

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

RESPONSES TO SHAREHOLDERS ON QUESTIONS RAISED FOR EXTRAORDINARY GENERAL MEETING TO BE HELD ON 13 JANUARY 2021

Hiap Seng Engineering Ltd (Judicial Managers Appointed) (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to thank shareholders for submitting their questions ahead of the Extraordinary General Meeting (“EGM”) to be held by way of electronic means on Wednesday, 13 January 2021 at 2pm.

The Company’s responses to the shareholders’ questions are set out as below –

Question 1:

Upon disposal of the proposed properties in Thailand, what will Hiap Seng takes to ensure the going concern of the Company?

Response:

The Thailand yard is a non-core asset of the Group. The Company is currently continuing its operation and the Judicial Managers (“JMs”) are monitoring the cashflow of the Company with the support of the management team. Cost cutting measures have also been put in place and the JMs are working with the Company on its ongoing operations, minimise projects liabilities and ensure collection from projects. At the same time, the JMs are also in discussions with a few potential parties who have expressed their interest in the Company and discussions are ongoing.

Question 2:

When will the suspension of shares in Hiap Seng be lifted?

Response:

The Judicial Management Order is for 180 days (6 months), expiring on 13 March 2021, subject to any further application to be made to the Court, should an extension be required.

Discussions with a few potential parties who have expressed their interest in the Company are ongoing and details of the terms of the investment are still being negotiated. Currently, pursuant to the Companies Act Capt. 50 Section 227M, a Statement of Proposal (“SOP”) is required to be tabled within 60 days of the JMO, i.e. by 14 November 2020, but this has since been extended to 25 January 2021, based on an application made to the Court by the Judicial Managers. The Judicial Managers have made another application to extend this to 26 February 2021 and the matter is pending hearing by the Court.

If the SOP is to restructure the Company, it is likely that a Scheme of Arrangement to compromise the debt of the creditors would be required and an application of the Scheme is required to be made. The Judicial Managers are also required to prepare application papers to the SGX and SIC for approval of the Investment/Scheme terms and subsequently hold an EGM to obtain shareholders’ approval for the completion of transfer listing/placement/subscription agreement.

The timeline to the above would depend on the availability of potential investor(s), how soon the transaction could be finalised and/or the duration required to complete the Statement of Proposal/ Scheme of Arrangement as well as application to be made to the SGX and SIC and obtain approvals from the necessary regulatory authorities.

By Order of the Judicial Managers

Oon Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers
12 January 2021

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.