

CANCELLATION OF PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The board of directors ("**Board**") of Hiap Seng Engineering Ltd ("**Company**") and together with its subsidiaries, the "**Group**") refers to the announcement of the Company dated 14 August 2019 ("**Announcement**") in relation to the proposed renounceable non-underwritten rights issue of up to 151,875,000 new ordinary shares of the Company ("**Rights Shares**") at an issue price of S\$0.05 for each Rights Share ("**Issue Price**"), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the share capital of the Company ("**Shares**") held by the shareholders of the Company as at the books closure date to be determined by the Board, fractional entitlements to be disregarded ("**Proposed Rights Issue**").

Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

2. CANCELLATION OF THE PROPOSED RIGHTS ISSUE

Due to current market conditions and the continuous decline in the market price of the Shares since the Announcement, the current market price of the Shares is below the Issue Price of the Rights Shares. In view of the aforesaid, the Company has decided not to proceed with the Proposed Rights Issue.

The Board will re-consider, taking into account the prevailing circumstances, other fund-raising options and plans for the Group and will keep shareholders updated on any developments in this regard. The Company will make such further announcements as and when appropriate.

BY ORDER OF THE BOARD

Tan Ah Lam, Frankie
Executive Chairman
18 October 2019