



HIAP SENG ENGINEERING LTD

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



ANNOUNCEMENT

Hiap Seng Engineering Ltd has entered into a Sale & Purchase Agreement to dispose of its 60% stake in PT Technic Engineering Sdn Bhd

The Board of Directors of Hiap Seng Engineering Ltd (the “Company”) is pleased to announce that it has entered into a Sale & Purchase Agreement (“SPA”) to dispose of its entire 60% equity interest in PT Technic Engineering Sdn Bhd (“PTTE”) for a cash consideration of RM8.4 million (approximately S\$3.2 million).

PTTE is principally involved in mechanical engineering works and services, plant fabrication and installation for the oil-and-gas and petrochemical industries.

The consideration was arrived at an arm’s length and on a willing-buyer willing-seller basis.

The Company has signed the SPA and received a 20% deposit. The transaction is scheduled for completion on or about 28 April 2015 when the balance 80% of the consideration is received.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction. The Directors are also not aware of any substantial shareholders having any direct or indirect interest in the transaction and have not received any notification of interest in the transaction from any substantial shareholders.

The rationale for and benefits of the transaction are:

- (a) The depressed oil prices have impacted the oil-and-gas sector which has in turn adversely affected PTTE’s operations.
- (b) The disposal will bring to the Group a gain of approximately S\$2.4 million based on the Group’s 9MFY2015 unaudited financial statements and improve the Group’s working capital.

The transaction will result in net cash proceeds of approximately of S\$3.2 million which will be used for working capital of the Group.

The financial effects of the transaction on the Group set out below are:

- a) Purely for illustrative purposes only and do not reflect the future actual financial position of the Company or the Group after completion of the transaction; and
- b) Based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 March 2014 and (ii) audited financial statements of PTTE for the financial year ended 31 March 2014.

Net Tangible Assets (NTA)

The effect of the transaction on the audited NTA per share of the Group as at 31 March 2014, assuming that the transaction had been effected as at 31 March 2014 is as follows:

| | Before the transaction | After the transaction |
|------------------------|------------------------|-----------------------|
| NTA (\$'000) | 66,753 | 68,884 |
| NTA per share (cents)* | 22.0 | 22.7 |

Earnings per Share (EPS)

The effect of the transaction on the audited EPS of the Group for the financial year ended 31 March 2014, assuming that the transaction had been effected during the financial year ended 31 March 2014 is as follows:

| | Before the transaction | After the transaction |
|------------------------------------------------|------------------------|-----------------------|
| Loss after tax and minority interests (\$'000) | (3,446) | (1,047) |
| Loss per Share(cents)* | (1.13) | (0.34) |

**Calculated based on the issued and paid-up share capital of the Company of 303,750,000 ordinary shares.*

The relative figures for the transaction computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule | Bases | Relative Figures |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1006(a) | Net asset value of the Transaction, compared with the Group's net assets value ⁽¹⁾ | 1.1% |
| 1006(b) | Net profit before tax and minority interest attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽²⁾ | Not Meaningful |
| 1006(c) | Aggregate value of the consideration to be received, compared with the market capitalization of the Company as at 13 March 2015 being the market day preceding the date of Transaction ⁽³⁾ | 10.8% |
| 1006(d) | Number of equity securities issued by the Company as consideration for the Transaction, compared with the number of equity securities previously in issue | Not Applicable |

Notes:

- 1) *The relative figure for Rule 1006(a) was computed based on the carrying value of PTTE as at 31 December 2014 of S\$0.7m divided by the Group's unaudited net asset value as at 31 December 2014 of S\$65.1m.*
- 2) *The relative figure for Rule 1006(b) was computed based on the profit before tax of the assets disposed of approximately S\$1.3m divided by the Group's unaudited net loss before tax and minority interest for 9MFY2015 of S\$8.0m.*
- 3) *The relative figure for Rule 1006(c) was computed based on the consideration of S\$3.2m divided by the market capitalisation of the Company as at 13 March 2015 of approximately S\$29.5m.*

Based on the relative figures computed, the disposal is categorized as a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

By Order of the Board

Tan Hak Jin
 Joint Company Secretary
 16 March 2015