



HIAP HOE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400676Z)

RESPONSE TO SGX QUERIES REGARDING THE COMPANY'S HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

The board of directors (the “**Board**” or the “**Directors**”) of Hiap Hoe Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to further queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) relating to the Company’s half year financial statements for the period ended 30 June 2023 (“**1HY2023**”) (“**Half Year Financial Statement Announcement**”).

SGX Queries 1

It is noted on page 23 of the 1H2023 FS that the Group recorded a foreign exchange loss of S\$5.5m. It is also understood per the latest annual report, that the Group uses loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations, and also uses forward currency contracts to manage foreign exchange risk. Please confirm whether the Group continues to maintain its foreign exchange hedging policy per the disclosure in its latest annual report, and whether such policy has been approved by the Audit Committee.

Response

The Group uses loans in foreign currency which provides a natural hedge against its exposure to foreign exchange risk on investments in foreign operations where appropriate. The Group also uses currency swaps and options derivatives contracts to manage its foreign exchange risk on its trading investments where applicable. The Group’s risk management policy was approved by the Audit and Risk Committee.

SGX Queries 2

Please explain the differences in the nature of the underlying assets regarding the ‘Trade and other receivables’ under Note 5, and the ‘Trade and other receivables’ line item disclosed in the condensed interim statements of financial position.

Response

As mentioned in Note 5 of the condensed interim consolidated financial statements, the Trade and other receivables reported herein excludes GST receivables and lease receivables which are not classified as financial instruments.

Under Singapore Financial Reporting Standards (International) 1-32, a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. As such, GST receivables are not considered financial instruments because the GST arises from the imposition of an obligation by law. Our lease receivables relate to the accounting entries

to account for the operating leases as income on a straight-line basis and accordingly per the accounting standards, a lessor does not regard an operating lease as a financial instrument.

By Order of the Board

Ong Beng Hong
Joint Company Secretary
2 November 2023