



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 3QFY2017 AND 9MFY2017

Singapore, February 7, 2017 – 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 34.2% decrease in revenue to S\$33.0 million for the third quarter ended December 31, 2016 (“3QFY2017”). This was largely attributable to the lower revenue recognition during the quarter.

The lower revenue reported during the quarter led gross profit to correspondingly decline to S\$4.7 million from S\$5.7 million in 3QFY2016 while net profit attributable to shareholders was lower at S\$0.9 million in 3QFY2017 as compared to S\$1.0 million in 3QFY2016.

For the nine months ended December 31, 2016 (“9MFY2017”), higher recognition of plant construction and maintenance revenue led the Group to achieve a 10.0% rise in its topline to S\$123.5 million, up from S\$112.2 million in the previous corresponding period (“9MFY2016”). However, higher operating costs offset by an increase in currency exchange gain and lower income tax expenses led net profit attributable to shareholders to rise by only 3.6% to S\$4.3 million in 9MFY2017.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “While our revenue levels are to an extent dependent on the phases of completion of our construction and maintenance projects, we remain deeply committed to keeping a tight lid on costs.”

Hiap Seng’s cash and cash equivalents as at December 31, 2016 stood at S\$8.5 million and its net cash position remained healthy at S\$7.5 million.

The Group has an outstanding order book of S\$104.0 million as at February 7, 2017.

Outlook

Hiap Seng’s Directors continue to be cautiously optimistic on the Group’s performance for the current financial year ending March 31, 2017, barring any unforeseen circumstances during this period of uncertain market conditions.

Mr. Frankie Tan said, “Given that oil prices remain far below what was achieved in the last few years, the outlook of the oil-and-gas industry continues to be relatively tepid. Consistent with what we have been doing in prior years, we seek to navigate this cautious environment by taking proactive steps to maintain a lean cost structure, bolster our productivity levels and explore business opportunities in the region where we have established a strong track record and in which we have a firm foothold. We believe these will put us in good stead to mitigate potential impacts against a backdrop of a muted market.”

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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February 7, 2017