



Hiap Hoe Limited
(Registration No. : 199400676Z)

PROPOSED SHARE CONSOLIDATION

1. Introduction

The board of directors (the "**Board**") of Hiap Hoe Limited (the "**Company**") wishes to announce that the Company proposes to undertake a share consolidation (the "**Share Consolidation**") of every five ordinary shares in the capital of the Company (the "**Shares**") registered in the name of each shareholder of the Company (the "**Shareholder**") as at the books closure date (to be announced) into one ordinary Share (the "**Consolidated Share**").

The number of Consolidated Shares which Shareholders are entitled to, based on their holdings of the Shares as at the books closure date, will be rounded down to the nearest whole Consolidated Share arising from the Share Consolidation and any fractions of Consolidated Shares will be disregarded. As at the date of this announcement, the Company has an issued and paid-up share capital of S\$99,780,699 divided into 1,143,360,508 Shares. Following the implementation of the Share Consolidation, the Company will have an issued and paid-up share capital of S\$99,780,699 divided into 228,672,101 Shares.

The Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company and its subsidiaries.

Shareholders are not required to make any payment to the Company in respect of the Share Consolidation.

2. Rationale for Share Consolidation

The absolute price of the Shares of the Company traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Dealing and Automated Quotation System (the "**SGX-SESDAQ**") has been closing at a low level, with the last traded Share prices ranging between S\$0.04 and S\$0.12 in the past 12 months before the date hereof. Low traded share prices translate into higher transaction costs, relative to the trading price, for each trading of one board lot of shares. The Directors believe that the Share Consolidation will generally be beneficial to the Company and its Shareholders as it may serve to reduce the fluctuation in magnitude of the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares. This may, in turn, increase market interest in the Shares and generally make the Shares more attractive to investors.

3. Approvals

The Share Consolidation is subject to, *inter alia* :-

- (a) the approval of the SGX-ST; and
- (b) the approval of the shareholders by ordinary resolution at the extraordinary general meeting (the "**EGM**") of the Company to be convened to sanction or approve, *inter alia*, the proposed Share Consolidation.

An application will be made to the SGX-ST for the listing of and quotation for the Consolidated Shares on the SGX-SESDAQ. An appropriate announcement on the outcome of the application will be made in due course.

A circular containing, *inter alia*, the notice of the EGM and details of the Share Consolidation will be dispatched to Shareholders in due course.

4. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Submitted by Lim Siew Fay, Sophia, Company Secretary on 16 November 2006 to the SGX-ST