News Release

SEE HUP SENG LIMITED

See Hup Seng Posts Net Profit of S$1.4M for 1Q12

- Group revenue up 3% year-on-year to S$59.9 million
- Core business segments registered revenue growth despite anaemic market conditions
- Group net profit down 37% due to lower gross profit margin and higher operating expenses
- Group is making investments to build new earnings streams

Singapore, 15 May 2012 – See Hup Seng Limited (**四合成有限公司**) (“**See Hup Seng**” or the “**Group**”), a leading provider of corrosion prevention services in Singapore and strategic value-added distributor of petroleum-derived products in Asia Pacific, today reported a net profit of S$1.4 million for the 3 months ended 31 March 2012 (“1Q12”) on revenue of S$59.9 million.

Notwithstanding the slower business backdrop in 1Q12, Group revenue in 1Q12 was 3% higher than S$57.9 million in 1Q11. This was buoyed by higher revenue from the Group’s core business segments, **Corrosion Prevention** (“CP”) services and **Refined Petroleum** (“RP”) business.

Group net profit of S$1.4 million for 1Q12 was however 37% lower than S$2.2 million last year due mainly to lower gross profit margin and higher operating expenses. CP segment registered stable net profit of S$0.6 million while RP segment generated lower profit of S$0.8 million in 1Q12. Besides incurring higher operating expenses due to the start of operations for a new product line under the RP business, the Group also provided for legal and professional expenses arising from its corporate activities and business expansion initiatives in recent months.

Said **Mr Jimmy Tan, Managing Director of See Hup Seng**, “The ongoing uncertainties in the global economy continue to afflict business sentiment and the extent of industrial activities in the region. Despite difficult business conditions, the Group attained modest revenue growth and remained profitable in 1Q12.

In the near term, the operating environment for our core businesses is expected to stay challenging as the slower market demand could give rise to greater competition. This, together with ongoing cost pressures, could affect our profit margins.

Nevertheless, we believe the Group stands in good stead to overcome periods of business slowdown and continue to pursue our expansion initiatives that are aimed at strengthening our business foundation and earnings base to generate higher value for our shareholders in the coming years.”

As the Group remains focused on managing and growing its core CP business and RP distribution businesses, it is also making strategic investments to build new earnings streams for the future.

In March 2012, See Hup Seng announced its plan to build an Integrated Chemical Hub through a joint venture, which will extend its RP business from product distribution to blending and logistics services for petrochemical products. The Group is also taking equity stakes in separate joint ventures for tender rig business and development of executive condominium in Singapore. These business ventures are not expected to have any significant impact on the Group’s financial results in FY2012 and FY2013.

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"The offshore drilling and property development joint ventures are also opportunities for us to acquire and build our knowledge of the respective industries, and assess their potential as long-term business pillars for the Group. The CP and RP distribution businesses remain at the core of the Group and we will continue to manage both businesses prudently amid the current uncertainty while staying prepared to seize opportunities when the market improves," added Mr Tan.

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2012. As at 31 March 2012, the Group had cash and bank balances, and fixed deposits totaling S$47.7 million. Net gearing stood at around 0.2 times.

Segment Review

S$ million	SEGMENTS (1Q12)		GROUP (1Q12 vs 1Q11)		
	CP	**RP**	**1Q12**	**1Q11**	***yoy change***
Revenue	9.9	49.9	**59.9**	57.9	*3%*
Gross profit	2.9	6.0	**8.9**	9.2	*(3%)*
GP margin	29.2%	12.1%	**14.9%**	15.9%	-
Profit after tax	0.6	0.8	**1.4**	2.2	*(37%)*
EBITA	1.2	1.6	**2.8**	3.5	*(20%)*

Refined Petroleum (RP)

Revenue in 1Q12 was up 3% year-on-year to S$49.9 million despite anemic demand for petroleum-derived products. As selling prices continued to come under competitive pressure, revenue was driven by growth in sales volume as the Group pressed on with its sales efforts. In 1Q12, RP segment also recorded modest revenue contribution from the sale of asphalt, which commenced towards the end of March 2012.

In terms of performance by products, sale of the industrial and wholesale products during 1Q12 increased 19% and compensated for the 23% decrease in sale of petroleum-intermediates. As a percentage of revenue, RP business accounted for 83% of Group revenue in 1Q12.

While revenue was higher, gross profit in 1Q12 of S$6.0 million was lower than S$6.6 million in 1Q11 as the segment had to continue with an aggressive pricing strategy to counter intensifying competition due to slower market demand. As such, the gross profit margin for RP segment in 1Q12 narrowed to 12.1% as compared to 13.5% in 1Q11. However, this was a slight improvement from 11.9% in 4Q11 due to moderate selling price adjustments for certain products.

As a result of lower gross profit margin, and higher operating expenses with the commencement of the asphalt business, RP business reported lower operating profit of 1.3 million in 1Q12 from S$2.1 million previously. Net profit consequently declined to S$0.8 million in 1Q12, compared to S$1.5 million in 1Q11.

Corrosion Prevention (CP)

Revenue in 1Q12 gained 6% to S$9.9 million compared to S$9.3 million in 1Q11, driven mainly by higher sales from the Plant Operations and Tank Coating & Module Blasting units which counterbalanced slower orders from the Grit Blasting-Site segment. In 1Q12, Plant Operations and Tank Coating & Module Blasting units collectively contributed 73% of CP segment's revenue while Trading and Grit Blasting-Site accounted for the remaining 27%. In 1Q12, CP business accounted for 17% of Group revenue.

Gross profit in 1Q12 was S$2.9 million, up from S$2.6 million previously. Gross profit margin expanded to 29.2% compared to 28.3% in 1Q11. This was attributed to better gross profit margin of the Plant Operations, Tank Coating & Module Blasting and Trading units. Both the Plant Operations and Tank Coating & Module Blasting units benefited from better sales mix, higher capacity utilisation and cost management.

CP segment registered higher operating profit of S$0.8 million compared to S$0.7 million in 1Q11 in spite of higher other operating expenses. This improved performance can be attributed to higher revenue and gross profit margin. Net profit in 1Q12 was however flat at S$0.6 million due to higher provision for tax.

Business Outlook

Rising uncertainty over Europe's sovereign debt situation and the direction of the global economy are expected to continue weighing on business sentiment and the level of industrial activities in the region.

The operating environment for CP business is expected to remain challenging due to potential delays or cancellations of customers' projects, increased competitive pressures and rising labour costs. The Group will endeavour to maintain an efficient and competitive cost structure while working to broaden its customer base across a wider range of industries.

As for the RP business, market demand for petroleum-derived products is likely to be affected by the cautious mood among industrial customers. Under these circumstances, intense competition is expected to prevail. In the near term, the current business environment is expected to create challenges for RP segment's sales volume and selling prices. Rising crude oil prices could also exert pressure on RP segment's profit margin as cost of replenishment increases. To attain long term growth for its RP business, the Group intends to continue expanding its market reach and product range, while looking for avenues to move up the value chain.

As the Group continues to pursue its long-term business plans, it will maintain a cautious stance in the management of its finances and business operations. This is to ensure it remains financially sound to withstand difficult periods and positioned to capitalise on potential business opportunities.

About See Hup Seng

See Hup Seng Limited is a leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries in Singapore. The Group also has a wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is a strategic value-added distributor that offers comprehensive supply chain management of refined petroleum products in Asia Pacific.

Established in 1971, the Group's corrosion prevention business has successfully moved up the value chain to establish a strong niche in specialised tank coating services, and large-scale plant operations that are supported by a fully-equipped facility in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum offers value-added solutions for refined petroleum products to its customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

TAT Petroleum's comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the brand of its major supplier, to storage and distribution of these products to designated locations.

See Hup Seng is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at www.seehupseng.com.sg