



協成工程有限公司
HIAP SENG ENGINEERING LTD



NEWS RELEASE

HIAP SENG'S RESULTS FOR 4Q2014 AND FY2014

Singapore, May 26, 2014 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today reported a net profit attributable to shareholders of S\$1.1 million for the three months ended March 31, 2014 (“4QFY2014”).

The Group’s revenue for 4QFY2014 increased 46.9% to S\$68.9 million from S\$46.9 million in the past corresponding period (“4QFY2013”). The Group recorded a net profit attributable to shareholders of S\$1.1 million in 4QFY2014, as compared to a loss of S\$4.5 million in 4QFY2013. The better performance resulted mainly from the increased revenue and marginally improved gross margins in 4QFY2014.

For the full year ended March 31, 2014 (“FY2014”), the Group’s revenue increased 9.1% to S\$259.0 million from S\$237.4 million for the previous financial year (“FY2013”). The increase was attributable mainly to higher recognition of project revenue. The net results attributable to shareholders declined from a profit of S\$7.5 million in FY2013 to a loss of S\$3.6 million in FY2014 primarily due to cost overruns in certain projects, escalating labour costs as well as the absence of a gain of S\$3.8 million in FY2013 on measurement of previously held equity interest.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We’ve seen improving business especially in 4QFY2014 and coupled with better cost control, it has resulted in a net profit of S\$1.1 million for this quarter. Going forward, we have a order book of approximately S\$226 million that includes three contract wins in both Singapore and Vietnam amounting to approximately S\$69.5 million. These contracts are expected to contribute positively to our earnings in FY2015. We also anticipate stronger momentum in these two regions in line with the increase in global oil exploration and production activities.”

Outlook

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive. However, in view of keen competition, escalating labour costs and potential cost overruns on certain projects, the Directors of the Company are not optimistic about the Group’s performance for the current financial year ending March 31, 2015.

The Group’s two contract wins worth approximately S\$57 million to provide piping and equipment installation works, as well as mechanical, equipment erection and structural works in Singapore, were secured in 2QFY2014 and scheduled for completion in FY2015. The turnaround maintenance contract in Vietnam, secured in 3Q2014 and worth approximately S\$12.5 million, is scheduled to both commence and be completed in 1QFY2015.

The Group will continue to control costs and improve productivity. With an established track record, it will continue to explore new business opportunities in Singapore and beyond to enhance shareholder value.

Corporate Profile

Established in 1971 and a Main-board 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, Malaysia and Thailand with a total land area of about 2.5 million sq ft and a workforce of over 3,000 well-trained and skilled employees.

Hiap Seng made its maiden appearance on Forbes' list of Top 200 Asia-Pacific firms with sales under US\$1 billion in September 2010. The list, called "Best Under A Billion," selects the top-performing firms with 12,000 publicly listed companies with sales of less than US\$1 billion. Selections were based on companies' profitability, growth, modest indebtedness and future prospects.

On December 13, 2010, Hiap Seng was conferred the coveted Business Superbrands Award in Singapore. The Business Superbrands status is awarded to some of the world's strongest examples of business to business brands.

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May 26, 2014