

HIAP HOE LIMITED

PROPOSED PLACEMENT (THE "PLACEMENT") OF UP TO 26,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF HIAP HOE LIMITED ("PLACEMENT SHARES")

The Placement

The Board of Directors of Hiap Hoe Limited (the "**Company**") is pleased to announce that the Company has on 17 May 2007 entered into a placement agreement (the "**Placement Agreement**") with UOB Kay Hian Private Limited (the "**Placement Agent**"). Provenance Capital Pte. Ltd. is the Placement Manager.

The Placement Agent has agreed, on a best endeavours basis, to procure subscriptions for up to 26,000,000 Placement Shares, at the price of S\$0.93 for each Placement Share (the "**Placement Price**"), on the terms and subject to the conditions of the Placement Agreement, in reliance on Section 277 of the Securities and Futures Act (Chapter 289) of Singapore. Further details of the Placement Agreement are set out in the Offer Information Statement lodged by the Company with the Monetary Authority of Singapore on 17 May 2007, a copy of which is available on www.mas.gov.sg.

The Placement Shares represent 9.46% of the issued ordinary shares of the Company (the "**Shares**") as at 11 May 2007, being the latest practicable date prior to this announcement. The Placement Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares at the time of the issue except that the Placement Shares will not be entitled to any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares.

Placement Price and Commission and Brokerage

The Placement Price represents a discount of approximately 7.5% to the weighted average price of the Shares of the Company for trades done on the SGX-ST Dealing and Automated Quotation System ("**SGX-Sesdaq**") on 16 May 2007 (for the full market day prior to the date which the Placement Agreement was signed).

Assuming the Placement Shares are fully subscribed for, the Company shall pay to the Placement Agent an aggregate placement commission of S\$507,780 (inclusive of goods and services tax of 5% thereon). In the event less than 26,000,000 Placement Shares are subscribed for, the placement commission shall be borne by the Company according to the relevant number of Placement Shares issued pursuant to the Placement (the "**Placed Shares**").

The Placement Agent is entitled to impose brokerage of up to 1% of the Placement Price for each Placed Share (and if applicable, goods and services tax of 5% thereon), which shall be payable to the Placement Agent by such persons who have subscribed for the Placed Shares.

Conditions Precedent

The completion of the Placement Agreement is conditional, *inter alia*, upon the approval

in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the SGX-Sesdaq.

Shareholders' Mandate

The Placement Shares are to be allotted and issued pursuant to the general share issue mandate granted to the Directors of the Company to issue shares, passed by the shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 19 April 2007.

Use of Proceeds

The net proceeds from the Placement of the Placement Shares, after deducting estimated expenses pertaining to the Placement of the Placement Shares, is estimated to be approximately S\$23.6 million (assuming all 26,000,000 Placement Shares are subscribed for at the Placement Price).

The Company intends to use the net proceeds from the Placement of the Placement Shares for general working capital purposes.

Financial Effect

As at 11 May 2007, the issued and paid-up capital of the Company is S\$106,627,800 comprising 274,975,065 Shares. Upon completion of the Placement and assuming that all 26,000,000 Placement Shares are fully subscribed for, the existing issued share capital of the Company will increase to S\$130,226,520 comprising 300,975,065 Shares.

Upon completion of the Placement and assuming that (i) all 26,000,000 Placement Shares are fully subscribed for; (ii) the net proceeds from the Placement amount to approximately S\$23.6 million; and (iii) the remaining warrants issued by the Company remain unexercised, based on the audited financial statements of the Group as at 31 December 2006, the net asset value per Share of the Group, after adjusting for the issue of the Placement Shares will increase from 29.95 cents to 36.11 cents.

General

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement of the Placement Shares.

The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the SGX-Sesdaq shortly.

BY ORDER OF THE BOARD

Teo Ho Beng
Director

17 May 2007