PRESS RELEASE

HUPSteel expects improving margins amidst a recovering market

- Operating cashflow soars to $39m from $24m outflow yoy
- HUPSteel in a good position to take advantage of a recovering market

Singapore, 8 May 2006 – HUPSteel, a leading one-stop shop for steel products in Asia, posted revenue of $134.5m for the nine months ended 31 March 2006 (9MFY06), a decrease of 13% from $155.0m in the corresponding financial period (9MFY05). The lower turnover was mainly due to weak selling price of plates caused by oversupply in 9MFY06 and large orders received in 9MFY05.

CEO Lim Kim Thor said: "Demand for the Group's products is expected to be healthy and supply to remain steady for the rest of the financial year although it is unlikely to achieve FY05's exceptional revenue and profit."

However, he is optimistic about better performance, citing four factors:

1. Firm demand: "We expect demand for our products to remain firm as the oil, gas and marine sectors continue to report strong orderbooks coupled with a strong growth in the local economy for 2006."

Despite the short February and Chinese New Year holidays, he pointed to the 3QFY06 revenue of $43.9m being comparable to the 1QFY06's $44.5m and 2QFY06's $45.9m, indicating demand for HUPSteel's products was firm.

2. Plate prices recovering: Plate prices, which had been weak recently, are showing signs of recovery and the market is also believed to have worked out its overstocked situation. This product's margin is expected to improve in 4QFY06. The margin for our pipes, fittings and other structural products is expected to remain stable.

3. Stable margins via close monitoring of higher cost inventory: The gross margin had remained relatively stable in the last two quarters although below the record high gross margin in FY2005 which was an exceptional year for the steel business.

4. Strong cashflow position: The Group's operating cashflow had swung into a strong positive $39.1m by end-March compared to a $24.5m outflow yoy.

With our strong cash flow, HUPSteel is now in a position to take advantage of a recovering market.

ABOUT HUPSteel Ltd

HUPSteel – *the* hub for steel products

HUPSteel is one of Asia's leading one-stop shops for steel products. Strategically based in Singapore, it can take advantage of the duty-free environment and efficient logistics infrastructure to raise its regional market share in structural steel, pipes, and fittings.

Having built a strong client base, HUPSteel is expanding its reach to cover the full spectrum of steel products and services – into stainless steel and turnkey projects in the Asia-Pacific. It can leverage off its over 60 years of experience and long-established relationships with steel mills and clients.

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

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