



SHS HOLDINGS LTD

NEWS RELEASE

SHS' 3Q2014 net profit surges 61% to S\$4M as revenue more than doubles

- *Group revenue jumped 123% to S\$163.9M from RP division's new Trading and Blending business; aggressive pricing strategy for its Distribution business, and contribution from the Group's newly-acquired SSF division.*
- *Healthy balance sheet to fund the Group's expansion strategies and strategic investments.*

Singapore, 12 November 2014 – Mainboard-listed **SHS Holdings Ltd.**, formerly See Hup Seng Limited, (四合成有限公司) ("SHS" or "the Company", and together with its subsidiaries, the "Group") today announced that its net profit attributable to shareholders jumped 61% to S\$4.0 million, driven by higher contributions from the Group's existing refined petroleum ("RP") and newly-acquired structural steel and façade ("SSF") businesses.

For the nine months ended 30 September 2014, the Group posted a 54% rise in net profit attributable to shareholders to S\$11.4 million on a sales growth of 58% to S\$343.0 million. The Group would have reported an increase of 74% in 9M2014 net profit to S\$12.9 million, if not for the amortization and additional depreciation of approximately S\$1.5 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.

Said Group Chief Executive Officer Mr Henry Ng, "The recent change of the Group's name to SHS Holdings Ltd signals our renewed commitment to work together to extract the unique strengths of our three core businesses and explore new opportunities. Together, we hope to derive even greater synergy as we elevate SHS Holdings Ltd to new levels of growth."

Based on the Group's latest 9M2014 results, earnings per ordinary share (based on the weighted average number of shares) grew 6.9% to 1.87 Singapore cents while net asset backing per ordinary share increased 10.2% to 24.01 Singapore cents as at 30 September 2014.

The Group maintained a strong financial position with cash and fixed deposits of S\$51.6 million at the end of September 2014. Net gearing stood at around 0.06 times (31 December 2013: 0.3 times).

SEGMENT REVIEW

Refined Petroleum (RP)

In the latest third quarter, RP sales surged 125% to S\$140.0 million boosted by the launch of its new Trading and Blending business as well as a 6% revenue improvement from its Distribution business following the implementation of an aggressive pricing strategy. In line with the higher revenue generated, RP achieved a 21% jump in 3Q2014 gross profit to S\$9.4 million due to the increased volume of sales, which was partially offset by lower gross profit margin from the new Trading business, and lower average selling prices from the aggressive pricing strategy initiated to boost growth for its Distribution business.

For the nine months, RP achieved 16% higher gross profit to S\$27.0 million on sales growth of 49.6% to S\$277.6 million.

Corrosion Prevent (CP)

Lower business activities at CP's plant and yards as well as fewer turnkey projects this year led CP revenue to decline by 23% to S\$8.4 million in 3Q2014 and 15% to 26.6 million 9M2014. As a result, CP's 3Q2014 gross profit decreased by 12% to S\$2.8 million, due to the lower revenue despite higher gross margin achieved. On a nine-months basis, CP's gross margin inched up 0.4% to S\$9.6 million.

Structural Steel & Façade (SSF)

The Group's newly-integrated SSF segment contributed S\$15.2 million and S\$37.9 million in revenue in 3Q2014 and 9M2014 respectively on the back of progressive recognition of revenue from its various projects in Singapore and the region.

SSF contributed 19.4% and 24.3% of the Group's overall gross profit in 3Q2014 and 9M2014 respectively, generating gross profit margin of 19.6% in the latest third quarter and 24.3% for the nine-month period.

Business Prospects

Despite the uncertainties in the global economy, the Group continues to drive growth across its three core businesses – RP, CP and SSF in Singapore and the region. Each of these businesses has its unique competitive edge, and the Group will continue to overhaul of its internal processes to maximize synergies amongst them.

RP Segment

RP will continue to strengthen growth in the Distribution and new Petrochemical Trading and Blending businesses, thereby enhancing its product lines and value-added offerings to customers and expanding its capacities as it moves up the value chain.

CP Segment

CP will leverage on its market-leader position and established track record to broaden its revenue base by seeking new industries for its CP services. To improve its operational efficiency, CP will continue to review its work processes to improve on delivery times, cost control and more efficient usage of materials.

SSF Segment

SSF is on track to meeting its profit warranty of S\$6.1 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) as it continues to fulfill its order books for the remaining months of 2014.

On 23 October 2014, the Group set up a wholly-owned subsidiary, Seri Hetat Engineering Sdn Bhd ("Hetat Brunei") which positions its SSF division to expand its steel and façade engineering services and product coverage in Brunei. This is in line with its overall strategy of becoming a leading SSF player in the region.

Outlook

Barring any unforeseen circumstances, the Group is cautiously optimistic on the outlook for its business, and expects FY2014 to be a profitable year.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 12 November 2014.

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About SHS Holdings Ltd.

SHS Holdings Ltd. 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. SHS Holdings Ltd. 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, SHS Holdings Ltd. 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.

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