MASNET No. 71 OF 02.01.2004
Announcement No. 71

HUP SENG HUAT CO. LTD

ACQUISITION OF THE BUSINESS AND ASSETS (THE "BUSINESS") OF HOE SENG HUAT HARDWARE COMPANY (PRIVATE) LIMITED ("ACQUISITION")

Further to the announcement made on 26 December 2003 in relation to the Acquisition, the Directors of Hup Seng Huat Co. Ltd (the "Company") are pleased to announce that completion of the Acquisition took place earlier today.

Pursuant to the sale and purchase agreement entered into between the Company and Hoe Seng Huat Hardware Company (Private) Limited (the "Vendor") on 23 June 2003 (the "S&P Agreement"), the Company has today made payment of S$10,000,000.00 to the Vendor in satisfaction of the purchase consideration, consisting of the premium of S$4,500,000.00 and the Cash Portion of S$5,500,000.00 as defined in the S&P Agreement.

Pursuant to the S&P Agreement, the Company has today issued a promissory note (the "Promissory Note") to the Vendor in respect of payment of the outstanding consideration of S$798,783.00 (the "Outstanding Consideration") being the amount of the completion value of S$6,298,783.00 in excess of the Cash Portion. Interest at the rate of 1.75% per annum is payable in monthly arrears pending repayment of the Outstanding Consideration. Under the terms of the Promissory Note, the latest date for payment of the Outstanding Consideration is the first business day after 12 months from the date of completion (the "Maturity Date"). Nonetheless, the Promissory Note also allows the Company by 3 days' prior written notice to the Vendor, to elect to make part or full payment of the Outstanding Consideration on the first business day of the relevant calendar month prior to Maturity Date.

The purchase consideration has decreased to S$10,798,783.00 from the estimated amount of S$14.4 million based on the net asset value of the Business as at 31 May 2003 (as set out in the circular to shareholders dated 31 October 2003). As such, the amount of Outstanding Consideration payable has also decreased accordingly from the estimated S$4.4 million to S$798,783.00. In view of the smaller amount payable and given the expected savings in interest costs that will be achieved if early payment is made on the Promissory Note, the Board of Directors of the Company has today resolved to make full payment of the Outstanding Consideration from internal resources. In accordance with the terms of the Promissory Note, payment of the Outstanding Consideration will be made on 3 February 2004.

By order of the board
Busarakham Kohsikaporn
Company Secretary

2 January 2004

Submitted by Busarakham Kohsikaporn, Company Secretary on 02/01/2004 to the SGX