SEE HUP SENG LIMITED

NEWS RELEASE

See Hup Seng FY2013 Net Profit Soars 52% to S$8.0 Million

- Full year net profit would have increased 91% to S$10.1 million, excluding non-recurring expenses of S$2.1 million
- Revenue in FY2013 increased 13% to S$290.4 million
- Group recommends a final dividend of 0.93 cents per share
- Expects the acquisition of steel engineering company, Hetat Holdings Pte. Ltd. ("Hetat"), to provide incremental contribution in FY2014

Singapore, 27 February 2014 – **See Hup Seng Limited (四合成有限公司)** ("See Hup Seng" and together with its subsidiaries, the "Group"), today reported that its net profit for the 12 months ended 31 December 2013 ("FY2013") surged 52% to S$8.0 million. This was boosted by stronger operating performances of its core corrosion prevention ("CP") and refined petroleum ("RP") businesses.

Group revenue in FY2013 increased 13% to S$290.4 million as both core businesses achieved double-digit expansion in sales. Despite the competitive environment, the Group's gross profit rose at a faster pace of 18% to S$44.6 million which resulted in an expansion in gross profit margin to 15.4% from 14.7% previously. At the bottom line, RP's full year net operating profit more than doubled to S$5.5 million while CP's net operating profit jumped 61% to S$4.7 million.

Excluding non-recurring expenses of S$2.1 million that were related to acquisition and corporate activities, the Group would have reported a net profit of S$10.1 million in FY2013, up 91% from FY2012.

The Group closed the year under review with shareholders' equity of S$91.8 million (21.79 cents per share). It had cash and cash equivalents totaling S$51.5 million while its net gearing stood at 0.3 times at the end of December 2013.

The Board of Directors has recommended a final dividend of 0.93 cents per share with respect to FY2013.

Executive Chairman of See Hup Seng, Mr Thomas Lim said, "The Group registered four straight quarters of profit growth in FY2013, despite the uneven and tentative recovery in the macro-business environment. Both CP and RP businesses attained higher revenues and profits even though industry competition remained keen.

To strengthen our base for future growth, See Hup Seng completed the acquisition of Hetat in January 2014. This will enable the Group to expand our services to steel engineering and fabrication, and enhance our value proposition to CP's existing customers in the marine and offshore industry."

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Hetat has been profitable since inception and its bottom line has been growing year on year since 2009. The Group expects to reap synergies from the acquisition of Hetat which shall provide incremental contribution in FY2014.

With the addition of the steel engineering business, See Hup Seng has expanded its growth platform to comprise three core business pillars that will enhance shareholder value in the long term.

Mr Lim added, "Under the leadership of our new management, our RP business saw improved sales from distribution of petroleum-derived products in the Asia Pacific region and maintained sound relationships with our key customers, suppliers and principal banks. To spur future growth, the current management of our RP business has also initiated a new business in petrochemical blending and trading which will help to widen RP business' revenue sources."

Barring any unforeseen circumstances, the Group is cautiously optimistic of its business outlook and expects to deliver a profitable performance in FY2014.

Segment Review

	FY2013			FY2012		
S$ million	**Revenue**	**Gross profit**	**Net profit**	**Revenue**	**Gross profit**	**Net profit**
CP	**42.1**	**13.1**	**4.7**	35.3	11.2	3.0
RP	**247.1**	**31.1**	**5.5**	217.8	26.1	2.6
Others*	**1.2**	**0.4**	**0.5**	3.9	0.5	0.4
Head office expenses	**-**	**-**	**(0.6)**	-	-	(0.7)
Corporate activities expenses	**-**	**-**	**(2.1)**	-	-	(0.1)
Total	**290.4**	**44.6**	**8.0**	256.9	37.8	5.2

**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 of the RP business in FY2013 gained 13% to S$247.1 million on the back of a 21% increase in sales volume. The revenue growth also reflected maiden contribution from RP segment's new blending and trading business which was initiated by the current management in November 2013.

The RP business' revenue was spurred by robust sales of its *Industrial and Wholesale* products which recorded an increase in sales of 24% in FY2013. With intensified sales effort and expansion of its truck fleet, the RP business capitalised on the firm demand for *Industrial and Wholesale* products driven by the industrial, marine, service, infrastructure and construction activities in Singapore. Sales were also lifted by incremental revenue from a new product (asphalt) which commenced sales in FY2012, and full-year contribution from a new subsidiary (Axxmo International) that was acquired by the Group in December 2012.

Sales of *Petroleum-intermediates* (which are generally used as feedstock in manufacturing processes) edged up 5% in FY2013 in tandem with the recovery in demand from end-users and resellers in Asia Pacific.

The RP business achieved higher gross profit margin of 12.6% in FY2013, compared to 12.0% in FY2012 despite overall lower average selling prices. This was attributed to better profit margins for certain products which benefited from lower cost of inventory replenishment, as well as maiden contribution from the new blending and trading business.

With higher revenue and gross profit, the RP business' net operating profit in FY2013 more than doubled to S$5.5 million from S$2.6 million in FY2012.

Corrosion Prevention (CP)

Revenue of the CP business in FY2013 climbed 19% to S$42.1 million, thanks to a broad-based increase across its business units – *Plant Operations, Site Blasting and Tank Coating,* and *Trading.*

The *Plant Operations* witnessed higher business volume from the marine, oil and gas, infrastructure and construction sectors in FY2013. Sales of the *Trading* unit was driven primarily by the revenue recognition of a turnkey project while the *Site Blasting and Tank Coating* unit benefited from a recovery in orders during the second half of FY2013.

CP business maintained its gross profit margin at 31.2% compared to 31.8% in the previous year despite the lower-margin turnkey project under the *Trading* unit. The steady gross profit margin was underpinned by the *Plant Operations* unit which delivered higher gross profit margin on increased capacity utilisation, better product mix and improved cost efficiencies.

Thanks to higher volume of business and its consistent focus on maintaining cost-efficient operations, the CP business saw its net operating profit surge by 61% to S$4.7 million in FY2013 from S$3.0 million in FY2012.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 27 February 2014.

About See Hup Seng Limited

See Hup Seng is an established group with diversified businesses in corrosion prevention ("CP") and steel engineering services, and refined petroleum products ("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 mainly by the Group's wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia. TAT Petroleum's customers hail from diverse sectors including vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. The RP business also operates a company which is the master distributor in Singapore of a petroleum-based waterproofing product. The Group has also extended its RP business from product distribution to petrochemical blending and trading services.

The steel engineering business is operated through wholly-owned subsidiary, Hetat which has a fully-equipped steel fabrication plant of approximately 195,000 sq ft located in Tuas, Singapore. It is currently undertaking projects in Singapore, Malaysia and Mongolia and has an order book of S$46 million as at 9 December 2013.

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