



**Hiap Hoe Limited**  
(Registration No. : 199400676Z)

## PROPOSED RENOUNCEABLE RIGHTS ISSUE

### 1. INTRODUCTION

The board of directors (the "**Directors**") of Hiap Hoe Limited (the "**Company**") wishes to announce a proposed renounceable non-underwritten rights issue (the "**Rights Issue**") of ordinary shares in the capital of the Company (the "**Rights Shares**"). The Company has appointed Provenance Capital Pte. Ltd. ("**Provenance Capital**" or the "**Manager**") as the Manager for the Rights Issue.

### 2. BASIS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be offered on a renounceable basis to all shareholders of the Company (the "**Shareholders**") who are eligible to participate in the Rights Issue (the "**Entitled Shareholders**") at an issue price of S\$0.28 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every four (4) existing ordinary shares in the capital of the Company ("**Shares**") held by Entitled Shareholders as at a books closure date to be determined by the Directors for the purposes of determining Shareholders' entitlements under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

Based on the Company's 303,717,091 issued Shares as at the date of this announcement, the Company will issue 75,929,272 Rights Shares.

The Issue Price for the Rights Shares is payable in full upon acceptance and/or application and the Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares for any dividends, rights, allotments or other distributions, the Record Date for which falls on or after the date of issue of the Rights Shares.

The issue price of S\$0.28 for each Rights Share represents a discount of approximately 31% to the last dealt price of S\$0.405 per Share on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") prior to the release of the announcement of the Rights Issue (being 14 May 2008).

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue will be set out in the offer information statement (the "**Offer Information Statement**") to be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

### 3. LISTING AND TRADING

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

### 4. PROPOSED UNDERTAKING OF HIAP HOE HOLDINGS PTE LTD

As at the date of this announcement, Hiap Hoe Holdings Pte Ltd ("**Hiap Hoe Holdings**") is the legal and beneficial owner of 205,929,766 Shares, representing approximately 67.80% of the current issued Shares of the Company. Based on Hiap Hoe Holdings' shareholding in the

Company as at the date of this announcement, Hiap Hoe Holdings is entitled to subscribe for 51,482,441 Rights Shares under the Rights Issue (the "**HHH Entitled Shares**").

Hiap Hoe Holdings has agreed to grant to the Company an irrevocable undertaking (the "**HHH Undertaking**") pursuant to which it will undertake to:-

- (a) subscribe and pay for and/or procure subscriptions and payment for the HHH Entitled Shares; and
- (b) subscribe and pay for and/or procure subscriptions and payment for additional Rights Shares in excess of its provisional allotment (the "**Excess Rights Shares**") to the extent that they are not subscribed for by the other Shareholders, such that the Rights Issue shall be fully subscribed for and taken up.

The proposed HHH Undertaking will lapse in the event that the Rights Issue is not completed by 31 December 2008 or such later date that Hiap Hoe Holdings and the Company may mutually agree.

In view of the proposed HHH Undertaking, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

## 5. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

As previously announced, the Company and its subsidiaries had completed the acquisition of various en-bloc properties for redevelopment. In addition to bank borrowings, the Directors are proposing the Rights Issue to raise additional equity financing to fund its ongoing development and redevelopment projects, as well as to strengthen the capital base of the Company.

On the basis that the Rights Issue is fully subscribed and taken up, the estimated net proceeds from the Rights Issue (after deducting estimated expenses in connection with the Rights Issue) is expected to be approximately S\$21.0 million. The Company intends to use the net proceeds for the general working capital purposes of the Company and its subsidiaries.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem fit.

## 6. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to all Entitled Shareholders, who comprise Entitled Depositors and Entitled Scripholders (both as defined below). Entitled depositors are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Books Closure Date or who had, at least five (5) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents (the "**Entitled Depositors**"). Entitled scripholders are Shareholders whose share certificates are not deposited with CDP and who had tendered to Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Share Registrar**") valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who had, at least five (5) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents (the "**Entitled Scripholders**").

## 7. PROVISIONAL ALLOTMENTS

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders will rank last in priority.

## 8. FOREIGN SHAREHOLDERS

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Issue is only made in Singapore and the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). The Offer Information Statement to be issued in relation to and for the purposes of the Rights Issue and the accompanying documents will not be mailed outside Singapore.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares, which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to the Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, Provenance Capital or CDP or their respective officers in connection therewith. Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, Provenance Capital or CDP or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

## 9. APPROVALS

Application will be made by the Company to obtain the SGX-ST's approval for the listing of and quotation for the Rights Shares on the SGX-ST.

The Offer Information Statement, setting out the details of the Rights Issue, will be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course after approval in-principle of the SGX-ST has been obtained.

As the Company had obtained a general share issue mandate at its annual general meeting held on 24 April 2008, no further Shareholders' approval is required for the Rights Issue and the issue of the Rights Shares.

#### 10. INTERESTS OF DIRECTORS IN THE RIGHTS ISSUE

As at the date of this announcement, the number of Shares held by the Directors and the number of Rights Shares to which the Directors will be entitled are as follows:

Name of Director	Number of Shares held as at the date of this announcement	Number of Rights Shares Entitled
Teo Guan Seng <sup>(1)</sup>	Nil	Nil
Teo Ho Beng <sup>(1)</sup>	531,140	132,785
Teo Ho Kang, Roland <sup>(1)</sup>	500,000	125,000
Lim Kim Soon Lee, Cindy	200,000	50,000
Chan Wah Tiong	60,000	15,000
Dr Wang Kai Yuen	60,000	15,000
Chan Boon Hui	60,000	15,000

**Note:**

(1) Mr Teo Guan Seng, Mr Teo Ho Beng and Mr Teo Ho Kang, Roland each have a deemed interest in Shares held by Hiap Hoe Holdings, derived from their shareholdings in Hiap Hoe Holdings.

#### 11. RESPONSIBILITY STATEMENT

The Directors (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 Lai Foon Kuen, Company Secretary on 14 May 2008 to the SGX-ST