Miscellaneous

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Announcement Details

Announcement Title *	Press Release - Hup Seng Huat's 1Q revenue up 28% on firm demand

PRESS RELEASE

Hup Seng Huat's 1Q revenue up 28% on firm demand

- Energy and marine sectors' steady volume growth more than offset weaker selling prices
- Total expenses reduced by 41%
- Proposing 1 for 5 bonus issue to celebrate 60th anniversary

Singapore, 8 November 2005 – Hup Seng Huat Co Ltd (HSH), a leading one-stop shop for steel products in Asia, posted 28% higher revenue for the first quarter ended 30 September 2005 (1QFY05/06), on the energy and shipbuilding sectors' continued strong demand for its steel products.

Steady volume growth for pipes, fittings, and structural steel products more than offset the 8-10% price fall from 1QFY04/05's exceptionally high sale prices.

The Group's gross margin has normalized to a sustainable 17.6% in the current quarter as selling prices stabilized and inventory costs rose. The record 36.1% gross margin of 1QFY04/05 stemmed from rising steel prices and lower-cost inventory before the sharp steel price spike. However, the decline in 1QFY05/06 gross profit was cushioned by a 41% drop in operating expenses to $3.4 million on tighter cost control. Net operating profit fell 32% to $4.7 million in 1QFY05/06.

"Underlying demand remains strong, as evidenced by the above-20% strong volume growth for our major steel products in 1QFY05/06, driven by buoyant energy and marine sector repair and newbuilding activities. With excess inventory depleting, shipyards again started ordering steel plates from us in the recent month. Construction industry orders have also started picking up," said CEO Lim Kim Thor.

HSH celebrates its 60th anniversary on 15 November, a significant milestone for the Group. In conjunction with this happy occasion, the Board of directors is proposing a 1-for-5 bonus issue to reward shareholders for their support.

ABOUT HUP SENG HUAT LTD (HSH)

Hup Seng Huat – *the* hub for steel products

Hup Seng Huat is one of Asia's leading one-stop shops for steel products. Strategically located in Singapore, it can take advantage of the duty-free environment and efficient logistics infrastructure to raise its commanding 30 per cent share in Asean's carbon steel plates, pipes, and fittings distribution market.

Having built a strong client base, it is expanding its reach to cover the full spectrum of steel products and services – into stainless steel and turnkey projects in Asia-Pacific.

It can leverage off its over 60 years of experience and long-established relationships with steel mills and clients.

Hup Seng Huat's value lies in its product knowledge, stock availability, competitive pricing and comprehensive product range. This enables the Group to offer an indispensable inventory management service to source and supply clients' time-sensitive steel requirements.

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