PRESS RELEASE

HUPSteel, A Total Solutions Provider For Steel Products, Posts 139% Surge In 1HFY07 Net Profit To $14.8 Million; Declares Interim Gross Dividend Of 1.0 cent/share

- **1HFY07 net profit soared 139% to $14.8 million as revenue grew 33% to $120.4 million**
- **2QFY07 revenue expanded 42% on better selling prices of plates and higher demand for all product categories in line with the booming economy**
- **Expects FY07 results to be significantly better than FY06 results; 1HFY07 net profit already exceeded 93% of FY2006 net profit**
- **Prospects underpinned by strong growth drivers in oil and gas, ship-building and construction**

S$ million	2QFY07	2QFY06	Chg	1HFY07	1HFY06	Chg
Revenue	**65.1**	**46.0**	**42%**	**120.4**	**90.5**	**33%**
Gross Profit	**14.8**	**8.5**	**75%**	**28.8**	**16.8**	**71%**
Net Profit After Tax	**7.0**	**2.7**	**156%**	**14.8**	**6.2**	**139%**
Earnings/Share *(2Q07: 452.4m; 2Q06: 361.9m)*	**1.54 cents**	**0.75 cents**	**105%**	**3.26 cents**	**1.70 cents**	**92%**

Singapore, 14 February 2007 - SGX Main Board-listed HUPSteel Limited ("HUPSteel" or "The Group"), a homegrown total solutions provider for a wide range of steel products and value-added services focusing on the oil and gas ("O&G"), offshore and marine engineering, petrochemical and construction sectors, announced commendable results for its October-December 2006 second quarter ("2QFY07") and record earnings for its July-December 2006 first half ("1HFY07") for the financial year ending 30 June 2007 ("FY2007"). To mark the significantly improved set of results, the Directors have declared an interim gross dividend of 1.0 cent per ordinary share.

Revenue for 2QFY07 expanded a strong 42% to $65.1 million from $46.0 million recorded for 2QFY06 as a result of better selling prices of plates and higher demand for all categories of the Group's products in view of the good local economy.

The higher turnover, due to both higher volume and better prices, resulted in a 75% increase in gross profit to $14.8 million for 2QFY07 from $8.5 million for 2QFY06, with gross profit margin rising to 22.7% from 18.4% for the respective quarters.

Total operating costs for 2QFY07 grew 35% to $6.5 million from $4.8 million in 2QFY06. The increase was largely attributed to higher costs and additional headcount in line with the expanded business volume, and included higher provision for performance incentives due to the good results as well as one-time expenses incurred for the rights issue completed during 2QFY07. Separately, finance costs rose 23% to $0.5 million in 2QFY07 as the Group funded the build-up of its inventories through unsecured short-term borrowings, albeit at higher prevailing interest rates.

With growth in gross profit outpacing the rise in expenses, the Group for 2QFY07 recorded a 156% surge in net profit after tax to $7.0 million from $2.7 million recorded for 2QFY06. Net profit margin also rose to 10.7% for 2QFY07 from 5.9% for 2QFY06.

As a result of strong year-on-year growth for both 1QFY07 and 2QFY07, HUPSteel had for 1HFY07 achieved a 33%-increase in revenue to a record $120.4 million from $90.5 million for 1HFY06, while net profit after tax grew at an even faster rate of 139% to a record $14.8 million from $6.2 million for 1HFY06.

Despite enlarging its share base by approximately 25% following the rights issue completed in December 2006, the Group recorded basic earnings per share of 1.54 cents for 2QFY07 compared to 0.75 cents for 2QFY06, and 3.26 cents for 1HFY07 compared to 1.70 cents for 1HFY06.

The Group also continued to maintain a healthy balance sheet with a strong current ratio and very low net gearing. The Group also raised its balance of cash and cash equivalents to $19.7 million as at 31 December 2006 from $11.2 million as at 30 June 2006. At the same time, it built up its inventories to $55.0 million as at 31 December 2006 from $44.4 million as at 30 June 2006 due to higher purchasing activities in line with the higher revenue and a build-up of stocks for the coming quarters.

The Group recorded net asset value per share of 29.64 cents on an enlarged share base as at 31 December 2006.

“We are extremely pleased to have delivered to our shareholders a record half-year performance that reflects the hard work put in by our management and staff, and the strong recovery in our business following the significant price correction encountered for most of FY2006,” said Mr Lim Kim Thor, Chief Executive Officer of HUPSteel. “At the same time, we have been busy laying the groundwork to improve efficiencies within the Group which we believe will have long-term benefits for us.”

The Group expects to realise additional efficiencies when its nearly completed warehouse extension is opened, and from its implementation of a new IT system which has recently come online.

Apart from reaping benefits from its own internal projects, the Group expects to enjoy stable demand for its products in the coming quarters as the local economy is forecast to continue growing in calendar year 2007.

On-going oil-related, rig building and ship building projects are expected to continue providing stable demand for the Group's structural steel, pipe and fitting products.

The Group also expects demand for its structural steel products to remain strong with the pick up in the construction and property sectors, coupled with the impending construction of the Integrated Resorts and Marina Bay Business Financial Centre. Prospects for the latter has been boosted by the recent ban on the sale of Indonesia sand to Singapore which is likely to push developers to substitute steel for concrete which will further increase demand for the Group's structural steel products.

As such, HUPSteel believes that the construction sector is expected to rise in the coming quarters and become another growth driver for the Group.

Due to the continued stable demand, HUPSteel expects gross margins in the coming quarter at the individual product category level to remain relatively constant.

"Coupled with a positive outlook and stable demand expected for our products in the coming quarters, and barring unforeseen circumstances, the strong performance recorded in the first half will go a long way towards making HUPSteel's performance for FY2007 significantly better than that achieved for FY2006," said Mr Lim.

HUPSteel had in the first six months of the financial year recorded net profit after tax that is already more than 93% of that achieved for FY2006.

End of release

About HUPSteel Limited

Established in 1945 as an industrial hardware company, SGX Main Board-listed HUPSteel Limited, formerly known as Hup Seng Huat Co. Ltd, provides an integrated range of steel products and services for the oil and gas, chemical and petrochemical, energy, infrastructure, marine and other industries across Asia Pacific. Serving more than 1,500 customers in over 15 countries, HUPSteel is one of the largest steel suppliers and stockists in Singapore.

The Group distinguishes itself from other Singapore-based steel stockists in being able to provide value-added services such as logistics services that will enable it to expand across the horizontal supply chain and become a truly global total solutions provider for steel products and services. HUPSteel'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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