



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 2QFY2017 AND 1HFY2017

Singapore, November 9, 2016 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today announced a 75.4% increase in revenue to S\$51.1 million for the second quarter ended September 30, 2016 (“2QFY2017”).

The topline growth in 2QFY2017, up from S\$29.1 million in the previous corresponding quarter (“2QFY2016”), was achieved mainly due to a higher recognition of plant construction and maintenance revenue. Gross profit, however, dropped 5.4% to S\$4.6 million mainly due to higher operating costs. Consequently, the Group’s net profit attributable to shareholders slid to S\$0.9 million in 2QFY2017 from S\$1.2 million in 2QFY2016.

For the six months ended September 30, 2016 (“1HFY2017”), the Group’s revenue grew 45.6% to S\$90.5 million from S\$62.2 million in the previous corresponding period (“1HFY2016”). Net profit attributable to shareholders took impact from higher operating costs, increasing 8.4% to S\$3.3 million in 1HFY2017.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We are pleased to have delivered an improved revenue performance this quarter. We will remain firmly focused on productivity and cost management initiatives to navigate well amidst a prolonged slowdown in the oil-and-gas sector.”

As at September 30, 2016, the Group's cash and cash equivalents stood at S\$16.4 million while its net cash position was S\$9.8 million, an improvement from S\$8.2 million as at March 31, 2016.

Hiap Seng has an outstanding order book of S\$101 million as at November 9, 2016.

To reward shareholders, Hiap Seng has declared an interim, one-tier tax exempt cash dividend of 0.5 cent per ordinary share, which is expected to be paid on 25 January 2017.

Outlook

Barring any unforeseen circumstances in this uncertain macro-economic and market conditions, the Directors of the Group continue to be cautiously optimistic on Hiap Seng's performance for the financial year ending March 31, 2017.

Mr. Frankie Tan added, "While the oil-and-gas industry is in a down-cycle, the current oil glut situation has led to a demand for storage facilities around the world which will benefit downstream providers like ourselves. We will continue to manage our operations prudently and seek to expand on opportunities where we have operations in, such as Singapore, Malaysia, Thailand and Vietnam, where petrochemical plants and refineries are being constructed and maintained."

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 1,500 well-trained and skilled employees.

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