



HIAP HOE LIMITED
(Registration Number: 199400676Z)

PROPOSED BONUS ISSUE

The Board of Directors (the "Directors") of Hiap Hoe Limited (the "Company") is pleased to announce that the Company is proposing a bonus issue of up to 94,911,590 new ordinary shares in the capital of the Company ("Bonus Shares") to be allotted and issued on the basis of one (1) Bonus Share for every four (4) existing ordinary shares in the capital of the Company held by shareholders of the Company (the "Shareholders") as at the Books Closure Date (the "Proposed Bonus Issue"). Fractional entitlements will not be allotted to Shareholders but will be aggregated and disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company. As the Directors are proposing to issue and allot the Bonus Shares at nil consideration without capitalisation of the Company's reserves, the proposed Bonus Issue will therefore have no effect on the reserves of the Company.

The Company has experienced a strong financial performance for the financial year ended 31 December 2009 and in appreciation to Shareholders for their continuous support, the Company is proposing the Bonus Issue.

The Bonus Shares will be issued pursuant to the general mandate granted to the Directors to issue shares by way of ordinary resolution at the Annual General Meeting of the Company held on 22 April 2009.

The Proposed Bonus Issue is subject to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Bonus Shares on the official list of the SGX-ST.

The Bonus Shares will be issued to the Shareholders whose names appear in the Registry of Members or who have shares entered against their names in the Depository Register as at the date of closure of the Share Transfer Books ("Books Closure"). Notice will be given at a later date on the Books Closure in order to determine Shareholder's entitlements to the Proposed Bonus Issue, if approved by the SGX-ST.

The Bonus Shares, when allotted and issued, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company and with each other, except that the Bonus Shares will not be entitled to any rights, allotments or distributions the record date for which falls before the date of issue of the Bonus Shares. For the avoidance of doubt, in the event where the Bonus Shares are allotted and issued before the record date for the proposed final cash dividend for the financial year ended 31 December 2009, which is subject to the approval of the Shareholders at the Company's Annual General Meeting to be held on 20 April 2010, the Bonus Shares will be entitled to the above proposed final cash dividend.

The Company has appointed Provenance Capital Pte. Ltd. as the Financial Adviser for the Proposed Bonus Issue.

By Order of the Board

Lai Foon Kuen
Company Secretary
11 February 2010