



SEE HUP SENG LIMITED

NEWS RELEASE

See Hup Seng's 1H2014 net profit jumps 50% to S\$7.4 million

- *Group revenue rose 23% to S\$179.1 million from the integration of newly-acquired SSF business and continued growth from its existing core businesses.*

Singapore, 14 August 2014 – Mainboard-listed **See Hup Seng Limited** (四合成有限公司) (“See Hup Seng” or “the Company”, and together with its subsidiaries, the “Group”) reported today that its net profit attributable to shareholders surged 50% to S\$7.4 million, boosted by contributions from the newly-integrated structural steel and façade (“SSF”) business, as well as the continued growth of the Group’s existing refined petroleum (“RP”) and corrosion prevention (“CP”) segments.

The Group would have reported an increase of 73% in 1H2014 net profit to S\$8.5 million, if not for the amortization and additional depreciation of approximately S\$1.1 million at the Group level in relation to the fair value of SSF segment’s order book, and revaluation of land and building as required by FRS 103.

The jump in 1H2014 net profit was achieved on the back of a 23% rise in Group revenue to S\$179.1 million from the continued robust performance of its RP segment, which contributed a total of S\$137.7 million in sales, while CP and SSF posted first-half revenue of S\$18.2 million and S\$22.8 million respectively.

Said Group Chief Executive Officer Mr Henry Ng, “We are pleased with the integration of the SSF business into the Group, and look forward to more growth opportunities as we cross-sell our products and services across our respective network. Meanwhile, we also look forward to working closely with the ISDN Group following the announcement of our intention to invest in a strategic 25% equity stake in ISDN’s

subsidiary which is developing a series of mini hydropower plants in Indonesia. This proposed investment will give See Hup Seng a strategic exposure into the growing renewable energy sector in Southeast Asia's largest economy."

On 29 July 2014, the Group entered into a non-binding term sheet with Aenergy Holdings Company Ltd, a wholly-owned subsidiary of Mainboard-listed ISDN Holdings Limited, for the subscription of a 25% equity stake in Aenergy for a total consideration of US\$8 million. This is subject to satisfactory due-diligence and subsequent definitive agreements with Aenergy.

Based on the Group's first half results, earnings per ordinary share grew 4% to 1.22 Singapore cents while net asset backing per ordinary share increased 7% to 23.34 Singapore cents as at 30 June 2014.

SEGMENT REVIEW

Refined Petroleum (RP)

In the first six months of FY2014, the RP segment achieved a 12% increase in sales to S\$137.7 million, boosted by contribution from its new Trading and Blending business and higher sales volume generated by its Distribution business.

With the increase in revenue, gross profit rose 11% to S\$17.6 million at a gross profit margin of 12.8%, which was comparable to last year. This led to RP segment achieving a jump of 36% in 1H14 net profit to S\$3.5 million.

Corrosion Prevent (CP)

The Group's CP revenue retreated by 10% to S\$18.2 million in 1H2014 as a result of the revenue recognition of a turnkey project in 1H2013, and lower revenue accounted by its Plant Operations and Tank Coating units. Despite the lower revenue, the CP segment generated higher gross profit, rose 6% to S\$6.8 million, as gross profit margin grew by 5.8 percentage points to 37.2% in the latest half-year boosted by better-margin jobs, improved operational efficiency, and a more optimal product sales mix. This led to CP segment achieving a jump of 12% in 1H2014 net profit to S\$2.3 million.

Structural Steel & Façade (SSF)

The Group's newly-integrated SSF segment, which is a leading provider of structural steel and façade engineering in Singapore with a wide portfolio of residential, commercial,

infrastructural and industrial projects in Singapore, Malaysia and Mongolia, posted revenue of S\$22.8 million in 1H2014, achieving a gross profit of S\$6.3 million with a gross margin of 27.5%. With this, it made a maiden contribution of S\$1.7 million in 1H2014 net profit after netting off the amortization and additional depreciation of S\$1.1 million (net of tax effect) at the Group level resulting from the fair value of SSF segment's order book and revaluation of land and building at acquisition as required by FRS 103. As at 30 June 2014, SSF's strong order book amounted to S\$41 million.

Business Prospects

With the recent integration of the SSF business segment into the Group, See Hup Seng is now focused on extracting the synergy of its three core businesses by cross-selling its products and services and extracting operational and administrative efficiencies.

Its RP segment will continue to grow the distribution as well as the new petrochemical blending and trading businesses and expand its capabilities as it moves up the supply chain.

The Group will leverage on its positioning as the leading provider of CP services in Singapore by broadening and diversifying its customer base, while improving overall operational efficiency.

Meanwhile, the SSF segment will strive to meet its profit warranty of S\$6.3 million (before amortization and additional depreciation of approximately S\$2.0 million at the Group level resulting from the fair value of SSF segment's order book, and revaluation of land and building as required by FRS 103) in FY2014.

Barring any unforeseen circumstances, the Group is cautiously optimistic about the outlook of its three core businesses and expects FY2014 to be another profitable year.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 August 2014.

Issued on behalf of See Hup Seng Limited by:

Waterbrooks Consultants Pte Ltd

Tel: (+65) 6100 2228

Wayne Koo (M): +65 9338 8166 wayne.koo@waterbrooks.com.sg

Ho See Kim (M): +65 9631 3602 seekim@waterbrooks.com.sg

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.

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.