Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Hiap Seng Industries Limited

Stock code: 1L2

Meeting details:
Date: 30 July 2026
Time: 2.30 p.m.
Venue: Conference Room, 28 Tuas Crescent, Singapore 638719

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Q1. For FY2026, the group generated $22.7 million of revenue from maintenance services, representing approximately 93% of total revenue. Maintenance revenue was $24.8 million in FY2024 and remained broadly stable at approximately $22.6 million to $22.7 million in FY2025 and FY2026.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 March 2026

4. REVENUE

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.

The Group	**2026 $'000**	**2025 $'000**
Revenue from contracts with customers		
– Maintenance services	**22,680**	22,595
– Construction contract	**710**	–
– Others	**249**	80
	23,639	22,675
Rental of vehicle and equipment	**778**	187
	24,417	22,862

(Source: company annual report)

(i) Could management explain how the group acquires new maintenance customers? What are the growth prospects in maintenance services?

(ii) How does management view the long-term role of its engineering, procurement and construction (EPC) business? Does the group intend to continue pursuing new plant construction opportunities, and if so, what are the major opportunities in the next 3-5 years?

(iii) Separately, how has the conflict in the Middle East affected the group's operations, whether directly or indirectly? In particular, has it influenced customer capital expenditure, maintenance demand, supply chains, equipment availability, project execution or input costs, and how is management responding to these risks?

Q2. The fair value of unquoted equity investment is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the independent auditor, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, the group recognised a fair value loss of $633,000 in other comprehensive income relating to its 27% equity interest in Petroleum Maintenance Services Joint Stock Company (PMS), an unlisted entity in Vietnam. The investment is classified as a Level 3 financial asset at fair value through other comprehensive income (FVOCI).

The carrying value declined from $1.21 million in FY2025 to $580,000 in FY2026. The valuation was performed by an independent valuer using a market approach based on EV/EBIT multiples of selected comparable companies, adjusted for lack of marketability.

(i) **Could the board help shareholders better understand the principal factors that contributed to the 52% decline in the carrying value of PMS? To what extent was the decline attributable to lower valuation multiples, changes in PMS's underlying financial performance, revisions to valuation assumptions or other factors?**

(ii) **What is the strategic rationale for the group's investment in PMS? How does PMS fit in with the group's long-term strategic objectives? Under what circumstances would the board consider increasing its investment, maintaining its current position or monetising the stake?**

(iii) **Given the group's 27% equity interest, what level of influence does management have over PMS's strategic direction, major business decisions and corporate governance? Beyond its shareholding, how does the group contribute to PMS's development and value creation?**

Q3. As at 31 March 2026, the group held cash and bank balances of $24.4 million, following its restructuring and strengthening of its financial position.

18. CASH AND BANK BALANCES

	The Group 31 March		The Company 31 March	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Cash at bank and on hand	**1,849**	1,990	**132**	9
Short-term bank deposits	**22,532**	21,665	**9,400**	–
Cash and bank balances	**24,381**	23,655	**9,532**	9
Less: Fixed deposit	**(2,731)**	(8,065)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**21,650**	15,590	**9,532**	9

All fixed deposits are unrestricted and have maturity terms of more than three months, bearing fixed interest rates ranging from 1.4% to 3.60% (2025 – 2.75% to 4.1%) per annum as at the end of the reporting year.

(Source: company annual report; emphasis added)

(i) Following the group's recapitalisation, has the board determined an optimal capital structure to support its long-term growth strategy? Specifically, what role does the board expect debt to play in the group's capital allocation framework, and how does it balance maintaining financial flexibility with enhancing shareholder returns?

If shareholders approve the proposed final dividend of 0.02 cents per share, the total dividend for FY2026 will amount to 0.03 cents per share. Based on the current issued share capital of approximately 4.85 billion shares, this represents an annual cash distribution of approximately $1.5 million.

(ii) Could the board explain the framework used in determining the FY2026 dividend? What factors were considered in recommending a final dividend of 0.02 cents per share, and how does the board balance dividends, reinvestment, acquisitions and maintaining sufficient capital to support future growth?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on SIAS website

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