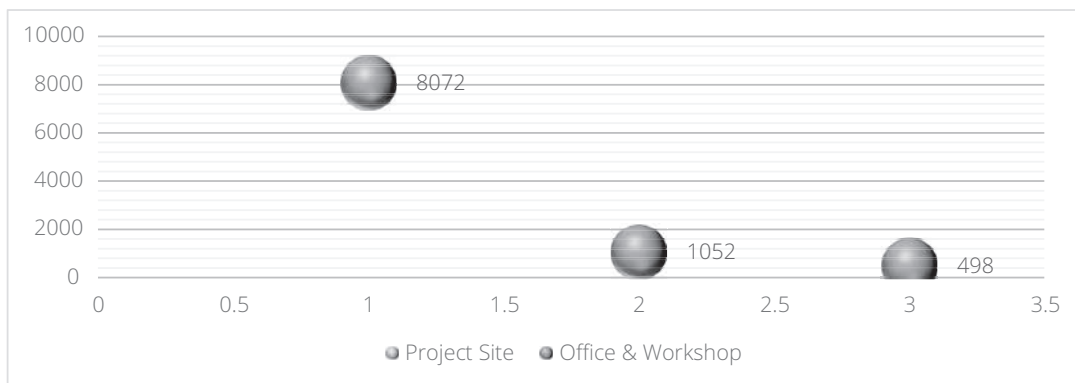
Water security is a rising global concern and of particular relevance to Singapore. Acute water shortages, which are observed across large parts of Asia and globally, have started disrupting industrial operations. At Hiap Seng, we rely on water usage primarily for hydro and load testing processes in projects, and for office use. We are conscious of the risks relating to water, and recognise the economic, social and environmental benefits from a strategic approach to water management.

Management approach

We strive to use alternate water sources, such as seawater, for testing processes whenever feasible to minimise consumption of utility water.

Furthermore, our Environmental policy encourages the use of water-saving equipment and processes across Hiap Seng's operations, which we continually review to ensure effectiveness. Employees are sensitised on issues relating to water scarcity and advised to reduce water consumption on an active basis.

Performance



FY 2024, overall water consumption decreased, both in our workshop facilities and project sites.

The water usage for this year was mainly for office use as there was lower level of activity at the workshop that required water usage.

Our project sites also saw a decrease in water consumption, mainly due to lower volumes of project activities.

We continue to explore the possibilities and maximise usage of alternative, more eco-friendly water sources (as compared to potable water) whenever feasible.

SUSTAINABILITY REPORT

Targets

We have achieved our target of decreasing our level of water consumption in the office and workshop with a 50% decrease, owing to a lower level of workshop assembly and fabrication activities.

Going forward, we have considered water consumption targets for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.

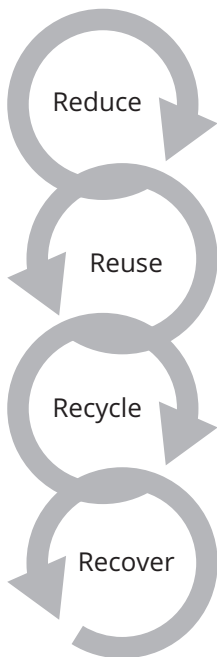
WASTE MANAGEMENT

Why material

Raw materials that go into our products, such as metal, are getting scarcer and more expensive. We recognise that in order to remain competitive, we will need to embrace concepts of a circular economy by increasing our efforts to reduce, recycle and reuse and thereby minimising our dependence on virgin materials.

Management approach

Our Environmental policy guides our waste reduction and management processes including training to employees, whilst regularly reviewing to ensure its effectiveness. We practise the hierarchy of waste management: Reduce, Reuse and Recycle. We engage only reliable waste treatment specialists to recover any remaining wastes.



In order to reduce waste, we work towards optimising our procurement process and avoid purchase of any excess raw materials.

This starts from the design stage, by using advanced software programmes during engineering and fabrication that help to maximise the use of raw materials.

Our IMS complements by providing a direction on proper handling of hazardous waste generated as by-product during operations, ensuring that they not inadvertently released to the environment without proper treatment. We continue to work with reliable and responsible waste treatment specialists to dispose of both hazardous and non-hazardous waste.

We review our policy and processes regularly to ensure that they are effective.

Performance

Total amount of non-hazardous waste disposed in FY 2024 saw a decrease, driven by small but constant efforts for reduction of material usage (e.g. monthly reporting of printing volumes).

Similar levels of waste were reused or recycled⁴. Our waste disposal vendor controls the disposal methods⁵.

The amount of hazardous waste disposed remained 0 MT in FY2024 compared to FY2023. The largest contributing factor was due to the reduction in fabrication activities.

Nevertheless, our IMS continues to serve as a reliable process, ensuring proper handling of hazardous waste as part of our operations.

Targets

We successfully attained, and have considered a waste management target for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.

⁴ The data for non-hazardous waste disposal method is provided by our waste disposal vendor.

⁵ According to our vendor, all materials are recycled/reused to the maximum extent. Remainders are disposed of in accordance to material type: Concrete & sand – land fill, paper, plastic & metal – incineration, timber – compost.

SUSTAINABILITY REPORT

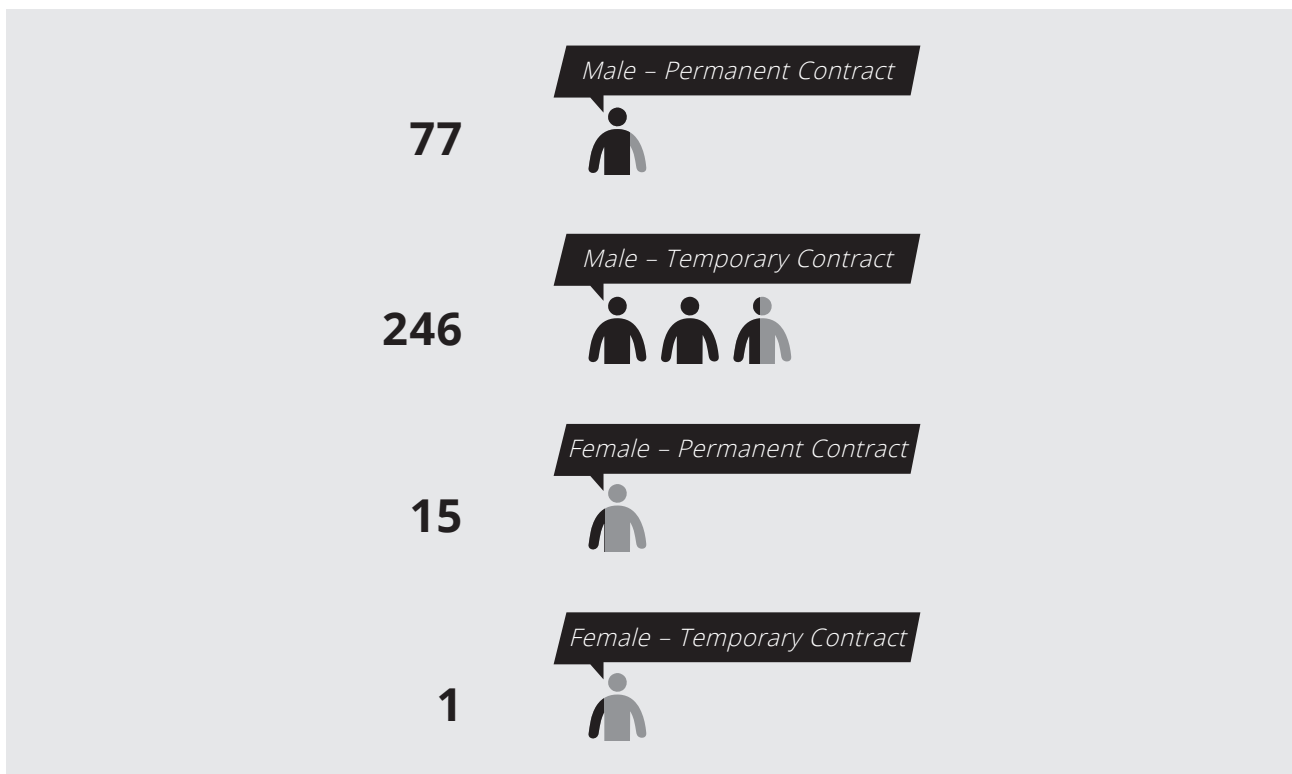
STRENGTHENING OUR WORKFORCE

We recognise that our employees are invaluable to our success. We are committed to treating our people in a fair manner and nurture their growth through training and education, well-being benefits and occupational safety. We regularly review our HR systems to ensure its effectiveness.

OUR EMPLOYEE PROFILE⁶

In FY 2024, 100% of our employees are employed on full-time basis in Singapore. Majority of our workforce comprises of workers on temporary contract and varies considerably in accordance to work volume.

FULL TIME EMPLOYEES



HUMAN CAPITAL MANAGEMENT

Why material

Attracting and retaining the right talent continues to be challenging in our industry. High turnover rates can affect the bottom line through higher training costs and may impact knowledge continuity. Furthermore, given that foreign workers represent a significant portion of our workforce and are our direct workforce, we need to ensure that they are managed and treated fairly, equally and in compliance with local regulations.

⁶ Currently, Hiap Seng is not part of, nor have any relationship with any unions. Hiap Seng does not take part in collective bargaining agreements. Figures based on HR records, as of 31 March 2024.

SUSTAINABILITY REPORT

Management approach

We address this material area through a few key considerations:

- (i) fair labour practices;
- (ii) talent attraction;
- (iii) training and development and;
- (iv) benefits and well-being.

Fair labour practice

Our human capital practices in Singapore are aligned with the 'Tripartite Alliance for Fair and Progressive Employment Practices' (TAFEP) that promote fair and equitable employment practices.

We recruit foreign workers directly and/or through reputable agencies based on project requirement and closely ensure compliance to legal regulations (e.g. Employment of Foreign Manpower Act). The well-being of our foreign workers is important to us. For the workers, we ensure that they are housed in adequate dormitory facilities that are well equipped with cooking and shower facilities, and arrange for additional amenities such as air-conditioned rooms.

Talent attraction

We want to employ future leaders and attracting the right talent is key to our long-term success. Currently, we rely on public recruitment channels and through referrals.

Training and development

Our workers go through all mandatory trainings and at times specialised trainings required by our customers. Foreign workers attend skills enhancement trainings.

We encourage and offer grants to our managers and supervisors to enrol for optional training programs to update skills and knowledge in areas of their work. To enhance cross-skill learning, we also offer opportunities for staff to enrol in programs that are not directly in their line of work.

Well-being and benefits

Incentives and benefits are another medium to drive employee satisfaction and boost their morale. We provide hospital and surgical insurance coverage and reimburse payments on medical, dental and corporate travel to our employees. In addition, we support our employees during periods of joy and grief through our marriage and compassionate leave arrangements.

Performance

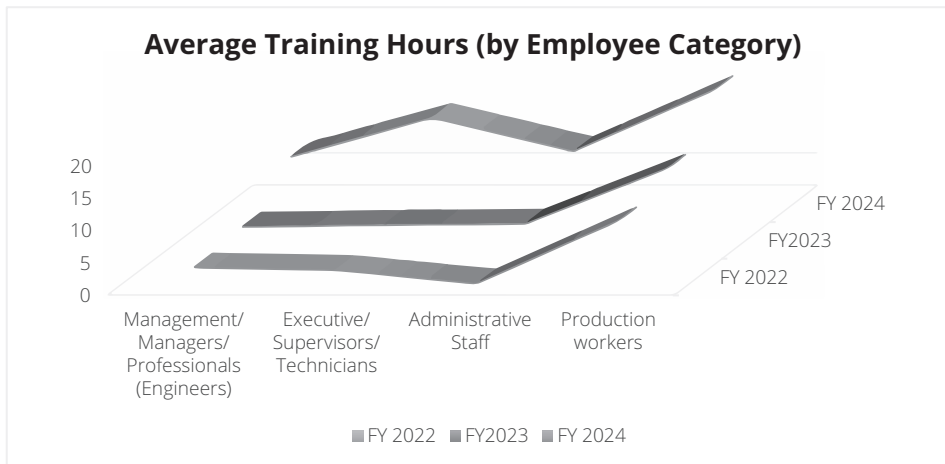
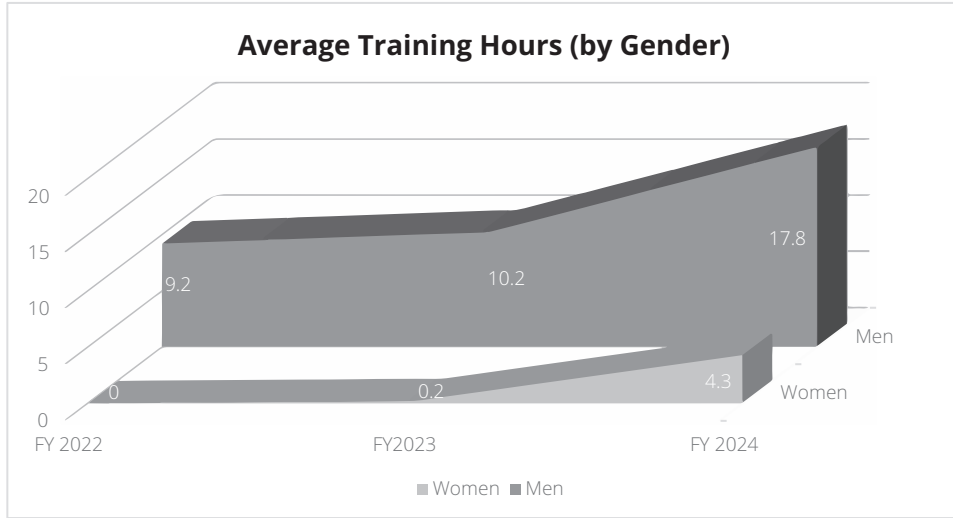
Total training hours provided to all employees amounted to more than 5300 hours, an increase from FY2023.

The increase in training provided to all employee gender and categories is generally attributable to a concerted move to multi-skilling of our staff, and a joint effort to upskill in conjunction with government efforts.

Production workers, remain as the group receiving the highest average training hours per employee amongst the different employee groups⁷, also experienced a notable decrease largely due to reduced number of employees on boarded. A significant portion of training is part of the on-boarding process for this group of employees, due to job skill and regulatory requirements.

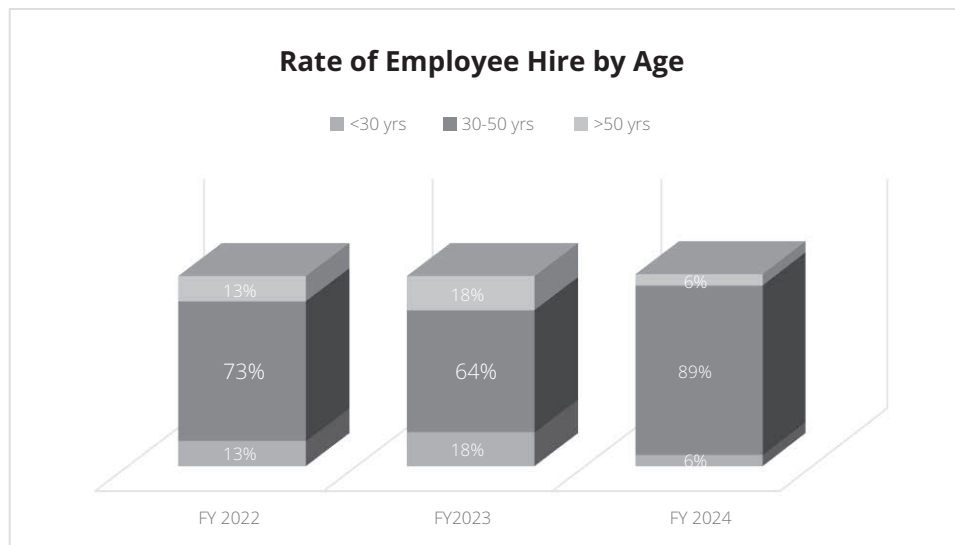
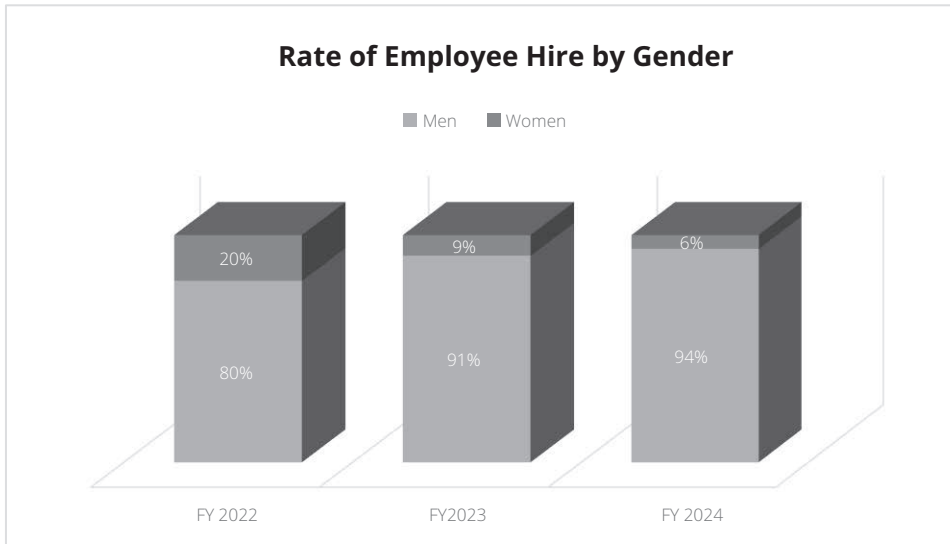
⁷ Our male employees include our production staff that undergo a number of mandatory trainings, while our female employees are mainly office staff. Hence, the average training received for males is much higher.

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

Our new hire and turnover rates⁸ are shown below.

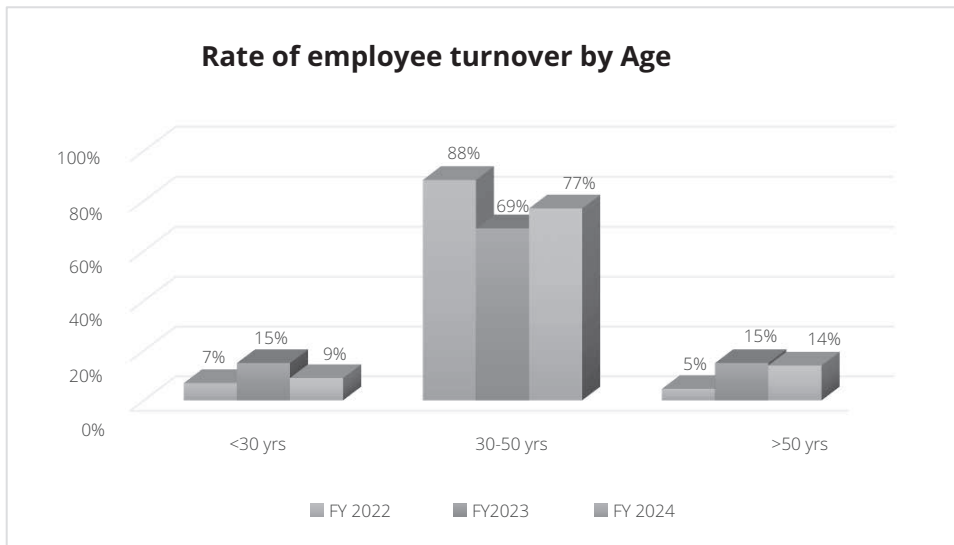
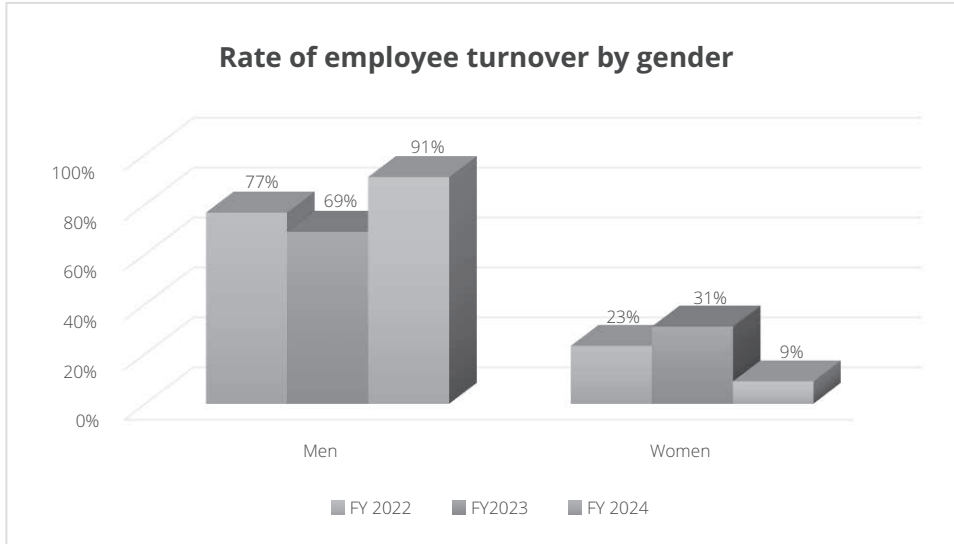


Typical to our industry, we continue to attract male employees as a majority to our organisation. In FY 2024, we saw a consistent proportion of female representing new employees, and decreased male population, due to overall restructuring of roles, in accordance with the workload. We are working to continue attracting a diverse range of talents from different genders and age groups, in line with our belief that the company will benefit from the diversity of knowledge and experience.

Category of employees saw an increase in turnover⁹. This is mainly due to the challenging economic conditions, resulting the unavoidable necessity to adjust the workforce level in relation to the activity levels forecasted.

⁸ Hire and turnover rates are derived based on permanent contract employees.

SUSTAINABILITY REPORT

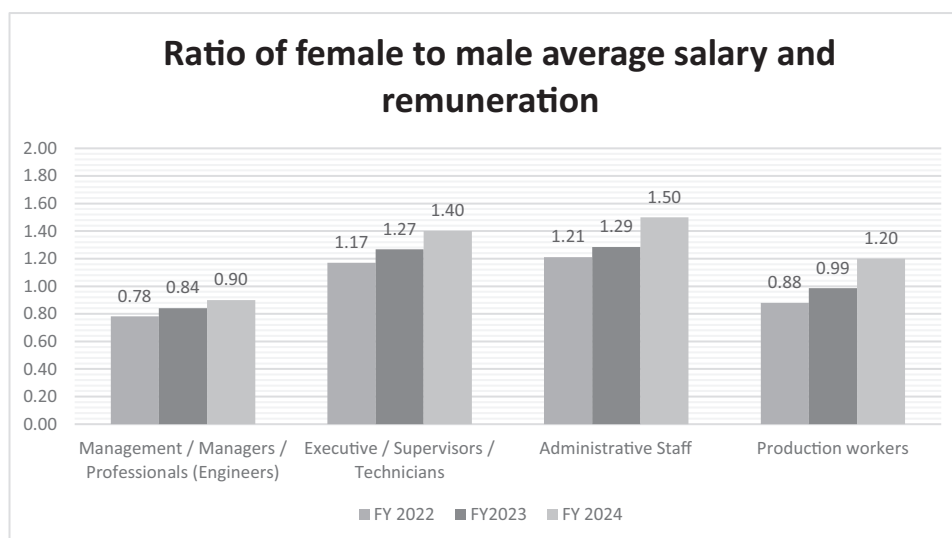


Despite these challenges, we continue to observe for any trends in turnover rates within each employee category, to ensure that our employment practices remain equitable and attractive to all our employees.

⁹ We calculate our employee turnover by dividing the number of employee turnover in each category, by the average number of employees of that category over the entire financial year. This way, we have an employee turnover that is specific to each category (age or gender), and will allow us to monitor for higher turnover rates in those specific brackets.

SUSTAINABILITY REPORT

One such area monitored is the female to male average remuneration ratio, which was maintained at similar levels to those in FY2023. The slight increase in ratio for the management, managers and professionals group is due to the slightly increase in male employees within this group in the lower remuneration band, resulting in a higher average salary. For the production workers, female employees make up less than 1% of the group, hence the resultant changes in remuneration ratio is largely dependent on the skill and qualification levels of the male production workers employed for the jobs on hand.



The company continues to practise merit-based remuneration.

Targets

In FY 2024, with flexible work arrangement becoming the new normal, we implemented telecommuting and staggered work hours arrangements for employees¹⁰ in order to encourage work life balance.

We have considered a human capital management target for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Why material

The engineering and construction industry is highly vulnerable to the risk of occupational health and safety. Our employees work in conditions that possess inherent accident risks and we see their safety and protection as our prime duty. Any OHS incident will inadvertently result in negative impacts to our business operation, both tangibly and intangibly.

¹⁰ Employees whose job functions were assessed to be suitable for flexible work arrangement.

SUSTAINABILITY REPORT

Management approach

We are ISO 45001:2018 certified and accredited with bizSAFE Star and bizSAFE Partner status by the Workplace Safety and Health Council Singapore (WHSC), a testament to our commitment to implement the highest standards of workplace safety.

Occupational health and safety is a key focus area for us and one that we monitor closely through our IMS. Our Health and Safety, together with our Drug and Alcohol policies, guide our employees in maintaining a safe work environment. All employees must go through training on these policies. We also regularly review our OHS systems to ensure their effectiveness.

Contractors' workers carry out a portion of our work, such as sub-contracted project work. We are careful about our selection of contractors and are responsible for the safety and protection of the contractors' workers on our sites. A contractor performing work on behalf of Hiap Seng is required to execute their OHS activities in adherence to our IMS policies.

Our risk management starts from the risk assessment stage. Our activities, products and services are assessed for their relevant hazards that may pose risk to employees, visitors and contractors. In view of the past incidents and the current control methods, these hazards are evaluated in terms of their severity and likelihood of happening, determining the risk level. Identified activities and hazards are recorded in a risk assessment form. Operations and activities that are associated with the identified risk are considered in setting the risk control action plan including the objectives and targets. Any changes in the activities and facilities are evaluated and control measures are updated accordingly. An annual review of the risk assessment form is performed.

Some work activities pose a risk of resulting in high consequence injuries. Examples include pneumatic tests and lifting operations. These are identified based on risk assessments, or regulatory requirements. Hierarchy of controls are implemented to eliminate or minimize risks, including the use of a permit-to-work system for the high-risk activities. Procedures are also developed and used for such activities, ensuring appropriate risk mitigations are in place.

We strongly inculcate safety behaviours at grassroots level. Safety coordinators conduct daily toolbox talks to share any incident and discuss any high-risk activities that may be coming up. Regular monthly safety committee meetings are conducted, where workgroup supervisors represent the workers under their management. At any point in time, employees and workers are encouraged to highlight any significant changes to their working conditions, so that a review of the risks and implementation of appropriate mitigations can be done timely. They are also given the right to refuse work if the work condition is deemed unsafe. As part of our IMS, employees are consulted on matters concerning OHS, such as performing risk assessments and procedure development or updates.

Our workers' occupational health is also considered in the overall risk management. Procedures help to facilitate safe and healthy workplaces when exposure to inherent, hazardous risks are unavoidable. Noise-monitoring, respiratory protection and radiation protection are the few examples that emphasizes on occupational health. Due to the laborious nature of work common to our industry, our workers are taught how to identify signs of fatigue, and implement treatment options according to the specific work environment they are in.

All our workers' non-occupational health are ensured by relevant medical and hospital insurances, paid for by the Company.

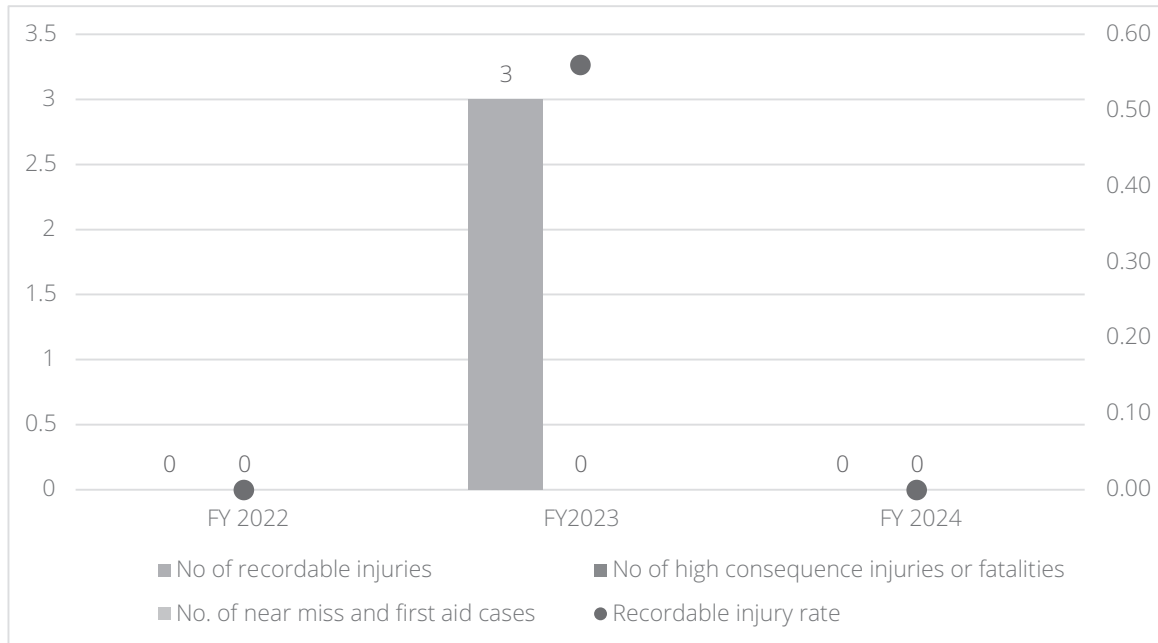
We value the benefits of working with contractors and suppliers that have good OHS management systems, as it may not be possible to enforce direct control in all situations. As a bizSAFE Partner, we encourage our contractors to participate in the bizSAFE program¹¹.

¹¹ Participation of contractors in the bizSAFE program is managed through Hiap Seng procurement specifications (e.g. vendor assessment criteria).

SUSTAINABILITY REPORT

Performance

We have recorded an aggregate of a 0 total recordable injury rate (TRIR) in FY 2024. In spite of clocking close to 1.3 million¹² man-hours of construction-related work, there were no recordable injuries sustained by our employees and worker/contractors.



Targets

In FY 2024, we recorded the following result:

1. Achieve a TRIR of 0

We have considered an occupational health and safety target for defined short, medium and long term horizons. Please refer to the section headed “Key Indicators & Targets” for details.

LEADING OUR MARKETPLACE

In today’s challenging times, it is crucial for organisations to manage issues pertaining to governance. Delivering superior quality while maintaining high standards of regulatory compliance and oversight over the supply chain is key to be a distinguished player in the market. We regularly review our systems to ensure its effectiveness.

PRODUCT QUALITY AND SAFETY

Why material

Product quality and safety issues are particularly important in engineering and construction related projects for the sectors where we operate in. We serve large multi-national clients and have spent years building the relationships that make us a vendor of choice. Exceeding on quality has been fundamental in bringing us to where we are. Any lapses can result in significant damage to our reputation and customer base.

¹² The figures do not include office-based employees, as their work hours are not directly measured. Nevertheless, risks in the office environment is still managed under our IMS (e.g. risk assessment, incident reporting). We will continually assess the inclusion of this information in future reports.

SUSTAINABILITY REPORT

Management approach

We strive to maintain high product and service quality and are guided by the ISO 9001:2015 quality management system that is implemented as part of our IMS.

Our quality policy, which forms part of our IMS helps establish the processes to implement this system effectively. The policy provides guidance on the various attributes that contribute to quality including design, procurement, fabrication, inspection, testing and feedback. This policy is defined and reviewed by top management to ensure that it reflects the nature and scale of products and services quality. The policy is communicated to all employees through IMS briefings, formal and informal meetings and training, including on-the-job training for new staff. We hold all employees, subcontractors and suppliers responsible to support the implementation of the policy.

Performance

There were no cases of non-compliance concerning the health and safety impacts of our products and services in FY 2024. This is a reflection of the rigour of the quality we emphasise in the products and services we provide to our clients.

Targets

We have considered a product quality and safety target for defined short, medium and long term horizons. please refer to the section headed "key indicators & targets" for details.

RESPONSIBLE SUPPLY CHAIN

Why material

We have an extensive supply chain ranging from contractors, material and services providers, equipment and transport vendors. Annually, we work with more than 100 unique suppliers, with total orders of around S\$6m.

We recognise that engaging responsible suppliers can help in reducing our sustainability impacts and compliance risks. Our customers request greater transparency down their value chain and we can facilitate that through responsible procurement. Furthermore, procurement through local suppliers helps us to both achieve positive impacts by growing the domestic economy, and reduce our environmental footprint.

Management approach

We evaluate all our suppliers based on a set of criteria and their ability to meet our organisational requirements. In order to ensure rigour in supplier selection, our previously approved suppliers need to go through a re-evaluation cycle on a frequent basis. Especially in the areas of health and safety, we only engage bizSAFE certified suppliers as part of our commitment as a bizSAFE partner.

Performance

In FY 2024, 100% of procurement expenditure was from local suppliers¹³. We remain committed to support the local businesses to the fullest extent possible.

Targets

In FY 2024, we achieved our target of procuring a 100% of our goods and services from local suppliers.

We have considered targets for responsible supply chain for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.

¹³ Suppliers which procurement was made through office registered in Singapore.

SUSTAINABILITY REPORT

REGULATORY COMPLIANCE

Why material

As a listed entity, we are subject to a number of regulatory compliance requirements pertaining to occupational health and safety, labour, environmental compliance, finance and markets. The various regulatory bodies that oversee our operations include the Ministry of Manpower, National Environment Agency and SGX among others.

Adherence to these requirements defines our social, environmental and economic license to operate.

Management approach

Our IMS highlights all regulatory risks and lays out the roles, objectives and processes to ensure compliance. Our employees are given access to and training on the legal and other requirements to which we subscribe.

Changes to the requirements are highlighted and communicated on a regular basis.

Performance

The company did not incur any warning, fines or penalties in this reporting period. We have achieved full compliance with all regulations.

Targets

We have considered a regulatory compliance target for defined short, medium and long term horizons. Please refer to the section headed "Key Indicators & Targets" for details.



SUSTAINABILITY REPORT

KEY INDICATORS & TARGETS

Performance Indicators	FY 23	FY 24	FY 24 Targets	FY 24 Achievements
Environmental				
Total Energy Consumption (Gj)	2858	2728	Increase office and workshop energy efficient lighting usage to 80%	Increase office and workshop energy efficient lighting usage to 80%
Diesel	1366	1679		
Electricity	1492	1049		
Total Water Consumption (m³)	1052	498	Maintain current level of water consumption in office and workshop	Reduced water consumption level, Collection of rainwater
Waste water from another organisation	0	0		
Municipal water supplies or other water utilities	1052	498		
Office & Workshop	1052	498		
Project Site	0	0		
Total Waste Disposed (MT)			No release of contaminating fluids or toxic waste into the environment	No release of contaminating fluids or toxic waste into the environment
Non-hazardous waste	19.7	3.8		
Reuse/Recycling	19.7	3.8		
Composting	0	0		
Incineration (mass burn)	0	0		
Landfill	0	0		
Hazardous waste	0	0		
Reuse/Recycle	0	0		
Other (Waste water treatment)	0	0		



SUSTAINABILITY REPORT

Performance Indicators		FY 23	FY 24	FY 24 Targets	FY 24 Achievements
Social					
Training (average hours per person)				Adopt Tripartite Standards on FWA	Adopted
	Men	10.2	17.8		
	Women	0.2	4.3		
	Management/Managers/Professionals (Engineers)	3.1	8.3		
	Executive/Supervisors/Technicians	3.5	14.4		
	Administrative Staff	3.6	9.2		
	Production workers	12.2	18.8		
Hire & Turnover Rates					
New Hire					
	Men	91%	94%		
	Women	9%	6%		
	<30 yrs.	18%	6%		
	30-50 yrs.	64%	89%		
	>50 yrs.	18%	6%		
Turnover					
	Men	69%	91%		
	Women	31%	9%		
	<30 yrs.	15%	9%		
	30-50 yrs.	69%	77%		
	>50 yrs.	15%	14%		
Remuneration Ratio (Female:Male)					
	Management/Managers/Professionals (Engineers)	0.84	0.90		
	Executive/Supervisors/Technicians	1.27	1.40		
	Administrative Staff	1.29	1.50		
	Production workers	0.99	1.20		
OHS					
	No. of recordable injuries	3	0	1. Maintain TRIR of ≤ 0.32 .	1. TRIR = 0
	No. of high consequence injuries or fatalities	0	0		
	No. of near miss and first aid cases	0	0		
	Recordable injury rate	0.56	0		
	Number of man-hours worked	1,199,296	1,297,239		
Governance					
Supply Chain				Majority of procurement from local suppliers	Procurement from local suppliers
	Proportion of procurement (by value) from local suppliers	100%	100%		
Product Quality and Safety				No incidents	No incidents
	Total no. of incident of non-compliance	0	0		
Regulatory Compliance				No incidents	No incidents
	Total no. of incident of non-compliance	0	0		

SUSTAINABILITY REPORT

Material Topics	Short-term Targets ¹⁴	Medium-term Targets ¹⁵	Long-term Targets ¹⁶
Energy consumption	Maintain or reduce energy consumption, using 2,858 GJ in FY2023 as the baseline.	Maintain or reduce energy consumption, using 2,858 GJ in FY2023 as the baseline. Invest in solar panels installation to reduce the Group's carbon footprint and tap into more environmentally friendly energy sources.	Maintain or reduce energy consumption, using 2,858 GJ in FY2023 as the baseline
Water consumption	Maintain or reduce water consumption in office and workshop, using 1052 m ³ in FY2023 as the baseline.	Maintain or reduce water consumption in office and workshop, using 1052 m ³ in FY2023 as the baseline. Collect rainwater in the Group's yard for non-potable uses to enhance the Group's water management policies	Maintain or reduce water consumption in office and workshop, using 1052 m ³ in FY2023 as the baseline.
Waste management	No release of any contaminating fluids or toxic waste into the environment.		
Human capital management	Zero incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association.		
Occupational Health and Safety	Achieve a TRIR of not more than 0.32.		
Product quality and safety	Continue relentlessly incorporating quality and safety considerations in the Group's projects, and maintain compliance without any safety incidents.		
Responsible supply chain	Majority of procurement from local suppliers.	Review and evaluate the Group's management approach to responsible supply chains on a regular basis to ensure that the Group's approach is effective, and achieving the results that the Group is targeting.	Expand the Group's supplier assessment and implement additional considerations, such as environmental, social and productivity.
Regulatory compliance	Maintain full compliance to all regulations in the areas the Group operates in.		

¹⁴ Short-term time horizon refers to a timeframe of less than or equal to 1 year.

¹⁵ Medium-term time horizon refers to a timeframe of above 1 year and less than or equal to 5 years.

¹⁶ Long-term time horizon refers to a timeframe of more than 5 years.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Hiap Seng Engineering has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
GRI 2: General Disclosures 2021			
2-1	Organizational details	Sustainability Report > About the report, 74 Sustainability Report > About Hiap Seng, 75-76 Annual Report > Group Structure, 7	
2-2	Entities included in the organization's sustainability reporting	Sustainability Report > About the report, 74 Annual Report > Group Structure, 7	
2-3	Reporting period, frequency and contact point	Sustainability Report > Board of Directors Statement, 73 Sustainability Report > About the report, 74	
2-4	Restatements of information	N/A – no restatement	
2-5	External assurance	Sustainability Report > About the Report, 74	
2-6	Activities, value chain, and other business relationships	Sustainability Report > About Hiap Seng, 75-76 None of Hiap Seng Engineering Ltd's products and service are currently banned in any markets	
2-7	Employees	Sustainability Report > Strengthening Our Workforce > Our Employee Profile, 88 We do not employ seasonal or casual workers.	
2-8	Workers who are not employees	Whilst Hiap Seng employs Contract workers for project work (e.g blasting and painting, electrical and instrumentation), this work is not a significant portion of our overall work. We do not employ workers on a seasonal basis.	
2-9	Governance structure and composition	Sustainability Report > Sustainability Governance, 80-81 Annual Report > Board of Directors, 5-6 Annual Report > Corporate Information, 8	

SUSTAINABILITY REPORT

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
2-10	Nomination and selection of the highest governance body	Corporate Governance Report, 106-123	
2-11	Chair of the highest governance body	Sustainability Report > Sustainability Governance, 80-81 Annual Report > Board of Directors, 5-6 Annual Report > Corporate Information, 8	
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report > Sustainability Governance, 80-81	
2-13	Delegation of responsibility for managing impacts	Sustainability Report > Sustainability Governance, 80-81	
2-14	Role of the highest governance body in sustainability reporting	The Board has reviewed and approved of this report in SR 2024	
2-15	Conflicts of interest	Corporate Governance Report, 106-123	
2-16	Communication of critical concerns	Sustainability Report > Sustainability Governance, 80-81	
2-17	Collective knowledge of the highest governance body	Sustainability Report > Sustainability Governance, 80-81	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report, 106-123	
2-19	Remuneration policies	Corporate Governance Report, 106-123	
2-20	Process to determine remuneration	Corporate Governance Report, 106-123	
2-21	Annual total compensation ratio	Corporate Governance Report, 106-123	
2-22	Statement on sustainable development strategy	Board of Directors Statement, 73	
2-23	Policy commitments	Sustainability Report, 77 Sustainability Report > Reducing our Environmental Footprint, 84 Sustainability Report > Strengthening our Workforce, 88 Sustainability Report > Leading our Marketplace, 95	
2-24	Embedding policy commitments	Sustainability Report > Reducing our Environmental Footprint, 84 Sustainability Report > Strengthening our Workforce, 88 Sustainability Report > Leading our Marketplace, 95	
2-25	Processes to remediate negative impacts	Sustainability Report > Sustainability Governance, 82	
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report > Sustainability Governance, 82	
2-27	Compliance with laws and regulations	Sustainability Report > Leading our Marketplace > Regulatory Compliance, 97	

SUSTAINABILITY REPORT

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
2-28	Membership associations	Sustainability Report > Membership of Associations & External Charters or Initiatives, 83	
2-29	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement, 78	
2-30	Collective bargaining agreements	Sustainability Report > Strengthening Our Workforce, 88	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainability Report > Materiality Assessment, 79	
3-2	List of material topics	Sustainability Report > Materiality Assessment, 79	
Responsible Supply Chain			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Responsible Supply Chain, 96	
204-1	Proportion of spending on local suppliers	Sustainability Report > Responsible Supply Chain, 96	
Regulatory Compliance			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81	
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report > Anti-Corruption, 82	
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Anti-Corruption, 82	
Energy Consumption			
(Note: Hiap Seng Engineering Ltd does not sell any energy)			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Reducing our Environmental Footprint > Energy Consumption, 84	
302-1	Energy consumption within the organisation	Sustainability Report > Reducing our Environmental Footprint > Energy Consumption, 84-86	
Water Management			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Reducing our Environmental Footprint > Water Consumption, 86	
303-1	Water withdrawal by source	Sustainability Report > Reducing our Environmental Footprint > Water Consumption, 86-87	

SUSTAINABILITY REPORT

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
Waste Management			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Reducing our Environmental Sustainability Report > Footprint > Waste Management, 87	
306-2	Waste by type and disposal method	Sustainability Report > Reducing our Environmental Footprint > Waste Management, 87	
Occupational Health and Safety (OHS)			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 94	
403-1	Occupational health and safety management system	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-95	
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-3	Occupational health services	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-5	Worker training on occupational health and safety	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-6	Promotion of worker health	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 93-94	
403-9	Work-related injuries	Sustainability Report > Strengthening Our Workforce > Occupational Health and Safety (OHS), 95	

SUSTAINABILITY REPORT

Disclosure No.	Disclosure Title & Requirements	Page No. or Direct Reference	Reasons for Omissions
Human Capital Management			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Strengthening Our Workforce > Human Capital Management, 89	
401-1	New employee hires and employee turnover	Sustainability Report > Strengthening Our Workforce, 91-92	
404-1	Average training hours per year per employee	Sustainability Report > Strengthening Our Workforce > Human Capital Management, 90	
405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report > Strengthening Our Workforce > Human Capital Management, 93	
Product Quality and Safety			
3-3	Management Approach	Sustainability Report > Sustainability Governance, 80-81 Sustainability Report > Leading our Marketplace > Product Quality and Safety, 96	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Leading our Marketplace > Product Quality and Safety, 96	

CORPORATE GOVERNANCE REPORT

Hiap Seng Industries Limited (the “Company”) is committed to achieving a high standard of corporate governance within the Group and to put in place effective self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

The shares of the Company were listed and quoted on the Mainboard of the SGX-ST at 9.00 a.m. on 19 February 2024 following transfer of the listing status of Hiap Seng Engineering Ltd (“HSEL”) on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) to the Company pursuant to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing on 16 February 2024. Reference is made to the circular issued by HSEL to its Shareholders dated 6 November 2023 (the “Circular”), and the results of the EGM and the Shareholders’ Scheme Meeting held on 28 November 2023 as well as the joint completion announcement released on 16 February 2024 by the Company and HSEL.

The Company’s wholly-owned subsidiary, HSEL was delisted from the SGX-ST on the same date and time, 19 February 2024 at 9.00 a.m.. HSEL was granted discharge of Judicial Management in HC/SUM 305/2024 by the High Court of Singapore on 23 February 2024.

This report sets out the corporate governance practices that were in place since listing on the SGX-ST on 19 February 2024 in respect of the financial year ended 31 March 2024 (“FY2024”) with reference to the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). The Company has complied with the Code for FY2024. Where there are deviations from the Code, appropriate explanations have been provided in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 – Principal functions of the Board

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. The Board also works closely with the management and reviews management performance for the long-term success of the Company.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and make objective decisions in the best interests of the Company and keep Management accountable. The Independent Directors and 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.. Directors monitor Management through various mechanisms in the form of policies established to address risk management and internal controls, develop organisational culture, share conduct and ethics with appropriate tone-from-the-top through conversations in each of the meetings attended by key management personnel and Directors. Should any conflict of interest arise during the meeting, the particular Director facing conflicts of interest is to disclose his interest and recuse from the meeting after providing his views.

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;

CORPORATE GOVERNANCE REPORT

- (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.

Provision 1.2 – Directors' orientation and training

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, explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

New directors appointed in FY2024 were given briefings on the business activities of the Group and its strategic directions by the Chief Executive Officer ("CEO"). They were given the opportunity to visit the Group's operational facilities to gain a better understanding of the Group's business operations. Each Independent Director appointed in FY2024 was provided with a formal letter of appointment as a Director. A newly appointed director who does not have any prior experience as a director of a listed company would be required to attend the Listed Entity Director Programme conducted by the Singapore Institute of Directors (SID) or Board of Director Masterclass Programme conducted by the Institute of Singapore Chartered Accountants (ISCA). Directors appointed in FY2024 (except for Mr Sebastian Tan Cher Liang and Mr David Ong Kim Huat) undertakes to attend the training and complete within one (1) year from date of appointment

Provision 1.3 – Matters requiring Board's approval

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 half yearly and full-year results and the release of the Annual Reports.

Provision 1.4 – Delegation by the Board

Provision 1.5 – Board meetings, attendance and multiple commitments

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

CORPORATE GOVERNANCE REPORT

The Board meets on half-yearly basis to approve the results announcement. Additional meetings were held whenever necessary. The Company's Constitution 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 FY2024 to date of this report 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:	1	1	1	1
Sebastian Tan Cher Liang (Independent Non-Executive Chairman)	1	1	1	1
Khua Kian Hua (Executive Director)	1	NM	1	NM
Tan Phuay Hung, Max (Executive Director/Chief Executive Officer)	1	NM	NM	NM
Piti Pramotedham (Independent Non-Executive Director)	1	1	NM	1
David Ong Kim Huat (Independent Non-Executive Director)	1	1	1	1

NM: Not a Member of the Committee

Minutes of all Board Committee and Board Meetings are circulated to members for review and confirmation. These minutes enable Directors to be kept abreast of matters discussed at such meetings. Matters arising from each meeting will be followed-up and reported at the next meeting. Additional meetings may be convened on ad-hoc basis, as necessary, from time to time. Where appropriate, Directors made decisions by passing resolutions in writing as if it had been passed at the Directors' meeting.

Although some of the Directors have multiple board representations, the Board is of the view that they widen the experience of the Board and give it a broader perspective. Details of the other principal commitments of the Directors are set out in the Board of Directors section of this Annual Report.

Provision 1.6 – Access to information

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 with reports relating to operational and financial performance of the Group and Company containing complete, adequate and timely information, and papers containing relevant background or explanatory information. These information enables Directors to engage in meaningful discussions and support the decision making process.

Provision 1.7 – Access to Management, Company Secretary and External Advisers

A calendar of meetings is scheduled for the Board at the beginning of the year. All Directors have unrestricted access to the Group's records and information.

All Directors have separate and independent access to Key Management Personnel and to the Company Secretary. The Company Secretary 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 Constitution 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 Secretary is a matter for the Board as a whole.

CORPORATE GOVERNANCE REPORT

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.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 – Board Independence

Provision 2.2 – Majority Independent Directors where Chairman is not independent

Provision 2.3 – Majority Non-Executive Directors in a Board

The Board comprises five (5) Directors, three of whom are Independent and Non-Executive Directors. There is a strong and independent element on the Board with independent and non-executive Directors making up a majority of the Board in FY2024. Independent Directors made up one-third of 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:-

Sebastian Tan Cher Liang (Independent Non-Executive Chairman)

Khua Kian Hua (Executive Director)

Tan Phuay Hung, Max (Executive Director/Chief Executive Officer)

Piti Pramotedham (Independent Non-Executive Director)

David Ong Kim Huat (Independent Non-Executive Director)

The independence of each Director is reviewed annually by the NC. The criterion of Independence is determined based on the guidelines and definition provided in the Code and Listing Manual. An independent director represents the minority shareholders and one who is independent in conduct, character and able to exercise independent business judgement in the best interests of the Company and has no relationships with the Company, related corporations, its substantial shareholders or officers, management and/or companies within the Group. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues. The NC considers the following while reviewing the independence of Directors:-

1. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service.
2. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). Payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question.
3. Whether a director is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

The Board reviewed independence of Directors annually based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

- (a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;

CORPORATE GOVERNANCE REPORT

- (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or
- (c) if he has been a director for an aggregate period of more than nine years (whether before or after listing).

The NC also reviewed the declaration of independence of each director and was satisfied that all Independent Directors were considered independent for the purpose of Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group and they bring diverse experience to the Company's decision-making process. Apart from receiving Director's fees, they do not have any other material pecuniary relationship or transactions with companies within the Group or the management, which in the judgement of the Board may affect their independence of judgement.

The NC and the Board have determined that Mr Sebastian Tan Cher Liang, Mr Piti Pramotedham and Mr David Ong Kim Huat remained objective and independent-minded in Board deliberations during FY2024. Their vast experience enabled them to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that their length of service do not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interest of the Company. More importantly, the Board trusts that they are able to continue to discharge their duties independently with integrity and competency. The Board is of the view that all Independent Directors remain independent in the exercise of their judgement on Board matters.

Provision 2.4 – Board composition and diversity

The Board has adopted a Board Diversity Policy and works towards implementing the objectives of a diverse Board to foster an inclusive and diverse board that contributes to long-term success. Having a diverse Board enhances decision-making process of the Board and avoid groupthink while fostering constructive debate.

The current Board comprised directors from a wide range of age. Diversity in terms of age brings together Directors with complementary abilities, skills, information and networks which can offer better decision-making and fresh perspectives. As the Company looks out for development, investment, and diversification opportunities that will contribute positively towards profitability, while exercising caution, the diversity in age could contribute to long-term success of the Company.

With guiding principles for inclusivity, merit-based and transparency, the goals over time is to consider and achieve diversity such as gender, skills and business experiences and other distinctive qualities of the Directors. The NC will intentionally include female candidates in the search for board candidate and is committed to advance female candidates who meet the required skills and experiences for appointment as a Director, final selection will be made in a fair and non-discriminatory manner.

Provision 2.5 – Meeting of Non-Executive Directors and/or Independent Directors without Management

Non-executive directors are independent of the management and business or other relationships which could materially interfere with the exercise of independent judgement. Non-executive directors constantly challenge and provide a different perspective or wider view of external factors affecting the Company and its business environment. Non-executive directors also review the performance of management and monitor the reporting of performance to the Board. In FY2024, the non-executive Directors led by the Independent Chairman have met (without presence of Management).

Key information regarding the Directors' academic and professional qualifications and other appointments is set out on the Board of Directors section of the Annual Report.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer (“CEO”)

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

Provision 3.2 – Role of the Chairman and the CEO

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

The Independent Chairman, Mr Sebastian Tan Cher Liang, 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.

Mr Tan Phuy Hung, Max is the CEO and is not related to the Chairman. 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. As CEO, he provides strong leadership and is overall in-charge of the Management and strategic operations of the Company.

With the Board is able to make decisions in the best interests of the Company as the independent directors and executive director make up a majority of the Board. The Board is satisfied that the existing Board with Executive Directors and CEO involved in management and Independent Directors exercising oversight function contributes to diversity of thought for strategic discussions. 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. 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.

Provision 3.3 – Lead Independent Director

Based on the Code, it is recommended that each company shall appoint 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. As there is clear separation in the roles of Chairman (who is an Independent Director) and CEO, to preserve effective corporate governance, the appointment of a Lead Independent Director is not necessary.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 and 4.2 – Roles and composition of the NC

The current members of the NC are:

Sebastian Tan Cher Liang (Chairman)
Khua Kian Hua
David Ong Kim Huat

All Directors are independent and are not associated with the substantial shareholders of the Company.

CORPORATE GOVERNANCE REPORT

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) Determine whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors);
- (g) 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;
- (h) 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
- (i) Put in place plans for succession, in particular, the Chairman of the Board and the CEO.

Provision 4.3 – Board Renewal

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.

The Company's Constitution require one-third of its Directors 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.

CORPORATE GOVERNANCE REPORT

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
Sebastian Tan Cher Liang	Independent Non-Executive Chairman	16 February 2024	N/A	Chairman of Nominating Committee, Member of Audit Committee and Member of Remuneration Committee	<p><u>Present</u></p> <ul style="list-style-type: none"> • Food Empire Holdings Limited • IPC Corporation Ltd • Jumbo Group Limited • Kingsmen Creatives Limited • Vibrant Group Limited • Wilton Resources Corporation Ltd <p><u>Past three years</u> Ezra Group Limited (In Compulsory Liquidation)</p>
Khua Kian Hua	Executive Director	23 August 2023	N/A	Member of Nominating Committee	<p><u>Present</u> NIL</p> <p><u>Past three years</u> NIL</p>
Tan Phuay Hung, Max	Executive Director/CEO	16 February 2024	N/A	–	<p><u>Present</u> NIL</p> <p><u>Past three years</u> NIL</p>
Piti Pramotedham	Independent Non-Executive Director	16 February 2024	N/A	Chairman of Audit Committee, Member of Remuneration Committee	<p><u>Present</u> NIL</p> <p><u>Past three years</u> NIL</p>
David Ong Kim Huat	Independent Non-Executive Director	16 February 2024	N/A	Chairman of Remuneration Committee, Member of Audit Committee and Member of Nominating Committee	<p><u>Present</u></p> <ul style="list-style-type: none"> • Ellipsiz Ltd • New Toyo International Holdings Ltd • Katrina Group Ltd. <p><u>Past three years</u> NIL</p>

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.

CORPORATE GOVERNANCE REPORT

Provision 4.4: Independence review of Directors

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 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.

Provision 4.5 – Duties and obligations of Directors

Despite the multiple directorships of some Directors, the NC is satisfied that the Directors spent adequate time and attention on the Company's affairs and have diligently discharged their responsibilities.

The NC affirmed that Mr Sebastian Tan Cher Liang, Mr Piti Pramotedham and Mr David Ong Kim Huat 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.

The Directors retiring by rotation pursuant to Regulation 118 of the Company's Constitution at the forthcoming AGM are Mr Khua Kian Hua and Mr David Ong Kim Huat. The NC recommended to the Board that Mr Khua Kian Hua and Mr David Ong Kim Huat be nominated for re-election as Directors of the Company at the forthcoming AGM.

In making the recommendation, the NC evaluated 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.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2 – Board Evaluation Process

The Board has set out a process carried out by the NC for annually assessing effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board and its Board Committees as well as the contribution by the Chairman. 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 and ascertain key areas for improvement and follow-up actions.

The NC is to evaluate the contribution of each Director to the effectiveness of the Board by having the Directors complete a questionnaire which the findings would be 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. No external facilitator was used in FY2024.

The Directors were appointed to the Board on 16 February 2024 pursuant to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing on 16 February 2024. The focus of the NC during FY2024 has been to provide adequate induction to new directors so as to enable them to contribute effectively while simultaneously relaying recommendations on how to structure and pace Board meetings. For FY2024, the Board did not conduct a formal assessment for the effectiveness of the Board as a whole or of each Director and Board Committees or the contribution by the Chairman. The Board has collectively agreed to defer the performance evaluation, as described above, to the next financial year. The Board is of the opinion that conducting performance evaluation when Board processes and dynamic are relatively settled will result in more relevant and meaningful feedback.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Composition of the RC

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:

David Ong Kim Huat (Chairman)
Sebastian Tan Cher Liang
Piti Pramotedham

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.

Provision 6.3 – Remuneration framework

The RC reviews the performance of the Executive Director, CEO and key management personnel, as well as reviewing and approving executive remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and benefits based on benchmarking exercises with industry peers. The recommendations from the RC will be submitted for endorsement by the entire Board.

No RC member or any Director is involved in deliberation in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

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.

CORPORATE GOVERNANCE REPORT

Provision 6.4 – Remuneration consultant

No external remuneration consultant was used in FY2024.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and KMPs

Provision 7.2 – Remuneration of Non-Executive Directors

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.

The Executive Directors, Mr Khua Kian Hua and Mr Tan Phuay Hung, Max, are also the substantial shareholders of the Company. Their interests are therefore in line with the Company's interest. Remuneration of Mr Khua Kian Hua and Mr Tan Phuay Hung, Max is in accordance with their service contracts.

The remuneration of the Independent Non-Executive Directors is proportionate to their level of contribution, effort and time spent and their respective responsibilities. The framework for determining the fees paid to each Independent Non-Executive Director for FY2024 and FY2025 is as follows:

	Member	Chairman
Board	\$35,000 per annum	\$40,000 per annum
	Member	Chairman
AC	\$2,500 per annum	\$5,000 per annum
NC	\$1,500 per annum	\$2,500 per annum
RC	\$1,500 per annum	\$2,500 per annum

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

Provision 7.3 – Long Term incentives

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

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

The following table shows a breakdown of the remuneration of Directors/CEO for FY2024:

Directors/CEO	Remuneration and Benefits in FY2024				
	Base Salary ^(a)	Variable Payment ^(b)	Other Benefits ^(c)	Directors' Fees ^(d)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Sebastian Tan Cher Liang	–	–	–	6	6
Khua Kian Hua	24	–	–	–	24
Tan Phuay Hung, Max	150	25	–	–	175
Piti Pramotedham	–	–	–	5	5
David Ong Kim Huat	–	–	–	5	5

(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 Khua Kian Hua and Mr Tan Phuay Hung, Max, 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.

The Independent Non-Executive Directors do not have any service contracts with the Company. The 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.

Key Management Personnel	Annual Remuneration in FY2024			
	Base Salary ^(a) %	Variable Payment ^(b) %	Other Benefits ^(c) %	Total %
Below S\$250,000				
Tan Leau Kuee @ Tan Chow Kuee	83	17	–	100
Soon Hui Tong (Note 1)	100	–	–	100

Note:

1) Mr Soon Hui Tong joined the Company as Financial Controller on 19 March 2024.

CORPORATE GOVERNANCE REPORT

The Company disclosed the remuneration of two Key Management Personnel, as there is only two Key Management Personnel (who are also not directors) whom the Company has identified as Key Management Personnel. Accordingly, remuneration in bands of S\$250,000 with a breakdown in percentage terms of the one Key Management Personnel were disclosed in the table above. Due to the number of two Key Management Personnel, the Company is not disclosing the aggregate remuneration paid to the two key management personnel in this report to maintain confidentiality of remuneration matters and given the competitive conditions in the industry and poaching of employees from within the same industry.

Provision 8.2 – Remuneration of related employees

There are two employees for FY2024 who are related to directors of substantial shareholders whose remuneration exceed S\$100,000. The aggregate remuneration of such employees for FY2024 was S\$335,000.

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\$100,000 during FY2024 in bands no wider than S\$100,000, are as follows:

Immediate family members	Remuneration in FY2024				
	Relationship with director or CEO	Base Salary ^(a) %	Variable Payment ^(b) %	Other Benefits ^(c) %	Total %
S\$200,000 to S\$249,999					
Tan Leau Kuee @ Tan Chow Kuee	Father of Mr Tan Phuay Hung, Max	83	17	–	100
S\$100,000 to S\$149,999					
Tan Biby Valarie	Sister of Mr Tan Phuay Hung, Max	98	2	–	100

Summary of activities of RC in FY2024 is as follow:

- Reviewed remuneration packages of key management personnel and employees related to substantial shareholder which includes salary adjustments and bonus.
- Reviewed remuneration package of the Executive Directors which includes salary and performance bonus.
- Reviewed and recommended Directors' fees for approval of shareholders at the AGM.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders

Provision 9.1 – Nature and extent of risks

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.

CORPORATE GOVERNANCE REPORT

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.

During FY2024, the AC had reviewed the work performed by the external auditors and reviews performed by the Management and 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.

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.

Provision 9.2 – Assurance from the CEO and Financial Controller

The Board has received assurance from the CEO and the Financial Controller ("FC") 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.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the AC

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

Piti Pramotedham (Chairman)
Sebastian Tan Cher Liang
David Ong Kim Huat

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;

CORPORATE GOVERNANCE REPORT

- (g) Consider the re-appointment of the external auditors and appointment of the internal auditors;
- (h) Review interested person transactions;
- (i) Other functions as required by law or the Code; and
- (j) Meet with the external auditors without the presence of Management at least once a year.

The AC has met once since it was listed and quoted on the Mainboard of the SGX-ST on 19 February 2024 and 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 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.

Provision 10.4 – Internal audit function

The Company outsourced its internal audit function to Messrs CLA Global TS Risk Advisory Pte Ltd who was appointed after listing on the Mainboard of the SGX-ST on 19 February 2024.

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 its terms of reference. In addition, the AC has independent access to both internal and external auditors. The AC has reasonable resources to enable it to discharge its functions properly.

Provision 10.5 – AC activities during the year

The AC met with the external auditors without the presence of Management.

During FY2024, the AC performed the functions set out above.

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 paid to the external auditor, Messrs Foo Kon Tan LLP for FY2024 were set out in the table below were \$160,000 and \$26,000 respectively.

	Audit fee (S\$)	Non-audit fee (S\$)
FY2024	\$160,000	\$26,000

The AC is also satisfied that the external auditor, Messrs Foo Kon Tan LLP is able to meet the audit obligations of the Company and is pleased to recommend to the Board of Directors, the nomination of Foo Kon Tan LLP 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.

Fraud and Whistle-Blowing Policy

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 and also responsible for oversight and monitoring of whistle blowing. The whistle blowing policy ensures the identity of whistleblower is kept confidential and is committed to ensure protection of whistleblower against detrimental or unfair treatment.

CORPORATE GOVERNANCE REPORT

During FY2024, 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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

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 FY2024, the CEO and FC 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 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 well-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.

CORPORATE GOVERNANCE REPORT

A shareholder who is entitled to attend and vote, may either vote in person or through the appointment of one or two proxies. The Company's Constitution 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 Constitution from time to time and make such amendments to the Constitution 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. To promote greater transparency and effective participation, the Company has been conducted the voting of its resolutions by poll since 2016 AGM. The detailed results, including the total number of votes cast for or against each resolution and the respective percentages will be announced immediately at the AGMs and via SGXNet.

Provision 11.5 – Minutes of general meetings

The Company will prepare the detailed Shareholders' Meeting minutes, which include comments and the questions received from the shareholders, if available and responses from the Board and the Management. These minutes are made available to shareholders on SGXNet within one (1) month after the general meeting.

Provision 11.6 – Dividend policy

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.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3 – Stakeholder engagement

The Company aims to engage in regular, effective and fair communication with shareholders, and be as descriptive, detailed and forthcoming as possible. The Annual Report and Notice of AGM is made available to all shareholders and published on SGXNET. The notice is also advertised in the press and made available on the website. At AGM, the Company encourages shareholder participation and shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

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.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1, 13.2 and 13.3: Stakeholder engagement

The Company engages its material stakeholders through different engagement channels to establish, address and monitor the material environmental, social and governance (“ESG”) factors of the Group’s operation and its impact on them. Such stakeholders include employees, community, government, regulators, shareholders and investors.

Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders’ ESG-related issues.

The Company’s approach to stakeholder engagement and materiality assessment will be disclosed in the “Sustainability Report”. Shareholders of the Company can refer to the sustainability report for FY2024 which disclose on page 73.

DEALINGS IN SECURITIES

The Company has complied with Rule 1207(19) of the Listing Manual with respect to dealings in securities by the Company, Directors, and officers of the Group. The Company, its 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 one month before the announcement of the Company’s half year and full year results and ending on the date of the particular announcement or when they are in possession of unpublished price-sensitive information on the Group.

MATERIAL CONTRACTS

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 2024.

INTERESTED PERSON TRANSACTIONS

The Company is in compliance with the provisions of interested person transactions under the Listing Manual. All transactions with interested persons are reported in a timely manner to the AC for their review to ensure 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 were no interested person transactions entered into during the financial year under review.

STATISTICS OF SHAREHOLDINGS

As at 20 June 2024

Issued and Fully Paid-up Capital	-	S\$18,142,408.37
Total number of issued shares excluding treasury shares and subsidiary holdings	-	3,374,292,335
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	188	4.20	4,445	0.00
100 - 1,000	140	3.12	94,671	0.00
1,001 - 10,000	1,951	43.53	11,132,807	0.33
10,001 - 1,000,000	2,061	45.98	182,003,280	5.40
1,000,001 AND ABOVE	142	3.17	3,181,057,132	94.27
TOTAL	4,482	100.00	3,374,292,335	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	VIBRANT EQUITIES PTE LTD	1,104,972,375	32.75
2	TIAN YUAN	368,324,125	10.92
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	333,222,666	9.88
4	TAN KUAY HOE HOLDINGS PTE LTD	254,950,701	7.56
5	ZHANG JIANHUA	232,440,056	6.89
6	TAN MEI LING (CHEN MEILING)	117,215,954	3.47
7	HIAP HENG HEAVYEQUIPMENT CO PTE LTD	64,731,489	1.92
8	INSULTEC INTERNATIONAL (S) PTE. LTD.	43,597,621	1.29
9	LAW BOON LEONG	40,406,159	1.20
10	MEISEI INTERNATIONAL PRIVATE LIMITED	32,500,097	0.96
11	CHENG BUCK POH @CHNG BOK POH	29,938,375	0.89
12	MAYBANK SECURITIES PTE. LTD.	23,590,941	0.70
13	PHILLIP SECURITIES PTE LTD	21,683,025	0.64
14	NG KENG LEONG	17,926,118	0.53
15	RNC ENGINEERING PTE LTD	17,675,462	0.52
16	DBS NOMINEES (PRIVATE) LIMITED	15,583,905	0.46
17	TAN ENG CHUA EDWIN	15,418,100	0.46
18	PHUA KWANG HIAN	15,167,606	0.45
19	ANG LIAN HIN	15,000,000	0.44
20	TAYERS SINGAPORE PTE LTD	15,000,000	0.44
TOTAL		2,779,344,775	82.37

STATISTICS OF SHAREHOLDINGS

As at 20 June 2024

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders) as at 20 June 2024

Name	No. of Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
Vibrant Equities Pte Ltd	1,104,972,375	32.75	-	-
Vibrant Group Limited (Note 1)	-	-	1,104,972,375	32.75
Vibrant Capital Pte Ltd (Note 1)	-	-	1,104,972,375	32.75
Khua Kian Keong (Note 1)	-	-	1,104,972,375	32.75
Khua Kian Hua (Note 1)	-	-	1,104,972,375	32.75
Vincent Khua Kian Ann (Note 1)	-	-	1,104,972,375	32.75
Tian Yuan	368,324,125	10.92	-	-
United Overseas Bank Limited	330,158,996	9.78	-	-
Tan Kuay Hoe Holdings Pte Ltd	254,950,701	7.56	-	-
Tan Phuay Hung, Max (Note 2)	-	-	254,950,701	7.56
Asia Process Industries Pte Ltd (In liquidation) (Note 3)	-	-	229,161,598	6.8

Notes:

- (1) Vibrant Group Limited and Vibrant Capital Pte Ltd are deemed to be interested in the shares held by Vibrant Equities Pte Ltd by virtue of their shareholding interest in Vibrant Group Limited. Mr Khua Kian Keong, Mr Khua Kian Hua and Mr Vincent Khua Kian Ann were deemed to be interested in the shares held by Vibrant Equities Pte Ltd by virtue of their shareholding interest in Vibrant Group Limited and Vibrant Capital Pte Ltd.
- (2) Mr Tan Phuay Hung, Max is deemed to be interested in the shares held by Tan Kuay Hoe Holdings Pte Ltd ("TKHHPL") by virtue of his shareholding interest in TKHHPL.
- (3) Pursuant to the completion of the Proposed Debt Restructuring (as defined in the Circular), Mr Zhang JianHua, a bare trustee, is issued and holds 229,161,598 shares in the Company for Asia Process Industries Pte Ltd (In Liquidation) ("API"), further to a deed of declaration of trust entered into between API (as beneficial owner) and Mr Zhang JianHua (as bare trustee) dated 13 February 2024. Pursuant to section 4(7) of the Securities and Futures Act 2001 of Singapore, API is deemed to have an interest in the shares in the Company.

FREE FLOAT

As at 20 June 2024, approximately 32.21% 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 an Annual General Meeting of Hiap Seng Industries Limited (the "Company") will be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on Wednesday, 31 July 2024 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions, with or without modifications:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2024, together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**
2. To re-elect the retiring director, Mr Khua Kian Hua who is eligible for re-election as a director pursuant to Regulation 118 of the Company's Constitution. **(See Explanatory Note i)** **(Resolution 2)**
3. To re-elect the retiring director, Mr David Ong Kim Huat who is eligible for re-election as a director pursuant to Regulation 118 of the Company's Constitution. **(See Explanatory Note ii)** **(Resolution 3)**
4. To approve the payment of Directors' fees of SGD16,187.50 for the financial year ended 31 March 2024. **(Resolution 4)**
5. To approve the payment of Directors' fees of SGD129,500.00 for the financial year ending 31 March 2005, to be paid on a quarterly basis. **(Resolution 5)**
6. To re-appoint Messrs Foo Kon Tan LLP as Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 6)**
7. 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 as Ordinary Resolution, with or without modifications:

8. Authority to issue shares

"That, pursuant to Section 161 of the Companies Act 1967 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") 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).

NOTICE OF ANNUAL GENERAL MEETING

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

Adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

(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 Constitution for the time being of the Company; and

(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." **(See Explanatory Note iii)** **(Resolution 7)**

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

Singapore, 16 July 2024

Explanatory Notes:

- i. Mr Khua Kian Hua will, upon re-election as a Director of the Company, remain as a member of Nominating Committee. Detailed information of Mr Khua Kian Hua can be found under "Additional Information of Directors" section in the Annual Report 2024.
- ii. Mr David Ong Kim Huat will, upon re-election as a Director of the Company, remain as Chairman of Remuneration Committee and a member of Audit Committee and a member of Nominating Committee. Detailed information of Mr David Ong Kim Huat can be found under "Additional Information of Directors" section in the Annual Report 2024.
- iii. The Ordinary Resolution no. 7 proposed in item 8 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. The Annual General Meeting of the Company ("AGM") is being convened, and will be held physically. This Notice will be sent to members by electronic means via publication on the Company's website at the URL www.hiapseng.com. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice will be sent by post to members. Please complete the Request Form attached and return by post or by email to info@hiapseng.com no later than 24 July 2024 to receive the Annual Report in time for the upcoming AGM. A printed copy of the Annual Report will be mailed to you within 2 working days upon receiving your request.
- 2. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") may participate in the AGM by:
 - (a) Attending the AGM in person;
 - (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).

NOTICE OF ANNUAL GENERAL MEETING

3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:
- Submitting question via mail to the registered office of the Company at 28 Tuas Crescent, Singapore 638719, or send electronic mail to info@hiapseng.com in advance of the AGM latest by 24 July 2024 at 2.30 p.m.; or
 - "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

Shareholders are encouraged to submit their questions latest by 24 July 2024 at 2.30 p.m.. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by 26 July 2024 (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- 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.
- The instrument appointing a proxy must be deposited:

- if in hard copy by post, be lodged at the Company's registered address at 28 Tuas Crescent Singapore 638719; or
- if by email to info@hiapseng.com enclosing signed PDF copy of the Proxy Form;

in either case, no later than 28 July 2024 by 2.30 p.m, being 72 hours before the time fixed for the AGM.

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

- CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 22 July 2024 at 2.30 p.m.). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
- In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 28 July 2024 at 2.30 p.m.), as certified by The Central Depository (Pte) Limited to the Company.
- If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

*"A Relevant intermediary" means:

- a banking corporation licensed under the Banking Act 1970, 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;
- a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Khua Kian Hua and Mr David Ong Kim Huat will be seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 31 July 2024 ("**AGM**") (the "**Retiring Directors**"). Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	Khua Kian Hua	David Ong Kim Huat
Date of Appointment	23 August 2023	16 February 2024
Date of last re-appointment	N/A	N/A
Age	55	63
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Khua Kian Hua as the Executive Director of the Company was recommended by the Nominating Committee ("NC") and the Board accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since his appointment as Executive Director of the Company.	The re-election of Mr David Ong Kim Huat as Non-Executive Independent Director of the Company was recommended by the Nominating Committee ("NC") and the Board accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since his appointment as Non-Executive Independent Director of the Company.
Whether appointment is executive, and if so, area of responsibility	Executive (Overseeing administrative matters and assisting the Chief Executive Officer of the Company in his other duties)	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Member of the Nominating Committee	Independent Director, Chairman of the Remuneration Committee, Member of the Audit Committee and Member of the Nominating Committee
Professional qualifications	Bachelor of Science in Business Administration from University of Pacific, United States	Bachelor of Science in Business Administration, University of Oregon
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*	NIL	NIL
Conflict of interest (including any competing business)*	NIL	NIL

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Khua Kian Hua	David Ong Kim Huat
Working experience and occupation(s) during the past 10 years*	<p>2007 to Present: Non-Executive Director of Vibrant Equities Pte. Ltd.</p> <p>2000 to Present: General Manager, Vibrant Capital Pte. Ltd.</p>	<p>1998 to Present: Managing Director, RedDot Media Inc Pte Ltd</p> <p>2011 to 2016: Member of Parliament</p> <p>2011 to 2016: Chairman, Jurong Town Council</p> <p>2015 to 2016: Chairman, Government Parliamentary Committee, Ministry of Culture, Community and Youth</p> <p>2022 to Present: Chairman and Independent Director, Ellipsiz Ltd</p> <p>2022 to Present: Non-Executive Independent Director, New Toyo International Holdings Ltd</p> <p>2024 to Present: Non-Executive Independent Director, Katrina Group Ltd</p>
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes
Shareholding interest* in the listed issuer and its subsidiaries*	Yes	No
Shareholding Details	<p>Deemed interest: 1,104,972,375 ordinary shares</p> <p>Mr Khua Kian Hua, who is a 30.0% shareholder of Vibrant Equities Pte. Ltd. ("Vibrant"), is deemed to have an interest in the shares held by Vibrant by virtue of Section 7 of the Companies Act.</p>	NIL
Other Principal Commitments Including Directorships	<p><u>Past (for the last 5 years)</u></p> <p>NIL</p>	<p><u>Past (for the last 5 years)</u></p> <p>2010 to 2022: Board Member, National Trades Union Congress, U-Care Fund Board of Trustees</p> <p>January to September 2020: Non-Executive Independent Director, Hon Corporation Limited</p> <p>May to June 2021: Non-Executive Independent Director, MC Payment Limited (now known as OxPay Financial Limited)</p>
	<p><u>Present</u></p> <p>2007 to Present: Non-Executive Director of Vibrant Equities Pte. Ltd.</p>	<p><u>Present</u></p> <p>Public Listed Companies:</p> <p>2022 to Present: Chairman and Independent Director, Ellipsiz Ltd</p> <p>2022 to Present: Non-Executive Independent Director, New Toyo International Holdings Ltd</p> <p>2024 to Present: Non-Executive Independent Director, Katrina Group Ltd</p>

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Information required			
Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.			
		Khua Kian Hua	David Ong Kim Huat
(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 judgement 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
(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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

		Khua Kian Hua	David Ong Kim Huat
(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
(j)*	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
	(i)* any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii)* any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii)* any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv)* any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	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 INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 202200187H)

IMPORTANT:

1. CPF and SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 2.30 p.m. on 22 July 2024.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purported to be used by them.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 July 2024.

*I/We _____ (Name)

*NRIC/Passport No./Co. Registration No. _____ of

_____ (Address)

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

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy	
			No. of Shares	%

and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy	
			No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting of the Company ("AGM") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on Wednesday, 31 July 2024 at 2.30 p.m. and at any adjournment thereof.

*I/We *direct my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

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

No.	Ordinary Resolutions	No. of votes For#	No. of votes Against#	No. of votes Abstain#
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2024 together with the Directors' Statement and the Auditors' Report thereon.			
2.	To re-elect Mr Khua Kian Hua as a director.			
3.	To re-elect Mr David Ong Kim Huat as a director.			
4.	To approve the payment of Directors' fees for the financial year ended 31 March 2024.			
5.	To approve the payment of Directors' fees for the financial year ending 31 March 2025, to be paid on a quarterly basis.			
6.	To re-appoint Messrs Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.			
7.	To authorise Directors to issue shares.			

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

*Delete accordingly.

Dated this _____ day of _____ 2024

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

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

IMPORTANT: Please read notes overleaf.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 22 July 2024 at 2.30 p.m.). CPF/SRS Investors should not directly appoint the Chairman as proxy to direct the vote.
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 Intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees with such information setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with the note to the Notice of AGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. A proxy need not be a member of the Company. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. The instrument appointing Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing Chairman of the AGM as proxy is signed and authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The proxy form, duly completed and signed, must be submitted to the Company in the following manner:
 - (a) If submitted by post, be lodged at the registered office of the Company's registered address at 28 Tuas Crescent, Singapore 638719; or
 - (b) if by email to info@hiapseng.com enclosing signed PDF copy of the Proxy Form;in either case, by no later than 2.30 p.m. on 28 July 2024, being 72 hours before the time fixed for the AGM.
8. In the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form if the member being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.
10. 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.
11. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act 1967.
12. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

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