News Release

SEE HUP SENG LIMITED

See Hup Seng Records Profit of S$5.2M in FY2012

- Group revenue up 5% to S$256.9 million in spite of difficult business environment
- Net profit decreased 34% due to higher operational costs and competitive pressure on gross profit
- FY2012 saw the Group executing several business investments to build future earnings streams

Singapore, 26 February 2013 – **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 its financial results for the year ended 31 December 2012 ("FY2012").

The Group achieved net profit of S$5.2 million in FY2012 on the back of total revenue of S$256.9 million. Revenue was up 5% from S$245.4 million last year, fuelled by the Group's **Refined Petroleum** ("**RP**") business which made up 85% of total revenue. The remaining 15% came from the **Corrosion Prevention** ("**CP**") business which saw a marginal 3% decline in revenue during FY2012.

While the RP business chalked up 12% growth in sales volume, its revenue grew at a slower rate of 4% due to lower average selling prices.

Although the Group kept its overall gross profit margin steady at 15%, operating expenses rose at a faster pace than gross profit and led to a 34% drop in net profit to S$5.2 million in FY2012.

Selling and distribution expenses climbed in tandem with RP business' sales volume. Administrative expenses increased on larger headcount, higher salaries and workers' levy. Other operating expenses were also higher largely due to impairment charges and allowances for current assets during the last quarter of FY2012, as well as professional and legal expenses in relation to business expansion initiatives.

Nevertheless, the Group's financial position remained stable at the end of December 2012. Cash and cash equivalents totalled S$34.6 million while net gearing stood at 0.3 times. The Group has recommended the payment of a final dividend of 0.5 cents per share in respect of FY2012.

Said Mr Thomas Lim, Executive Chairman of See Hup Seng, "Although the general business environment in FY2012 remained uncertain and lackluster, we managed to sustain the revenues of our core businesses and turn in a profitable performance.

Besides expending efforts to keep our core businesses competitive in the market place, the Group continued to plan and invest strategically to strengthen our existing businesses and build new earnings sources from diversified business ventures.

To grow our RP business, we expanded our product offering and also embarked on plans to move up the supply chain. Besides securing distributor rights to sell a new product, asphalt, we acquired Axxmo International which is a distributor of petroleum-based products, to further widen our revenue drivers. In addition, the Group formed a joint venture to build an Integrated Chemical Hub in Singapore in the future.

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During FY2012, the Group also took minority stakes in a property development venture in Singapore, and an offshore drilling company, to ride the upswing in both the property and oil & gas sectors."

For the fourth quarter ended 31 December 2012 ("4Q12"), Group revenue improved 9% to S$69.2 million. While gross profit grew at a faster pace of 12% to S$9.9 million, net profit in 4Q2012 fell 67% to S$0.6 million. This was due mainly to increases in operational costs, as well as other expenses that included provisions for stock obsolescence and impairment of goodwill and assets.

Segment Review

	Segments (FY2012)			Group			Group		
S$ million	**CP**	**RP**	**Others***	**4Q12**	**4Q11**	***change***	**FY12**	**FY11**	***change***
Revenue	35.3	217.8	3.8	**69.2**	63.6	9%	**256.9**	245.4	5%
Gross profit	11.2	26.1	0.5	**9.9**	8.9	12%	**37.8**	36.1	5%
GP margin	31.8%	12.0%	12.4%	**14.3%**	13.9%	-	**14.7%**	14.7%	-
Profit after tax	2.0	2.8	0.4	**0.6**	1.9	(67%)	**5.2**	8.0	(34%)
EBITA	4.4	6.3	0.6	**2.2**	3.3	(33%)	**11.3**	13.8	(18%)

**Others comprise the consolidated revenue of Eastern Tankstore (S) Pte Ltd (ETS) which has become a 51%-owned subsidiary of See Hup Seng in April 2012, and equity accounting of Serangoon EC Pte Ltd.*

<u>Refined Petroleum (RP)</u>

Revenue from the distribution of petroleum-derived products edged up 4% to S$217.8 million in FY2012, fuelled primarily by higher sales of industrial and wholesale products to regional markets. Total sales in terms of volume grew 12% but were reduced by lower average selling prices. Sales of petroleum-intermediates, which are generally used as feedstock, were softer in FY2012 compared to FY2011 due to lower level of manufacturing activities.

While revenue was up 4%, RP's gross profit was flat at S$26.1 million as compared to S$26.3 million last year. Gross profit margin decreased to 12.0% from 12.6% previously due to lower average selling prices and different sales mix. As a result of higher selling, administrative and other operating expenses, the RP business recorded a net profit of S$2.8 million in FY2012, 48% lower than S$5.4 million in FY2011.

<u>Corrosion Prevention (CP)</u>

CP's revenue dipped 3% to S$35.3 million in FY2012, owing mainly to lesser project volume at the Tank Coating & Module Blasting unit which faced a shortage of foreign workers. This was partially mitigated by the Plant Operations unit which saw sales grow by 36% in FY2012. As a result of higher capacity utilisation, the Plant Operations unit recorded higher gross profit margin and lifted the CP segment's gross profit by 15% to S$11.2 million. As such, the gross profit margin of the CP business expanded to 31.8% compared to 26.7% a year ago.

The CP business posted a net profit of S$2.0 million in FY2012, down from S$2.6 million in FY2011, due mainly to a one-time write-down in the value of fixed assets and the absence of a gain on disposal of one of the Plant Operations' facilities. Excluding the asset write-down, and the gain on disposal of plant of S$1.0 million in FY2011, CP would have recorded an increase in net profit in FY2012.

Business Outlook

Going forward, business conditions are expected to remain challenging due to lingering global economic uncertainties and keen industry competition. Nonetheless, the Group will continue working on its business initiatives to deliver a profitable performance in FY2013, barring any unforeseen circumstances.

RP business' expansion initiatives

The Group has been actively working to grow its RP business. The Group will continue with its marketing efforts for its new asphalt product which started contributing to RP business' revenue in 2Q12. With twelve months of contribution in FY2013, the Group expects the asphalt product to have a larger sales contribution in current financial year.

The completion of the acquisition of Axxmo International in December 2012 will also provide incremental revenue to the RP business in FY2013.

As part of its strategy to move up the supply chain, the Group also formed a joint venture in 2012 to build an Integrated Chemical Hub at Penjuru Lane in Singapore. The Group is presently in the process of extending the lease of the property at Penjuru Lane for a term of 30 years.

Strategic investments

During FY2012, See Hup Seng took a 30% equity stake in a joint venture that is developing Heron Bay, a 17-storey deluxe executive condominium (EC) in Upper Serangoon View. To-date, over 97% of the residential units have been sold. This project will have a total of 394 units with total saleable floor area of about 502,000 square feet. The development is expected to obtain temporary occupation permit in 2016.

In addition, the Group has a minority stake in Energy Drilling Pte Ltd. ("Energy Drilling"), an offshore drilling company which will own and operate modern tender rigs with capabilities that exceed any other tender rig in the market today. Energy Drilling has commissioned COSCO (Guangdong) Shipyard Co. Ltd. to build two self-erecting drilling tender barges for delivery in mid-2014 and one semi-submersible tender rig for delivery in June 2015.

The above business ventures are not expected to have a significant impact on the Group's financial results in FY2013.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 26 February 2013.

About See Hup Seng Limited

See Hup Seng operates two primary businesses -- corrosion prevention services (“CP”) and refined petroleum products and services (“RP”).

Established in 1971, the CP business has successfully moved up the value chain to become a leading provider to the marine, oil and gas, construction and infrastructure industries in Singapore. See Hup Seng has 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.

The RP business distributes a wide range of refined petroleum products to customers in Asia Pacific. This business is operated by the Group’s wholly-owned subsidiary, TAT Petroleum Pte Ltd. Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum is a strategic value-added distributor that offers comprehensive services including blending and packaging of refined petroleum products. Its customers hail from diverse sectors including vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. To expand its RP business, the Group is planning to build an Integrated Chemical Hub in Singapore through a 51%-owned joint venture as well as acquiring a company which is the master distributor in Singapore of a petroleum-based waterproofing product.

To build new earnings streams for the future, See Hup Seng has also made strategic investments in an executive condominium development project in Singapore, as well as an offshore drilling company that will own and operate tender rigs.

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