



HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

NEWS RELEASE

HIAP SENG POSTS RESULTS FOR Q1FY2020

Singapore, August 14, 2019 – Hiap Seng Engineering Ltd (“Hiap Seng”, the “Company” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today reported a revenue of S\$43.4 million and a net loss attributable to shareholders of S\$2.1 million for the three months ended June 30, 2019 (“Q1FY2020”).

The increase in Group revenue of 21.6% to S\$43.4 million from S\$35.7 million in the previous corresponding period (“1QFY2019”) was mainly due to higher recognition of revenue. However, due to the higher operating costs, the Group’s gross profit decreased by 3.8% to S\$2.5 million from S\$2.6 million over the same comparative periods. Meanwhile, Hiap Seng’s administrative expenses decreased by 9.7% to S\$4.1 million in the period under review. This was partially offset by a fall in other gains by 75.5% to S\$0.2 million this quarter, mainly due to the decrease in currency exchange gain. As a result, net loss attributable to shareholders for 1QFY2020 increased to S\$2.1 million from S\$1.4 million in the preceding corresponding period.

Mr. Frankie Tan, Executive Chairman of Hiap Seng, said, “Operating conditions have been tough, marked by worries about slowing global growth, dampened investor confidence and trade tensions. Despite this, the hard work of the team to increase our topline has paid off, with a contract win from PETRONAS, Malaysia’s national oil company, in April this year. We will not stop at our efforts to broaden our recurring income base and grow our order book, with a focus on projects that offer higher margins.”

As at 14 August 2019, the Group's outstanding order book stands at S\$118.0 million.

Rights Issue

The Group today also proposed a renounceable non-underwritten rights issue of up to 151,875,000 new ordinary shares. Shareholders can subscribe for one rights share at S\$0.05 each for every two existing shares held. The issue price of S\$0.05 per share represents a discount of approximately 31.5% to the last traded price of S\$0.073 per share, and approximately 23.1% to the theoretical ex-rights price of S\$0.065 per share. The net proceeds raised from the rights issue, ranging from S\$1.1 million to S\$7.4 million depending on the subscription rate, will be used for the Group's working capital needs.

"We would like to take the opportunity to thank our shareholders for their continuous support throughout these years. Apart from the rights issue, we are currently in active discussions with potential investors to seek ways to strengthen the financial position and capital base of the Group. With the support from banks and shareholders, we believe that we will be able to tide through these tough times," added Mr. Frankie Tan.

Outlook

Despite dampened global growth forecast and ongoing trade tensions contributing to the tough operating conditions, the general outlook for the oil-and-gas industry seems to be lifting slightly. The Group will continue to be more stringent in controlling costs, so as to improve productivity, while being on the active lookout for new projects.

Mr. Frankie Tan concluded, "As we pursue opportunities to strengthen our order book, we are making a conscious effort to streamline costs and increase productivity. We remain assured in our solid business fundamentals for the long run."

Corporate Profile

Established in 1971 and a Mainboard-listed company, Hiap Seng is a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries and is one of Singapore's leading engineering groups serving the oil-and-gas, petrochemical and pharmaceutical industries.

The Group provides engineering services covering engineering, procurement & construction (EPC) projects and plant maintenance services for the oil-and-gas, petrochemical, and pharmaceutical industries in Singapore and beyond.

The Group operates six well-equipped fabrication yards in Singapore, Thailand and UAE with a total land area of about 2.2 million sq ft and a workforce of about 1,200 well-trained and skilled employees.

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