



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Hiap Seng Industries Limited

Stock code: 1L2

Meeting details:

Date: 31 Jul 2024

Time: 2.30 p.m.

Venue: Conference Room, 28 Tuas Crescent, Singapore 638719

Q1. The group is a leading integrated service provider 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.

The company, now Hiap Seng Industries Limited, was discharged from judicial management after having undergone extensive restructuring. The discharge underscores the group's financial stability and operational resilience, providing a solid foundation for future growth.

- (i) **Can the senior management team provide a detailed presentation of the group's current business model and the strategic initiatives planned for future growth? How does the group create and capture value for shareholders?**
- (ii) **What are the key learnings from the restructuring, and what safeguards are now in place to prevent the group from making the same missteps which led the group into financial difficulties in the past?**
- (iii) **Are there plans for the group to restart its overseas operations?**

The sale of an oil major's integrated refining and chemicals assets on Pulau Bukom and Jurong Island hit the news in May this year. Despite being the largest petrochemical production and expert center in Asia, the oil major sold the assets to due to emission concerns.

- (iv) **Given the increasing global focus on decarbonisation, what are the specific financial and operational risks the group faces? How does management plan to mitigate these risks while ensuring the sustainability and profitability of its core businesses?**
- (v) **How does the board evaluate the strategic importance of diversifying away from the oil and gas sector? What potential industries or markets are being considered for diversification, and what are the projected timelines on these new ventures?**

Q2. For the financial year ended 31 March 2024, revenue increased by a third to \$24.9 million while gross profit doubled to \$6.1 million. With more than \$19.3 million in waiver of debts, the group reported a profit for the year of \$20.1 million.

The group has cash and cash equivalents of \$14.3 million as at 31 March 2024 and no borrowings. Shareholders' equity amounted to \$19.7 million.

For FY2024, cash flow from operating activities was negative, partly due to judicial management and other professional fees.

- (i) **What is the group's order book for maintenance services?**
- (ii) **What factors led to the increase in revenue in maintenance services? What strategic initiatives has the group implemented to drive revenue growth in maintenance services?**
- (iii) As at 31 March 2024, \$4.3 million out of the \$7.3 million in trade receivables were past due, with \$1.3 million past due over 120 days although management had indicated that the balances past due over 120 days were substantially recovered in the period subsequent to the year end. **Can management highlight what emphasis they put on the creditworthiness of customers? What strategies does it have in place to improve collection efficiency?**

Q3. The newly constituted board comprises Mr Sebastian Tan Cher Liang (as independent chairman), Mr Khua Kian Hua, Mr Tan Phuay Hung, Max, Mr Piti Pramotedham and Mr David Ong Kim Huat.

The biographies of the directors can be found on pages 5 and 6 of the annual report. Additional information on directors seeking re-election can be found on pages 129 to 132. The independent directors primarily have professional experience in finance, corporate advisory, and marketing.

- (i) **Considering the independent directors' lack of direct experience in key operational areas like engineering procurement, construction, maintenance, and relevant industries such as oil and gas and pharmaceuticals, how does the board plan to ensure these directors can provide meaningful oversight and strategic guidance?**
- (ii) **Can the board provide further clarification on the roles, responsibilities and deliverables of the executive director (Mr Khua Kian Hua) and the executive director and chief executive officer (Mr Tan Phuay Hung, Max)? Is there significant overlap in their roles?**

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](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

