SEE HUP SENG LIMITED

NEWS RELEASE

See Hup Seng 2Q13 Net Profit Surges 79% to S$2.8 Million

- Group revenue increased 20% to S$75.9 million
- Core businesses registered higher revenues and profits amid challenging market conditions
- Net profit for 1H13 jumped 67% to S$4.8 million on a 19% increase in revenue to S$146.1 million

Singapore, 14 August 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 that its earnings for the second quarter ended 30 June 2013 ("2Q13") soared 79% to S$2.8 million from S$1.5 million in 2Q12.

This came on the back of a 20% increase in Group revenue to S$75.9 million compared to S$63.3 million in 2Q12, and an expansion of gross profit (GP) margin to 15.4% from 15.0% previously.

Higher sales and net profits from both core businesses – **Refined Petroleum** ("**RP**") and **Corrosion Prevention** ("**CP**") – contributed to the sterling growth of the Group's top- and bottom-lines in 2Q13.

The Group's net profit for the six months ended 30 June 2013 ("1H13") also surged 67% to S$4.9 million from S$2.9 million in 1H12. Group revenue climbed 19% to S$146.1 million in 1H13 from S$123.2 million in 1H12. As a percentage of Group revenue, RP accounted for 84% while CP contributed 14% in 1H13.

At the end of June 2013, the Group maintained a sound financial position with cash and cash equivalents of S$35.3 million. Its net gearing stood at 0.45 times.

Executive Chairman of See Hup Seng, Mr Thomas Lim said, "The Group's operating results in the first half of 2013 have been encouraging. This was underpinned by our RP and CP businesses which achieved profitable growth over two consecutive quarters amid challenging market conditions. In 2Q13, RP business saw its net profit increasing by 50% while CP business' profit more than doubled from the same period last year.

As the macro-economy continues to face a slow and uncertain recovery, the Group remains cautious on its business outlook for the second half of 2013. Intense competition and rising business costs are some of the challenges that we have to continue managing while keeping our sights on demand opportunities."

Barring any unforeseen circumstances, the Group expects to deliver a profitable performance in FY2013. "We have an experienced management and operations teams in place to navigate and execute the business initiatives of our RP and CP operations, which remain as the Group's core business pillars. Backed by a sound financial position, we will also continue to assess potential acquisitive or collaborative prospects, as and when they arise, which can enhance the Group's long-term value," Mr Lim added.

Segment Review

S$ million	Segments (2Q13)			Group			Group		
	CP	RP	Others*	2Q13	2Q12	*change*	1H13	1H12	*change*
Revenue	11.4	63.4	1.1	**75.9**	63.3	20%	**146.1**	123.2	19%
Gross profit	3.4	8.2	0.1	**11.7**	9.5	23%	**22.5**	18.4	22%
GP margin	29.9%	13.0%	8.2%	**15.4%**	15.0%	-	**15.4%**	15.0%	-
Profit after tax	1.2	1.4	0.1	**2.8**	1.5	79%	**4.8**	2.9	67%
EBITA	1.9	2.6	0.2	**4.7**	3.1	52%	**8.4**	5.9	42%

**Others comprise the consolidated revenue and profit 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.*

Refined Petroleum (RP)

Revenue from the distribution of petroleum-derived products in the region gained 17% to S$63.4 million in 2Q13, thanks to higher sales volume which increased 23% year-on-year.

RP business' revenue in 2Q13 was boosted by higher sales of industrial and wholesale products, and petroleum-intermediates which are generally used as feedstock in manufacturing processes.

Sales of industrial and wholesale products in 2Q13 improved 38% year-on-year as RP business expanded its fleet of trucks to capitalise on firm demand for these petroleum-derived products. This demand was buoyed by the industrial and construction activities in Singapore. Sales of industrial and wholesale products was also driven by incremental revenue from a new product (asphalt) which commenced sales in FY2012, and contribution from a new subsidiary (Axxmo International) which was acquired by the Group in December 2012.

Sales of petroleum-intermediates in 2Q13 recovered by around 11% year-on-year as a result of improved demand from manufacturers and resellers in the region.

Notwithstanding competitive pressure on average selling prices, the RP business posted higher GP margin of 13.0% in 2Q13 compared to 12.2% in 2Q12, thanks to lower cost of inventory replenishment in the quarter under review.

As a result of improved revenue and gross profit, as well as contribution from new subsidiary, RP business experienced a 50% jump in net profit to S$1.4 million in 2Q13 from S$0.9 million in 2Q12.

The Group believes Asia shall remain as a key long-term growth market for petroleum-derived products which are used in a wide range of industrial, construction and vehicular applications, and manufacturing processes of electronics, consumer products, and pharmaceuticals among others.

Besides maintaining and improving its relationships with suppliers and customers, RP business will focus on strengthening its marketing efforts to increase sales penetration and widen geographical reach in the region. The Group will also seek opportunities to move up the supply chain and widen product lines to strengthen RP business' revenue base.

Corrosion Prevention (CP)

Revenue from the CP business in 2Q13 leaped 31% to S$11.4 million from S$8.7 million in 2Q12. This was boosted by higher revenues derived from the Plant Operations and Trading units. The Plant Operations unit benefited from higher demand driven by the ongoing industrial, construction and marine engineering activities in Singapore while the Trading unit was boosted by the revenue recognition of a turnkey project. On the other hand, the Site Blasting and Coating unit posted weaker revenue in 2Q13 as it continued to face a shortage of labour for its operations.

CP business recorded a GP margin of 29.9% in 2Q13, down from 31.7% in 2Q12 due to the turnkey project under the Trading unit. This impact was partially mitigated by the Plant Operations unit which posted stronger GP margin in 2Q13, thanks to higher capacity utilisation, better product mix and improved cost efficiencies.

As a result of stronger operational performance, CP business registered a net profit of S$1.2 million in 2Q13, up 129% from S$0.5 million in 2Q12.

Going forward, the CP business will seek to remain competitive in the market by working towards maintaining efficient operations and widening its customer base in Singapore.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 August 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 has acquired a company which is the master distributor in Singapore of a petroleum-based waterproofing product, and is planning to build an Integrated Chemical Hub in Singapore through a 51%-owned joint venture.

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