

**HIAP SENG ENGINEERING LTD.**  
**(JUDICIAL MANAGERS APPOINTED)**  
(Company Registration No. 197100300Z)  
(Incorporated in the Republic of Singapore)

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**ENTRY INTO TO THE IMPLEMENTATION AGREEMENT  
FOR THE PROPOSED TRANSFER OF LISTING STATUS ON THE SGX-ST**

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**1. BACKGROUND**

- 1.1. Hiap Seng Engineering Ltd (Judicial Managers Appointed) (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 7 January 2022 in relation to the entry into the Subscription Agreement, the announcements dated 25 March 2022, 15 August 2022, 31 May 2023 and 6 October 2023 in relation to the entry into the First Supplemental Agreement, Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement to the Subscription Agreement and the announcement dated 6 October 2023 in relation to the updates on the Proposed Subscription, the Proposed Grant of Options and the Proposed Debt Restructuring (collectively, the “**Previous Announcements**”).
- 1.2. Capitalised terms used but not defined herein shall have the meanings as ascribed to them in the Previous Announcements.
- 1.3. The Company is pleased to announce that it has, on 11 October 2023, entered into an implementation agreement (the “**Implementation Agreement**”) with Hiap Seng Industries Limited<sup>1</sup> (the “**New Listco**”). The Implementation Agreement sets out the terms for the proposed transfer of the Company’s listing status on the Mainboard of the SGX-ST to the New Listco (the “**Proposed Transfer Listing**”) by way of a scheme of arrangement under Section 210 of the Companies Act 1967 of Singapore (the “**Companies Act**”) (the “**Shareholders’ Scheme**”).
- 1.4. The Proposed Transfer Listing is undertaken by the Company in conjunction with the Proposed Transactions (being the Proposed Subscription and the Proposed Grant of Options) and the Proposed Debt Restructuring and the completion of the Proposed Transfer Listing is inter-conditional with the Proposed Transactions and the Proposed Debt Restructuring. Please refer to the Previous Announcements for further information in relation thereto.

**2. INFORMATION ON THE NEW LISTCO**

- 2.1. The New Listco was incorporated in Singapore in 2022 and for the sole purpose of the Proposed Transfer Listing. As at the date of its incorporation, the New Listco had an issued and paid-up capital of approximately S\$1.00 comprising one (1) ordinary share which was held by Sim Choon Kiem (who is an independent third party).
- 2.2. As at the date of this announcement, (a) the shareholding of the New Listco has been transferred to Vibrant and the directorship has been transferred to Mr. Khua Kian Hua (a 30.0% shareholder and director of Vibrant); and (b) the New Listco does not have any treasury shares or subsidiary holdings, and does not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into the shares of the New Listco.

**3. PROPOSED TRANSFER LISTING**

**3.1. Background**

Pursuant to the Implementation Agreement, the Company and the New Listco have agreed on the terms for the Proposed Transfer Listing, and for such to be effected by way of a restructuring of the Company (the “**Company Restructuring**”), through the Shareholders’ Scheme under which:

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<sup>1</sup> Formerly known as Hiap Seng Investment Pte. Ltd.

- (a) all of the existing issued ordinary shares in the capital of the Company (the “**Existing Shares**”) held by the Shareholders prior to the completion of the Proposed Transactions and the Proposed Debt Restructuring (the “**Existing Shareholders**”) will be transferred to the New Listco (i) fully paid; (ii) free from all encumbrances; and (iii) together with all rights, benefits and entitlements attaching thereto as of the Record Date<sup>2</sup>, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Record Date;
- (b) the New Listco will:
- (i) allot and issue such number of new New Listco Shares on the basis of one (1) new ordinary share in the New Listco (a “**New Listco Share**”) for every one (1) Existing Share held by the Existing Shareholders as at the Record Date;
- (ii) on behalf of the Company<sup>3</sup>, allot and issue the Subscription Shares to the Subscribers<sup>4</sup> and the Settlement Shares to the eligible creditors under the creditors’ scheme of arrangement (the “**Scheme Creditors**”) entered into for the Proposed Debt Restructuring (the “**Creditors’ Scheme**”),
- all of which will (1) be duly authorised, validly issued, credited as fully paid; (2) be free from all encumbrances; (3) be together with all rights, benefits and entitlements attaching thereto as of the Record Date, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Record Date; (4) rank *pari passu* in all respects with one another as well as the existing issued New Listco Share as of the Effective Date<sup>5</sup>; and (5) have the same rights, benefits and entitlements attaching thereto as the one (1) existing issued New Listco Share as of the Effective Date; and
- (iii) on behalf of the Company, grant the Options to the Subscribers, such Options to be subject to the terms and conditions of the Options as set out in the Subscription Agreement; and
- (c) the New Listco will assume all liabilities and obligations of the Company in connection with the Options to be granted by the Company to the Subscribers pursuant to the Proposed Grant of Options, and the New Listco Shares to be allotted and issued to the Subscribers and the Scheme Creditors respectively pursuant to the Proposed Subscription and the Proposed Debt Restructuring.

The Proposed Transfer Listing will be implemented through the Company Restructuring by way of the Shareholders’ Scheme and accordingly, is to be approved by a majority in number of Shareholders present and voting, either in person or by proxy, at the meeting to be held by the Company to seek its Shareholders’ approval for the Shareholders’ Scheme (the “**Shareholders’ Scheme Meeting**”)<sup>6</sup>, such majority holding not less than three-fourths in value of the Shares held by the Shareholders present and voting either in

<sup>2</sup> Means the time and date to be determined by the Directors at and on which, the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Shareholders in respect of the Shareholders’ Scheme.

<sup>3</sup> For the avoidance of doubt, the allotment and issue of the Subscription Shares, the Options and the Settlement Shares are for the benefit of the Company pursuant to the Proposed Transactions and the Proposed Debt Restructuring. Given the Company is undertaking the Proposed Transfer Listing for the reasons as set out in paragraph 3.2 of this announcement, the Company and the New Listco have agreed in the Implementation Agreement that the New Listco will allot and issue these securities directly on behalf of the Company, to streamline the administrative procedures required. In relation thereto and for administrative documentation purposes, the Company and the New Listco will also enter into a loan agreement on 11 October 2023, where the New Listco will extend an unsecured loan facility (with repayment terms at the discretion of the Company) of up to a maximum aggregate principal amount equal to S\$15,350,000 (being the total amount of (a) S\$8.00 million from the proceeds of the Subscription for the allotment and issue of the Subscription Shares, as used for the partial repayment of the principal amounts and interests under loans owing to UOB; and (b) S\$7.35 million, being the cost of the Settlement Shares allotted and issued by the Company to the Scheme Creditors, including UOB).

<sup>4</sup> For the purposes of the Company Restructuring through the Shareholders’ Scheme, one (1) less Subscription Share will be allotted and issued by the New Listco to Vibrant, as Vibrant holds one (1) New Listco Share as at the date of this announcement and has provided an undertaking to the Company and the New Listco to waive its right to receive one (1) Subscription Share out of its entitlement to the Subscription Shares.

<sup>5</sup> Means the date on which the Shareholders’ Scheme becomes effective in accordance with its terms upon the lodgement of the Shareholders’ Scheme Court Order with the Accounting and Corporate Regulatory Authority of Singapore, and which date shall, in any event, be no later than the Cut-off Date.

<sup>6</sup> Subject to the Court granting the relevant orders pursuant to the application to be made by the Company in relation to the Shareholders’ Scheme.

person or by proxy at the Shareholders' Scheme Meeting, and by order of the Court<sup>7</sup> in compliance with the requirements under Section 210(3AB) of the Companies Act.

### 3.2. Rationale

The Company Restructuring implemented through the Shareholders' Scheme for the Proposed Transfer Listing is a restructuring exercise undertaken by the Company and the New Listco to facilitate a migration of the shareholding interests of the Existing Shareholders from an interest in the shareholding and capital of the Company (whether existing or contingent) to an interest in the shareholding and capital of New Listco.

It will enable the establishment of a corporate structure where:

- (a) the New Listco becomes (i) an investment holding company owning 100.0% of the issued and paid-up share capital of the Company; and (ii) the listed vehicle in place of the Company; and
- (b) the Company ceases its function as the listed vehicle within the Group and continues as the operational company carrying out its existing business.

The current structure is such that the listed entity, which is the Company, has operating businesses which exposes it directly to liabilities from its operating activities. This may put the stakeholders of the listed entity at risk to such direct liabilities and the Company is of the view that there is a need to separate the listed entity and the operational entity, to facilitate the Group to be more streamlined and the ringfencing of liabilities arising from the business operations and investment opportunities (whether existing or future).

Therefore, under the new structure, the Company can operate as a standalone entity owning and operating the existing business and/or exploring business opportunities. This may also facilitate easier cooperation with other partners or investors to invest in the Company or allow for the partial or full divestment of interests in the Company. At present, any divestment of the business of the Company to monetise its assets must be made by way of a business and/or asset sale (instead of a share sale at the Company level), and potential purchasers may not be able to benefit from the reputation and track record of the business operated by the Company. Under the new structure, it would be possible for the New Listco to conduct a sale of shares in the operating entities and accordingly allow any potential purchasers to acquire both the business as well as the track record of such operating entities. In addition, the new structure would allow the New Listco the flexibility of raising capital in the future on a standalone basis in respect of either the existing business or such other businesses as it may acquire in the future.

## 4. SUMMARY OF CERTAIN TERMS OF THE IMPLEMENTATION AGREEMENT

### 4.1. Conditions Precedent

The Shareholders' Scheme, the Company Restructuring and the Proposed Transfer Listing shall be conditional upon the satisfaction of all of the following conditions precedent:

- (a) the approval of the Shareholders' Scheme by a majority in number of the Shareholders present and voting, either in person or by proxy, at the Shareholders' Scheme Meeting, such majority holding not less than three-fourths in value of the Shares held by the Shareholders present and voting either in person or by proxy at the Shareholders' Scheme Meeting;
- (b) the approval of the shareholder of the New Listco for the transactions as contemplated under the Implementation Agreement, including but not limited to the allotment and issue of shares in the New Listco to the Shareholders pursuant to the Company Restructuring and the Shareholders' Scheme;
- (c) the grant of an order by the Court (the "**Court Order**") and such Court Order having become final, and the registration of the Court Order with the Accounting and Corporate Regulatory Authority of Singapore pursuant to Section 210(5) of the Companies Act;

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<sup>7</sup> Means the General Division of the High Court of the Republic of Singapore or, where applicable on appeal, the Appellate Division of the High Court of the Republic of Singapore.

- (d) all Regulatory Approvals<sup>8</sup> having been obtained and not withdrawn prior to the Record Date, on terms and conditions satisfactory to the Company;
- (e) the listing and quotation notice from the SGX-ST (the "LQN") having been obtained for the listing of, and quotation for, the existing New Listco Share and all of the new New Listco Shares to be allotted and issued (including the new New Listco Shares to the Existing Shareholders, the Subscription Shares and the new New Listco Shares to be issued upon exercise of the Options to the Subscribers and the Settlement Shares to the Scheme Creditors) on the Mainboard of the SGX-ST, and not withdrawn prior to the Record Date;
- (f) all consents, waivers and approvals which are necessary or required to be obtained by the Company from any third parties in connection with the Shareholders' Scheme, the Company Restructuring or the Proposed Transfer Listing having been obtained or completed on terms and conditions satisfactory to the Company and the same not having been revoked prior to the Effective Date;
- (g) the adoption by the New Listco of a new constitution in a form to be agreed between the New Listco and the Company;
- (h) between the date of the Implementation Agreement and the Record Date, no Prescribed Occurrence<sup>9</sup> in relation to the Company or the New Listco (as the case may be) occurs, other than as already publicly disclosed on or prior to the date of the Implementation Agreement and as required or contemplated by the Implementation Agreement, the Resumption Proposal, the Shareholders' Scheme, the Company Restructuring or the Proposed Transfer Listing;
- (i) the Company's warranties being true and accurate, as of the date of the Implementation Agreement and as of the Record Date as though made on and as of that date; and
- (j) the New Listco's warranties being true and accurate, as of the date of the Implementation Agreement and as of the Record Date as though made on and as of that date.

Completion of the Shareholders' Scheme, the Company Restructuring and the Proposed Transfer Listing shall be inter-conditional with the completion of the Proposed Subscription, the Proposed Grant of Options and the Proposed Debt Restructuring. Failing which, none of the Shareholders' Scheme, the Company Restructuring and the Proposed Transfer Listing will proceed unless otherwise mutually agreed by the Parties.

#### 4.2. Termination

The Implementation Agreement may be terminated at any time on or prior to the Record Date as follows:

- (a) by either the Company or the New Listco, if any court of competent jurisdiction or Governmental Agency<sup>10</sup> has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Shareholders' Scheme, the Company Restructuring, the Proposed Transfer Listing or any part thereof, or has refused to do anything necessary to permit the Shareholders' Scheme, the Company Restructuring, the Proposed Transfer Listing or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) by either:
  - (i) the Company, if the New Listco is in material breach of any provision of the Implementation Agreement or a Prescribed Occurrence has occurred in relation to the New Listco;
  - (ii) the New Listco, if the Company is in material breach of any provision of the Implementation Agreement or a Prescribed Occurrence has occurred in relation to the Company,

in each case provided that either the Company or the New Listco (as the case may be) has given written notice to the other party of its intention to terminate the Implementation Agreement. In this

<sup>8</sup> As defined in the Implementation Agreement.

<sup>9</sup> As defined in the Implementation Agreement.

<sup>10</sup> As defined in the Implementation Agreement.

circumstance, the Implementation Agreement shall be terminated on the date falling five (5) business days after the date of such notice of termination.

- (c) by either the Company or the New Listco, if (i) the resolutions submitted to the Shareholders' Scheme Meeting are not approved by the requisite majority of the Shareholders; (ii) the approval of the shareholder of the New Listco for the transactions as contemplated under the Implementation Agreement is not obtained; or (iii) the LQN is not obtained from the SGX-ST.

Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall, save for certain clauses thereunder, *ipso facto* terminate if any of the conditions as set out in paragraph 4.1 above has not been satisfied (or, where applicable, has not been waived) by the Cut-off Date<sup>11</sup>.

## 5. FURTHER DOCUMENTS

- 5.1. The Company will be issuing documents containing, *inter alia*, the details and terms of the Shareholders' Scheme, an explanatory statement thereto and the notice of Shareholders' Scheme Meeting and proxy form for the Shareholders' Scheme Meeting (the "**Shareholder Scheme Documents**") to its Shareholders.
- 5.2. It is intended that the Shareholders' Scheme Documents will be incorporated with the circular to be issued to Shareholders to provide information in relation to the Proposed Transactions and the Proposed Debt Restructuring to seek for the relevant Shareholders' approval at the EGM, and for the Shareholders' Scheme Meeting to be held immediately after the EGM.

## 6. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

- 6.1. Save as disclosed in this announcement, none of the Directors and to the best of the knowledge of the Company, none of the controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Transfer Listing, other than through their respective directorships and shareholdings in the Company, if any.

## 7. DOCUMENT AVAILABLE FOR INSPECTION

- 7.1. Copies of the Implementation Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 28 Tuas Crescent Singapore 638719 for a period of three (3) months commencing from the date of this announcement.

## 8. COURT APPLICATION AND FURTHER UPDATES

- 8.1. The Company will be filing an application, on or about the date of this announcement, with the Court under Section 210 of the Companies Act for leave to convene the Shareholders' Scheme Meeting.
- 8.2. The Company will make further announcements as and when there are material updates in relation to the Proposed Transfer Listing (including the Shareholders' Scheme).

## 9. CAUTIONARY STATEMENT

- 9.1. Shareholders should note that the Proposed Transfer Listing (which is implemented through the Company Restructuring by way of the Shareholders' Scheme) remains subject to, amongst others, the fulfilment of the conditions precedent under the Implementation Agreement. **There is no certainty or assurance that the conditions precedent for the Proposed Transfer Listing can be fulfilled or that the Proposed Transfer Listing will be undertaken at all.**
- 9.2. Although the Shares are under suspension, Shareholders, stakeholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company and the Judicial Managers carefully. Shareholders are also advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders, stakeholders and potential investors of the

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<sup>11</sup> Means 2 March 2024 or such other date as may be agreed in writing between the Company and the New Listco.

Company should consult with their financial, tax or other advisers if they have any doubt about the actions they should take.

Oon Su Sun and Lin Yueh Hung  
Joint and Several Judicial Managers  
11 October 2023

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*The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.*