



HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 197100300Z)

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 3QFY2018 AND 9MFY2018

Singapore, February 7, 2018 – 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 revenue of S\$20.3 million and a net loss attributable to shareholders of S\$7.0 million for the third quarter ended December 31, 2017 (“3QFY2018”).

In 3QFY2018, the Group recorded a decrease in plant construction revenue, which resulted in Group revenue declining by 38.4% from S\$33.0 million in 3QFY2017 to S\$20.3 million. The lower revenue, coupled with the higher than expected operating costs, led the Group to register a gross loss of S\$1.8 million for 3QFY2018, against a gross profit of S\$4.7 million achieved in the previous corresponding quarter (“3QFY2017”).

During the quarter under review, the Group consolidated a newly acquired 51%-owned subsidiary and incurred set-up expenses for its Middle East operations. This contributed to the Group’s higher administrative costs which rose from S\$4.1 million in 3QFY2017 to S\$4.7 million. As a result, the Group slid to a net loss attributable to shareholders of S\$7.0 million in 3QFY2018 from a net profit of S\$0.9 million in 3QFY2017.

For the nine months ended December 31, 2017 (“9MFY2018”), the Group’s revenue decreased by 29.5% to S\$87.1 million from S\$123.5 million in the previous corresponding period (“9MFY2017”). The Group registered a net loss attributable to shareholders of S\$9.0 million in 9MFY2018.

The Group has an outstanding order book of S\$93.0 million as at February 7, 2018.

Mr. Frankie Tan, Executive Chairman of Hiap Seng said, “Notwithstanding the difficult operating environment, the Group stayed focus in seeking opportunities to expand revenue streams. Following the recent acquisition of our 51%-owned subsidiary which is engaged in scaffolding business, and the commencement of our operations in the Middle East, we are confident that the Group’s strong track record will stand us in good stead as we gain a foothold in new markets and extend our client base.”

Outlook

As the environment for the oil-and-gas industry is expected to remain challenging, the Directors of the Company are seeking suitable opportunities in new markets to mitigate any slowdown in the oil-and gas sector of the traditional markets.

Mr. Frankie Tan added, “As we continue to explore potential business opportunities and expand our presence in targeted markets, we will also further tighten our costs and improve productivity.”

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 five well-equipped fabrication yards in Singapore and Thailand 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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