



## HIAP HOE LIMITED

(Registration Number: 199400676Z)

(Incorporated in the Republic of Singapore)

---

### PROPOSED CAPITAL REDUCTION EXERCISE

---

On 27 August 2007, the Board of Directors (the “**Directors**”) of Hiap Hoe Limited (the “**Company**”) announced a proposed capital reduction exercise to reduce and cancel the share capital of the Company, which has been lost or is unrepresented by available assets to the extent of S\$73,331,725 as at 30 June 2007 (the “**Proposed Capital Reduction**”).

The Directors are pleased to announce that the Company has on 12 September 2007 received the clearance of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) of the Company's draft circular to shareholders in respect of the Proposed Capital Reduction. Such clearance from the SGX-ST is not an indication of the merits of the Proposed Capital Reduction or its compliance with any statutory requirements.

The Proposed Capital Reduction is an accounting procedure that reduces the existing share capital of the Company to write off the accumulated losses of the Company, and does not entail any outflow of cash or change to the assets of the Company. No capital will be returned to shareholders and the number of issued shares held by shareholders will remain unchanged immediately after the Proposed Capital Reduction.

A circular (the “**Circular**”) setting out full details of the Proposed Capital Reduction, together with a notice convening an Extraordinary General Meeting of the Company to seek the shareholders' approval for the Proposed Capital Reduction will be despatched to the shareholders in due course. The Company will make a separate announcement when the Circular is despatched.

#### BY ORDER OF THE BOARD

**Lim Siew Fay, Sophia**

Company Secretary

12 September 2007