



HIAP TONG CORPORATION LTD

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DIVESTMENT OF ENTIRE SHAREHOLDING INTEREST IN A PRC SUBSIDIARY

The Board of Directors of Hiap Tong Corporation Ltd. ("**Hiap Tong**" or the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that it has today entered into a sale and purchase agreement ("**SPA**") with Inner Mongolia Wulanchabu An Da Heavy Lift and Transport Co. Ltd. ("**IMWAD**"), in relation to the divestment by the Company of its entire 80% shareholding interest held in the issued share capital of Inner Mongolia Hiap Tong An Da Heavy Lift Co., Ltd ("**IMHTAD**") to IMWAD (the "**Divestment**") for a total consideration of S\$570,000 (the "**Consideration**").

IMWAD is the joint venture partner of the Company which holds the remaining 20% shareholding interest in IMHTAD.

Under the terms of the SPA, the Divestment is deemed to have been completed and taken effect on 31 March 2015 and accordingly, IMHTAD has ceased to be a subsidiary of the Company with effect from 31 March 2015.

Information on IMHTAD

IMHTAD is incorporated in the People's Republic of China ("**PRC**") and is principally engaged in the rental of cranes, prime movers, heavy machinery and equipment in the PRC.

For the financial year ended 31 March 2014 and the six-month financial period ended 30 September 2014, IMHTAD recorded an audited net loss after taxation of approximately S\$1.1 million and an unaudited net loss after taxation of S\$0.3 million respectively.

As at 30 September 2014, both the unaudited net asset value and unaudited net tangible assets value of IMHTAD was approximately S\$4.1 million. Subsequent to the last results announcement, the unaudited net asset value of IMHTAD as at 31 March 2015 is about S\$1.6 million. No valuation has been commissioned in respect of IMHTAD.

Consideration

The Consideration was arrived at after negotiations on an arm's length and "willing-buyer and willing-seller" basis, after taking into account, *inter alia*, the business prospects of IMHTAD and the outlook of the heavy equipment-rental industry in the PRC.

As at 31 March 2015, there is a net amount payable by Hiap Tong Trading Pte. Ltd. ("**HTTPL**"), a wholly-owned subsidiary of the Company, to IMHTAD of approximately S\$2.35 million in relation to the purchase of a crane from IMHTAD in December 2014. As at the date hereof, there is also an amount of approximately S\$1.78 million in aggregate owing by IMHTAD to Mr Ong Teck Meng ("**Mr Ong**"), the Executive Chairman and Chief Executive Officer of the Company, and Mei He Cheng Shanghai Co. Ltd

(MHCS), a company 50% owned by Mr Ong and in which Mr Ong is a director, relating to interest-free advances made on behalf of the Group to IMHTAD for working capital purposes.

Under the terms of the SPA, the Company and IMWAD have agreed that the Consideration will be satisfied in full by way of partially offsetting against the amount of payables by HTTPL to IMHTAD with effect from 31 March 2015. Accordingly, the Company will not be receiving any cash consideration pursuant to the Divestment.

Separately, HTTPL, IMHTAD, Mr Ong and MHCS have on 31 March 2015 entered into a separate agreement whereby the parties agree that the aggregate amount of approximately S\$1.78 million owing by IMHTAD to Mr Ong and MHCS will be transferred to HTTPL, and in return, such amount will be used to offset in full against the balance amount of approximately S\$1.78 million owing by HTTPL to IMHTAD following the Divestment. Accordingly, the amount due from HTTPL to IMHTAD will be deemed to be fully settled.

Financial Effects

Based on the Consideration, the Divestment is expected to result in a loss on Divestment of approximately S\$480,000. Save for this, the Divestment is not expected to have a material impact on the earnings per share or net tangible assets per share of the Group for the financial year ended 31 March 2015.

As all the relative figures computed on the applicable bases set out under Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**") are less than 5%, the Divestment is considered a non-discloseable transaction under Chapter 10 of the Catalyst Rules.

Interest of Directors and Controlling Shareholders

Save as disclosed, none of the Directors, controlling shareholders or substantial shareholders of the Company has an interest, direct or indirect, in the Divestment other than through their shareholdings in the Company.

Document for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 22 Soon Lee Road, Singapore 628082 for a period of three (3) months from the date of this announcement.

By Order of the Board

Lo Swee Oi
Company Secretary
Date: 7 April 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this*

being the SGXST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Lim Hoon Khat, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.