

CIRCULAR DATED 14 DECEMBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by SHS Holdings Ltd. (the “Company”, and with its subsidiaries, the “Group”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.



SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

CIRCULAR TO SHAREHOLDERS

In relation to

THE PROPOSED DISPOSAL BY THE COMPANY TO BRENN TAG (HOLDING) B.V. OF ITS ENTIRE SHAREHOLDING INTERESTS IN:

- (A) TAT PETROLEUM PTE LTD AND AXXMO INTERNATIONAL PTE LTD, EACH A WHOLLY OWNED SUBSIDIARY OF THE COMPANY; AND**
- (B) PT TAT PETROLEUM INDONESIA, THE SHAREHOLDING OF WHICH TAT PETROLEUM PTE LTD AND THE COMPANY HOLD 99% AND 1% RESPECTIVELY,**

FOR AN AGGREGATE CASH CONSIDERATION OF S\$100,288,000

IMPORTANT DATES AND TIMES

| | | |
|--|---|--|
| Last date and time for lodgement of Proxy Form | : | 28 December 2015 at 9.30 a.m. |
| Date and time of Extraordinary General Meeting | : | 30 December 2015 at 9.30 a.m. |
| Place of Extraordinary General Meeting | : | 81 Tuas South Street 5 Singapore 637651 |

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

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|--------------------------------------|---|---|
| “2015 Environmental Report” | : | The environmental report conducted on the Target Group’s operations |
| “Advance SCT Shares” | : | 751,496 ordinary shares in the share capital of Advance SCT Limited |
| “Agreement” | : | The share sale and purchase agreement dated 18 September 2015 entered into between the Company and the Buyer in relation to the Proposed Disposal |
| “Announcements” | : | The announcements made by the Company on 18 September 2015 and 25 September 2015 in relation to the Proposed Disposal |
| “Axxmo” | : | Axxmo International Pte Ltd |
| “Axxmo Book Value Adjustment” | : | The adjustment to be made in relation to the net book value of Axxmo |
| “Board” | : | The board of Directors of the Company from time to time |
| “Brenntag” | : | Brenntag AG, a company listed on the Frankfurt Stock Exchange, and its subsidiaries |
| “Business Day” | : | A day (other than a Saturday or Sunday or a public holiday) when commercial banks are open for ordinary banking business in Singapore and Germany |
| “Buyer” | : | Brenntag (Holding) B.V. |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 14 December 2015 |
| “Claims” | : | The claims made by the Buyer pursuant to any general and/or environmental breaches by the Company |
| “Companies Act” | : | The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time |
| “Company” | : | SHS Holdings Ltd. |
| “Completion” | : | The completion of the Proposed Disposal |

DEFINITIONS

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| “Completion Date” | : | The date that is ten (10) Business Days after (and excluding) the day on which the last of the Conditions Precedent has been satisfied or waived in accordance with the Agreement, or such other date as the Parties agree in writing |
| “Conditions Precedent” | : | The conditions precedent set out in Paragraph 3.3 of this Circular |
| “Consideration” | : | The aggregate cash consideration |
| “Corrosion Prevention Business” | : | The provision of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries which is undertaken by See Hup Seng CP Pte. Ltd. and its subsidiaries |
| “Director” | : | A director of the Company (whether executive or non-executive) as at the date of this Circular and the term “Directors” shall be construed accordingly |
| “Diversification EGM” | : | An extraordinary general meeting on 27 August 2015 to obtain Shareholders’ approval for the Proposed Diversification |
| “EGM” | : | The extraordinary general meeting of the Company to be held at 81 Tuas South Street 5, Singapore 637651 on 30 December 2015 at 9.30 a.m., notice of which is set out in this Circular |
| “Environmental Escrow Amount” | : | An environmental escrow amount of S\$5,000,000 |
| “EPC” | : | Engineering, procurement and construction |
| “EPS” | : | Earnings per Share |
| “Escrow Agent” | : | An escrow agent to be appointed by the Company and Buyer |
| “Estimated Axxmo Book Value” | : | S\$1,731,000 |
| “Estimated Net Debt” | : | S\$30,728,000 |
| “Estimated Purchase Price” | : | S\$100,288,000 |
| “Estimated Trade Working Capital” | : | S\$49,000,000 |
| “EVIA Shares” | : | 2,873 preference shares in the share capital of EVIA Real Estate (3) Pte. Ltd. |

DEFINITIONS

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| “Final Axxmo Book Value” | : | The final net book value of Axxmo |
| “Final Net Debt” | : | The final net debt of the Target Group (less Axxmo) |
| “Final Purchase Price” | : | The final purchase price derived from the Estimated Purchase Price subject to the Net Adjustment Amount post-Completion |
| “Final Trade Working Capital” | : | The final trade working capital of the Target Group (less Axxmo) |
| “FY” | : | Financial year ended on 31 December |
| “General Escrow Amount” | : | A general escrow amount of S\$10,000,000 |
| “Goodwill and Reserve” | : | The goodwill and reserve at Group level in relation to the acquisition of 51% shareholding in TAT Singapore and its subsidiaries by the Company in 2007 of S\$7,973,000 and 49% shareholding in TAT Singapore and its subsidiaries by the Company in 2010 of S\$16,687,000 totalling S\$24,660,000 |
| “Group” | : | The Company and its subsidiaries |
| “Investment Holding Business” | : | The investment holding for the other businesses of the Group and other strategic investments undertaken by the Company and/or its subsidiaries |
| “Irrevocable Undertakings” | : | The irrevocable undertakings provided by the Undertaking Persons on 18 September 2015 |
| “Jalan Pesawat Property” | : | The property at 9 Jalan Pesawat, Singapore 619367 |
| “JTC” | : | Jurong Town Corporation |
| “Latest Practicable Date” | : | 7 December 2015, being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The Listing Manual of the SGX-ST, as amended or modified from time to time |
| “Long Stop Date” | : | The long stop date for the satisfaction of the Conditions Precedent is the date falling six (6) months from the date of the Agreement or such other date as the Buyer may specify in writing |
| “Notice of EGM” | : | The notice of the EGM as set out in this Circular |
| “NAV” | : | Net asset value |

DEFINITIONS

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| “Net Adjustment Amount” | : | The final adjustment amount derived from netting off the Net Debt Adjustments, the Trade Working Capital Adjustments and the Axxmo Book Value Adjustment (if necessary) |
| “Net Debt Adjustments” | : | The adjustments to be made in relation to net debt |
| “Net Proceeds” | : | Approximately S\$98,863,000 |
| “NTA” | : | Net tangible assets |
| “Proposed Disposal” | : | <p>The sale and disposal by the Company to the Buyer of its entire shareholding interests in:</p> <p>(a) TAT Singapore and Axxmo, each a wholly owned subsidiary of the Company; and</p> <p>(b) TAT Indonesia, the shareholding of which TAT Singapore and the Company hold 99% and 1% respectively, for an aggregate cash consideration of S\$100,288,000</p> |
| “Proposed Diversification” | : | The proposed diversification of the Group’s businesses to include the Solar Power Business |
| “Proxy Form” | : | The proxy form in respect of the EGM as set out in this Circular |
| “Remaining Businesses” | : | The Corrosion Prevention Business, Structural Steel and Facade Engineering Business and Investment Holding Business |
| “Sale Shares” | : | <p>(a) 3,000,000 ordinary shares in the capital of TAT Singapore;</p> <p>(b) 500,000 ordinary shares in the capital of Axxmo; and</p> <p>(c) 1,250 ordinary shares in the capital of TAT Indonesia comprising 1% of the issued and paid-up share capital of TAT Indonesia</p> |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Shareholders” | : | The registered holders of the Shares, except where the registered depositor is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose securities accounts are credited with the Shares |

DEFINITIONS

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| “Share(s)” | : | Fully paid ordinary share(s) in the capital of the Company |
| “Solar Power Business” | : | The solar power business, which comprises the: <ul style="list-style-type: none"> (a) EPC of solar power systems for third parties; (b) leasing of solar power systems that the Group owns to third parties; (c) EPC of solar power systems for the sale of electric power produced by such solar power systems owned by the Group; (d) acquisition of solar power systems from third parties for the Group’s operations for the sale of electric power produced by such solar power systems owned by the Group; and (e) sale of electric power produced by solar power systems owned by the Group |
| “Structural Steel and Facade Engineering Business” | : | The design, engineering and construction of integrated structures created from steel, aluminum and glass materials which is undertaken by Hetat Holdings Pte. Ltd. and its subsidiaries |
| “Target Group” | : | TAT Singapore, the subsidiaries of TAT Singapore (including TAT Indonesia) and Axxmo |
| “TAT Indonesia” | : | PT TAT Petroleum Indonesia |
| “TAT Singapore” | : | TAT Petroleum Pte Ltd |
| “Trade Working Capital Adjustments” | : | The adjustments to be made in relation to trade working capital |
| “Undertaking Persons” | : | Each of Mr Ng Han Kok, Henry, Mr Goh Koon Seng and Mr Chew Hoe Soon |

Currencies, Units and Others

| | | |
|---------------------------|---|---|
| “EUR” | : | Euros |
| “S\$” and “cents” | : | Singapore dollars and cents, respectively |
| “US\$” and “cents” | : | United States dollars and cents, respectively |
| “%” or “per cent.” | : | Per centum or percentage |

DEFINITIONS

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act or any statutory modification thereof, as the case may be.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the one gender shall, where applicable, include all other and neuter genders. References to natural persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, unless otherwise provided, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act, the Listing Manual or such statutory modification thereof, as the case may be.

Any reference to a time of day shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

LETTER TO SHAREHOLDERS

SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

Directors:

Chew Hoe Soon (*Non-Executive & Non-Independent Chairman*)
Ng Han Kok, Henry (*Group Chief Executive Officer*)
Goh Koon Seng (*Group Chief Operating Officer*)
Oh Eng Bin, Kenneth (*Independent Non-Executive Director*)
Lee Kuo Chuen, David (*Independent Non-Executive Director*)
Lee Gee Aik (*Independent Non-Executive Director*)

Registered Office:

81 Tuas South Street 5
Singapore 637651

14 December 2015

To: The Shareholders of the Company

Dear Sir/Madam,

THE PROPOSED DISPOSAL BY THE COMPANY TO BRENNTAG (HOLDING) B.V. OF ITS ENTIRE SHAREHOLDING INTERESTS IN:

- (A) TAT PETROLEUM PTE LTD AND AXXMO INTERNATIONAL PTE LTD, EACH A WHOLLY OWNED SUBSIDIARY OF THE COMPANY; AND**
- (B) PT TAT PETROLEUM INDONESIA, THE SHAREHOLDING OF WHICH TAT PETROLEUM PTE LTD AND THE COMPANY HOLD 99% AND 1% RESPECTIVELY,**

FOR AN AGGREGATE CASH CONSIDERATION OF S\$100,288,000

1. INTRODUCTION

1.1 Background

On 18 September 2015, the Board announced that the Company had entered into the Agreement with Brenntag (Holding) B.V. (the “**Buyer**”), for the sale and disposal by the Company to the Buyer of its entire shareholding interests in:

- (a) TAT Singapore and Axxmo, each a wholly owned subsidiary of the Company; and
- (b) TAT Indonesia, the shareholding of which TAT Singapore and the Company hold 99% and 1% respectively,

for an aggregate cash consideration of S\$100,288,000 (collectively the “**Proposed Disposal**”).

LETTER TO SHAREHOLDERS

1.2 Chapter 10 of the Listing Manual

The Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is subject to the approval of the Shareholders being obtained at the EGM. For further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, please refer to Paragraph 4 of this Circular.

1.3 Rule 704(18)(c) of the Listing Manual

Upon completion of the Proposed Disposal (“**Completion**”), TAT Singapore, the subsidiaries of TAT Singapore and Axxmo will cease to be subsidiaries of the Company.

1.4 Purpose of Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Disposal and to seek Shareholders’ approvals for the same at the forthcoming EGM.

2. INFORMATION ON THE TARGET GROUP AND THE BUYER

2.1 Information on the Target Group

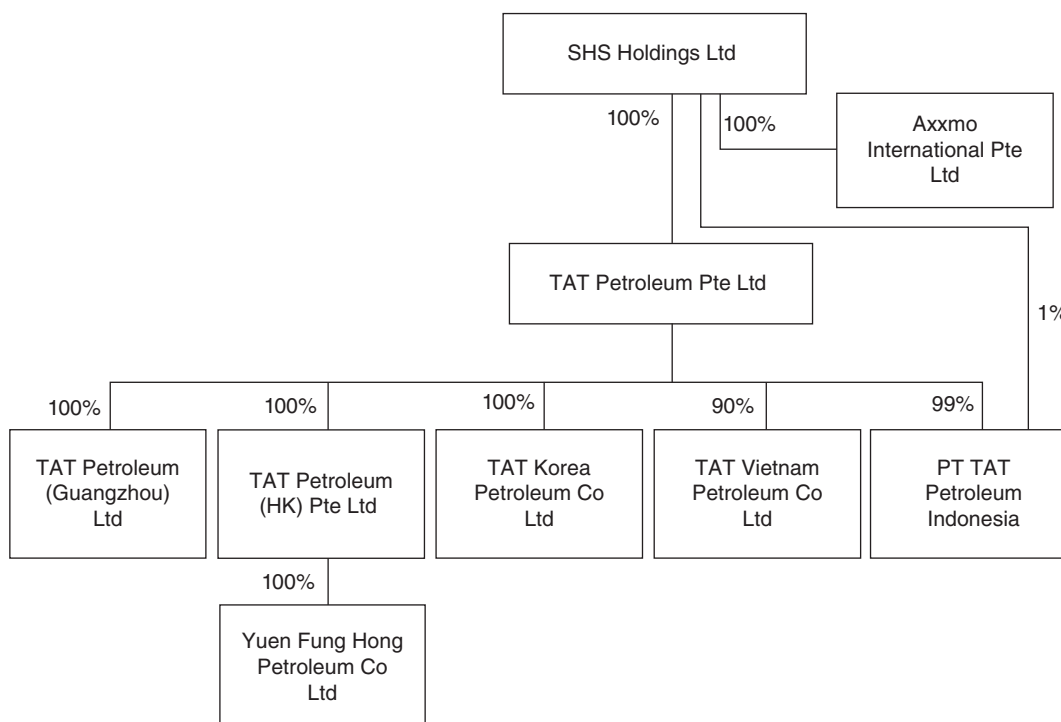
TAT Singapore, the subsidiaries of TAT Singapore (including TAT Indonesia) and Axxmo (collectively the “**Target Group**”), operate a distribution business for refined petroleum products including solvents, lubricants, fuels, polyalphaolefins, asphalt and white oils (including tolling, blending, repackaging and mixing) in the Asia Pacific region.

Details of each company within the Target Group

| Registered name of Target Group company | Place of incorporation | Business Scope |
|---|---------------------------|--|
| TAT Petroleum Pte Ltd | Singapore | Distribution and wholesale of refined petroleum products |
| TAT Petroleum (Guangzhou) Ltd | Guangzhou, China | |
| TAT Petroleum (HK) Pte Ltd | Hong Kong | |
| Yuen Fung Hong Petroleum Co Ltd | Hong Kong | |
| TAT Korea Petroleum Co Ltd | Seoul, Korea | |
| TAT Vietnam Petroleum Co Ltd | Ho Chi Minh City, Vietnam | |
| PT TAT Petroleum Indonesia | Republic of Indonesia | |
| Axxmo International Pte Ltd | Singapore | |

LETTER TO SHAREHOLDERS

Group structure of the Target Group



Financial information relating to the Target Group

(a) Book Value⁽¹⁾

Based on the unaudited financial statements of each of TAT Singapore, Axxmo and TAT Indonesia for the six-month period ended 30 June 2015, the book value attributable to the Sale Shares are as follows:

- (i) approximately S\$27,816,000 for the 3,000,000 ordinary shares in the capital of TAT Singapore, including its 99% shareholding in TAT Indonesia⁽²⁾⁽³⁾;
- (ii) approximately S\$1,731,000 for the 500,000 ordinary shares in the capital of Axxmo; and
- (iii) approximately (S\$300) for the 1,250 ordinary shares in the capital of TAT Indonesia comprising 1% of the issued and paid-up share capital of TAT Indonesia.

Notes:

- (1) The net asset value of the Target Group of S\$37.5 million which is included in the Company's consolidated account is the aggregate of the book value of the Target Group, being approximately S\$29.55 million and the goodwill (being the amount in excess of the book value of the Target Group that was paid by the Company when the Company acquired 51% and 49% of the shareholding in TAT Singapore and its subsidiaries in 2007 and 2010 respectively) attributable to the Target Group, being approximately S\$7.97 million. The book value of the Target Group is included in the consolidated financial statements of the Company. In accordance with Rule 1010(5) of the Listing Manual, only the book value attributable to the Sale Shares is disclosed above.
- (2) The book value includes the assets and liabilities of the subsidiaries of TAT Singapore including TAT Indonesia.

LETTER TO SHAREHOLDERS

- (3) The book value of TAT Singapore includes the book value of the EVIA Shares and the Advance SCT Shares, being S\$2,873,000 and S\$0 respectively. The book value of the EVIA Shares is the subscription amount paid by TAT Singapore when acquiring the EVIA Shares, less dividends paid out to TAT Singapore in respect of the EVIA Shares in the form of a capital reduction.

(b) NTA

Based on the unaudited financial statements of each of TAT Singapore, Axxmo and TAT Indonesia for the six-month period ended 30 June 2015, the NTA attributable to the Sale Shares are as follows:

- (i) approximately S\$27,816,000 for the 3,000,000 ordinary shares in the capital of TAT Singapore, including its 99% shareholding in TAT Indonesia;
- (ii) approximately S\$1,731,000 for the 500,000 ordinary shares in the capital of Axxmo; and
- (iii) approximately (S\$300) for the 1,250 ordinary shares in the capital of TAT Indonesia comprising 1% of the issued and paid-up share capital of TAT Indonesia.

(c) Latest Available Open Market Value

There is no open market value for the Sale Shares as they are not publicly traded and no valuation was conducted in respect of the Sale Shares.

2.2 Information on the Buyer

As at the date of this Circular, the Buyer is an operating and wholly owned subsidiary of Brenntag AG, a company listed on the Frankfurt Stock Exchange (together with its subsidiaries, referred to as “**Brenntag**”). Brenntag, the global market leader in chemical distribution, covers all major markets with its extensive product and service portfolio. Headquartered in Mülheim an der Ruhr, Germany, the company operates a global network with more than 490 locations in 72 countries. In 2014, the company, which has a global workforce of more than 13,500, generated sales of EUR10.0 billion (US\$13.3 billion). Brenntag connects chemical manufacturers and chemical users. Brenntag supports its customers and suppliers with tailor-made distribution solutions for industrial and specialty chemicals. With over 10,000 products and a world-class supplier base, Brenntag offers one-stop-shop solutions to around 170,000 customers. This includes specific application technology, an extensive technical support and value-added services such as just-in-time delivery, product mixing, formulation, repackaging, inventory management and drum return handling. Long-standing experience and local excellence in the individual countries characterise the global market leader for chemical distribution.

LETTER TO SHAREHOLDERS

3. DETAILS OF THE PROPOSED DISPOSAL

3.1 Proposed Disposal

Pursuant to the terms and subject to the conditions of the Agreement, the Company shall sell to Buyer and the Buyer shall purchase:

- (a) 3,000,000 ordinary shares in the capital of TAT Singapore;
- (b) 500,000 ordinary shares in the capital of Axxmo; and
- (c) 1,250 ordinary shares in the capital of TAT Indonesia comprising 1% of the issued and paid-up share capital of TAT Indonesia

(collectively the “**Sale Shares**”).

3.2 Consideration

Consideration

The aggregate cash consideration (“**Consideration**”) of the Proposed Disposal is equivalent to S\$100,288,000 (“**Estimated Purchase Price**”), subject to adjustments to be made in relation to net debt (“**Net Debt Adjustments**”), trade working capital (“**Trade Working Capital Adjustments**”) and the net book value of Axxmo (“**Axxmo Book Value Adjustments**”) post-Completion (the “**Final Purchase Price**”). For further details on the Net Debt Adjustments, Trade Working Capital Adjustments and Axxmo Book Value Adjustments, please refer to the section entitled “Adjustments” as set out below.

The Consideration was arrived at by agreement between the Company and the Buyer on a “willing-buyer, willing-seller” basis after taking into account the following:

- (a) the distribution rights for the products the Target Group distributes for its principal suppliers;
- (b) the Target Group’s wide range of refined petroleum products provided to its customers across various sectors and its market presence and market development capabilities in servicing its customers in the Asia Pacific region;
- (c) the sizeable filling, drumming and strategic location of the Target Group’s current plant in the Jalan Pesawat Property in Singapore which provides comprehensive supply chain management, including integrated filling, blending and storage facilities, and strong market distribution capabilities in the Asia Pacific region; and
- (d) the strong team capabilities stringent quality and safety standards of the Target Group’s operations.

LETTER TO SHAREHOLDERS

Payment Terms

On Completion, the Buyer shall pay:

- (a) to the Company, the Estimated Purchase Price of S\$100,288,000 less the General Escrow Amount and Environmental Escrow Amount (both as defined below) on Completion, with such amount to be paid by way of transfer in immediately available funds and by wire transfer by the Buyer to an account designated by the Company;
- (b) to an escrow agent to be appointed by the Company and Buyer ("**Escrow Agent**"), a general escrow amount of S\$10,000,000 ("**General Escrow Amount**"); and
- (c) to the Escrow Agent, an environmental escrow amount of S\$5,000,000 ("**Environmental Escrow Amount**").

Adjustments

The Estimated Purchase Price is based on the estimated:

- (a) net debt and estimated trade working capital of the Target Group (less Axxmo) as at 30 June 2015, being S\$30,728,000 ("**Estimated Net Debt**") and S\$49,000,000 ("**Estimated Trade Working Capital**") respectively; and
- (b) net book value of Axxmo, which is S\$1,731,000 as at 30 June 2015 ("**Estimated Axxmo Book Value**").

The final net debt and final trade working capital of the Target Group (less Axxmo), and the final net book value of Axxmo (being the "**Final Net Debt**", "**Final Trade Working Capital**" and "**Final Axxmo Book Value**" respectively) are to be determined on a date no later than 90 Business Days after the Completion Date.

As agreed by the Company and the Buyer in the Agreement, the adjustments for net debt and trade working capital are only in respect of TAT Singapore and its subsidiaries, and do not include Axxmo. The adjustment in respect of Axxmo pertains to its net book value.

There is a difference of approximately S\$11.28 million between (a) the book value of the Target Group as at 30 June 2015 of approximately S\$29.55 million; and (b) the difference between the Estimated Net Debt and the Estimated Trade Working Capital of approximately S\$18.27 million. This sum of approximately S\$11.28 million is primarily made up of the fixed assets held by the Target Group which amounts to approximately S\$9.55 million and the Estimated Axxmo Book Value, which is approximately S\$1.73 million.

The Final Net Debt is the aggregate of the following items:

- (i) cash and cash equivalents;
- (ii) bank borrowings;
- (iii) debt-like items;
- (iv) personnel related liabilities and provisions (to the extent that they are not considered as accruals);

LETTER TO SHAREHOLDERS

- (v) other liabilities and provisions (to the extent that they are not considered trade working capital),

of the Target Group (less Axxmo).

The Final Trade Working Capital is the aggregate of the following items:

- (a) net trade receivables;
- (b) net inventory;
- (c) trade payables;
- (d) prepayments, deposits and other receivables; and
- (e) other credits,

of the Target Group (less Axxmo).

The Final Axxmo Book Value is the aggregate of all the assets and liabilities of Axxmo.

The Net Debt Adjustments, the Net Trade Working Capital Adjustments and the Net Axxmo Book Value Adjustment are the difference between the:

- (a) Final Net Debt and the Estimated Net Debt; and
 - (b) Final Trade Working Capital and the Estimated Trade Working Capital; and
 - (c) Final Axxmo Book Value and the Estimated Axxmo Book Value,
- respectively.

To illustrate, an adjustment would be made in the following scenarios:

- (i) in the event that the:
 - (A) Final Net Debt is less than the Estimated Net Debt;
 - (B) Final Trade Working Capital exceeds the Estimated Trade Working Capital; and/or
 - (C) Final Axxmo Book Value exceeds the Estimated Axxmo Book Value,
- (ii) there shall be a Net Debt Adjustment, Trade Working Capital Adjustment and/or Axxmo Book Value Adjustment to the extent of such excess in favour of the Company;
- (iii) in the event that the
 - (A) Final Net Debt exceeds the Estimated Net Debt;
 - (B) Final Trade Working Capital is less than the Estimated Trade Working Capital; and/or

LETTER TO SHAREHOLDERS

- (C) Final Axxmo Book Value is less than the Estimated Axxmo Book Value
- (iv) there shall be a Net Debt Adjustment, Trade Working Capital Adjustment and/or Axxmo Book Value Adjustment to the extent of such excess in favour of the Buyer; and
- (v) in the event that the Estimated Net Debt, the Estimated Trade Working Capital and/or the Estimated Axxmo Book Value are equal to the Final Net Debt, the Final Trade Working Capital and/or Final Axxmo Book Value respectively, no Net Debt Adjustment, Trade Working Capital Adjustment and/or Axxmo Book Value Adjustment (as the case may be) shall be made.

The Net Debt Adjustments, Trade Working Capital Adjustments and the Axxmo Book Value Adjustment shall be netted off (if necessary) to obtain the final adjustment amount ("**Net Adjustment Amount**"). The Final Purchase Price will be determined by increasing or decreasing the Estimated Purchase Price based on the provisions of the Agreement, and such Net Adjustment Amount will be paid to Buyer or the Company (as the case may be).

Escrow Amounts

The General Escrow Amount and the Environmental Escrow Amount shall be held in escrow in accordance with the terms of the Agreement and shall be released to the Company at the end of the escrow period, less any payments to the Buyer that are made pursuant to any claims ("**Claims**"):

- (a) for the breach of the indemnities and warranties given by the Company under the Agreement; or
- (b) in respect of any environmental issues arising out of, or identified in, among others, the environmental report conducted on the Target Group's operations ("**2015 Environmental Report**").

Any amount paid out from the General Escrow Amount and the Environmental Escrow Amount to settle Claims for general and/or environmental breaches by the Company shall, so far as possible, be deemed to be a reduction of the Consideration.

The escrow period shall expire on the later of the twelfth (12th) month anniversary of Completion and the date that is two (2) months after the Buyer has received a written response from the JTC in respect of the 2015 Environmental Report.

3.3 Conditions Precedent

Under the terms of the Agreement, the Proposed Disposal is conditional upon the following (the "**Conditions Precedent**"):

- (a) the completion, to the satisfaction of the Buyer (acting reasonably), and delivery to the Buyer of the 2015 Environmental Report;
- (b) the provision, to the satisfaction of the Buyer, of the information, confirmations and documents in respect of the Target Group;

LETTER TO SHAREHOLDERS

- (c) the passing at a duly convened and held general meeting of the Company of a resolution by the Shareholders to approve the Proposed Disposal on the terms and conditions set out in the Agreement;
- (d) TAT Singapore's receipt, in a form reasonably satisfactory to the Buyer, of written consents and/or waivers to the transactions envisaged by the Agreement from the key suppliers and customers and the key finance providers;
- (e) TAT Singapore's receipt from the JTC of its written consent to the acquisition of the entire issued and paid-up share capital of TAT Singapore by the Buyer, in respect of the Jalan Pesawat Property where the Target Group's filling and drumming operations are primarily carried out; and
- (f) the delivery to the Buyer of evidence to its satisfaction of the completion by the Company of the transfer of (i) the EVIA Shares held by TAT Singapore to the Group; and (ii) the Advance SCT Shares out of the Target Group.

The long stop date for the satisfaction of the Conditions Precedent is the date falling six (6) months from the date of the Agreement or such other date as the Buyer may specify in writing (the "**Long Stop Date**").

The Buyer may waive in whole or in part all or any of the Conditions Precedent, other than the Condition Precedent set out in Paragraph 3.3(c) above.

If any of the Conditions Precedent is not fulfilled or waived on or before the Long Stop Date, then the Buyer shall be entitled to treat the Agreement as terminated subject to, and on the basis set out in, the Agreement, provided that the following shall apply in respect of the Condition Precedent set out in Paragraph 3.3(e) above:

- (A) the Buyer shall have the right to terminate the Agreement in the event of:
 - (i) as a condition of its consent, the JTC materially shortens the duration of the existing lease for the Jalan Pesawat Property; or
 - (ii) if the JTC withholds its consent;
- (B) the Company shall have the right to terminate the Agreement in the event that the JTC imposes a materially financially adverse condition on the Company (as opposed to TAT Singapore or the Buyer); and
- (C) the Company undertakes to indemnify and hold the Buyer and Target Group harmless from and against all losses suffered or incurred by the Buyer and Target Group in respect of any financially adverse condition imposed by the JTC as a condition to its consent.

As at the Latest Practicable Date, only the Condition Precedent set out in Paragraph 3.3(a) & (e) has been fulfilled by way of confirmation from the JTC that its written consent to the acquisition of the entire issued and paid-up share capital of TAT Singapore by the Buyer is not required.

LETTER TO SHAREHOLDERS

3.4 Completion

Subject to the Agreement becoming unconditional in accordance with the terms and conditions of the Agreement and provided always that there is no material breach of any of the terms and conditions of the Agreement by the Company and the Buyer, the completion of the sale and purchase of the Sale Shares shall be the date that is ten (10) Business Days after (and excluding) the day on which the last of the Conditions Precedent has been satisfied or waived in accordance with the Agreement, or such other date as the Company and the Buyer may agree in writing.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

4.1 General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a major transaction if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the major transaction.

4.2 Relative Figures computed on the bases set out in Rule 1006 of the Listing Manual

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal, and based on the unaudited financial statements of the Group for the six-month period ended 30 June 2015 are as follows:

| Rule 1006 | Bases | Relative Figures |
|-----------|--|---|
| (a) | The net asset value of the Target Group to be disposed of, compared with the Group's net asset value | 25% ⁽¹⁾ |
| (b) | The net profits attributable to the Target Group to be disposed of, compared with the Group's net profits | 146% ⁽²⁾ |
| (c) | The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of Shares excluding treasury shares | 68.8% ⁽³⁾ |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable as the transaction is a disposal |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves | Not applicable as the Company is not a mineral, oil and gas company |

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on the net asset value of the Target Group of approximately S\$37.5 million and the net asset value of the Group of approximately S\$150.1 million. The net asset value of the Target Group of S\$37.5 million is the aggregate of the book value of the Target Group, being approximately S\$29.55 million (as disclosed in Paragraph 2.1(a) of this Circular) and the goodwill attributable to the Target Group, being approximately S\$7.97 million.
- (2) Based on the net profits attributable to the Target Group of S\$5.73 million and the net profits of the Group of S\$3.92 million for the six-month period ended 30 June 2015. The difference is attributable to the losses of S\$0.8 million, S\$0.1 million and S\$1.1 million incurred for the six-month period ended 30 June 2015 by the Corrosion Prevention Business (as defined below), Structural Steel Engineering and Facade Business (as defined below) and corporate expenses of the Group respectively which are partly net off by the net profit of S\$0.2 million from the Investment Holding Business (as defined below). Please refer to the section entitled "Rationale for the Proposed Disposal" in Paragraph 6.1 of this Circular for further details.
- (3) Based on the Consideration of S\$100.2 million (assuming that the Net Adjustment Amount is zero and that no payments are made pursuant to any Claims) as well as the issued share capital of the Company of 608,513,178 Shares and the volume weighted average price of S\$0.2393 transacted on the Main Board of the SGX-ST on 17 September 2015 (being the last market day preceding the signing of the Agreement on which the Shares were traded).

4.3 Major Transaction

As the relative figures under Rules 1006(a), 1006(b) and 1006(c) exceed 20%, the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is conditional upon the approval of the Shareholders at a general meeting.

5. SERVICE CONTRACTS OF DIRECTORS

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

6. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

6.1 Rationale for the Proposed Disposal

The Proposed Disposal unlocks value for the Company's shareholders and increases the overall financial capacity and flexibility of the Group and provides working capital for the other business units of the Company.

The remaining businesses of the Group ("**Remaining Businesses**") after the Proposed Disposal are as follows:

- (a) design, engineering and construction of integrated structures created from steel, aluminum and glass materials which is undertaken by Hetat Holdings Pte. Ltd. and its subsidiaries ("**Structural Steel and Facade Engineering Business**");
- (b) provision of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries which is undertaken by See Hup Seng CP Pte. Ltd. and its subsidiaries ("**Corrosion Prevention Business**"); and

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- (c) investment holding for the other businesses of the Group and other strategic investments undertaken by the Company and/or its subsidiaries (**“Investment Holding Business”**), such as companies engaged in the business of owning and operating offshore drilling vessels, developing mini hydropower plants in Indonesia and property developments in Singapore, the investment of which is in line with the Group’s strategy to invest in companies with high growth potential.

| For the 9 month period ended 30 September 2015 | Percentage of revenue of the Group | Percentage of net profit of the Group⁽¹⁾ |
|---|---|--|
| Structural Steel and Facade Business | 7.99% | 0.7% |
| Corrosion Prevention Business | 5.37% | (6.2)% |
| Investment Holding Business | 0.26% | 3.2% |
| Target Group | 86.38% | 134.7% |

Note:

- (1) The remaining (32.4%) of the net profit of the Group for the 9 month period ended 30 September 2015 is attributable to corporate expenses of the Group.

For the 9-month period ended 30 September 2015, the Corrosion Prevention Business is in a small loss making position due to the current poor global and regional economic conditions which has adversely affected the performance of the offshore and marine industries, on which the Corrosion Prevention Business is dependent on.

The Group intends to grow the Remaining Businesses with the ultimate aim of enhancing Shareholders’ value as follows:

- (A) Structural Steel and Facade Business – The Group will (i) in view of the slowdown in the domestic construction industry and upward pressure on manpower cost, the Group intends to leverage on the Group’s expertise and track record in the Structural Steel and Facade Business to pursue opportunities overseas; and (ii) undertake continuous productivity enhancement initiatives as well as seek cost efficiencies in order to improve yield;
- (B) Corrosion Prevention Business – The Group will (i) increase its efforts in implementing efficiency and productivity improvement initiatives as well as cost control measures in Singapore so as to improve the performance of the Corrosion Prevention Business; and (ii) seek to extend the Corrosion Prevention Business overseas, particularly in the People’s Republic of China, where it is also providing corrosion prevention services to Singapore customers who have extended their marine and offshore fabrication works overseas; and
- (C) Investment Holding Business – Our Group will continue to look out for and evaluate investment opportunities in the renewable energy sector, such as hydropower plants in Indonesia and solar energy, and other such areas which the Group views to have high growth potential. Where such investment opportunities are identified the Group will proceed to make strategic investments in such businesses.

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In particular, in respect of the renewable energy sector, the Group is of the view the sector shows great potential for growth, as many jurisdictions have high undeveloped energy production potential and increased commitment to renewable energy and environmental sustainability.

For example, there are 192 parties to the Kyoto Protocol, an international treaty which extends the United Nations Framework Convention on Climate Change and commits the parties to reducing greenhouse gases emissions. As a growing number of countries aim to reduce their carbon footprint and promote sustainable development, more efforts are being undertaken to develop renewable energy sources and increase energy efficiency.

In addition, according to the Sustainable Energy Association of Singapore, renewable energy resources can generate up to 10% of Singapore's power demand by the year 2020 and solar power was identified as one of the key renewable energy sources in the country.

Further, in respect of hydropower plants in Indonesia, the Group believes that there is high growth potential in this sector for the following reasons:

- (i) Indonesia's National Energy Plan which was implemented in October 2014 and supersedes the Presidential Decree No. 5 of 2006 mandates an increase in renewable energy production to 23% of the total energy production in Indonesia by 2025, an increase from the prior target of 15% in the Presidential Decree No. 5 of 2006;
- (ii) Indonesia's National Energy Plan which was implemented in October 2014 also aims to complete the electrification of the country by 2020 to ensure full access to energy; and
- (iii) as at 2012, PT PLN (Persero), the Indonesian government owned utility company which has a monopoly on electrical distribution in Indonesia, estimates that Indonesia has 75,670 MW of large hydropower potential but only produces 5,705 MW of hydropower based electricity, with an undeveloped energy production potential of 92.5%⁽¹⁾.

Based on the foregoing the Group believes that the demand for energy that is produced by hydropower in Indonesia will increase and that there is high potential for growth in that sector.

Note:

- (1) <http://www.renewableenergyworld.com/articles/2012/01/pln-report-shows-indonesia-has-potential-for-significant-hydroelectric-growth.html>

On a related note, the Company held an extraordinary general meeting on 27 August 2015 ("**Diversification EGM**") to obtain Shareholders' approval for the proposed diversification ("**Proposed Diversification**") of the Group's businesses to include the solar power business ("**Solar Power Business**") which comprises the:

- (I) engineering, procurement and construction ("**EPC**") of solar power systems for third parties;
- (II) leasing of solar power systems that the Group owns to third parties;

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- (III) EPC of solar power systems for the sale of electric power produced by such solar power systems owned by the Group;
- (IV) acquisition of solar power systems from third parties for the Group's operations for the sale of electric power produced by such solar power systems owned by the Group; and
- (V) sale of electric power produced by solar power systems owned by the Group.

The resolution to approve the Proposed Diversification was not carried. Out of the total number of Shares represented by votes (311,981,228) at the Diversification EGM, 152,148,853 (48.77%) voted for and 159,832,375 (51.23%) voted against the Proposed Diversification.

For the avoidance of doubt, in respect of transactions (including any transaction in the renewable energy sector or such other sectors in which the Group identifies high growth potential) which fall within the definition of "transaction" as set out in Rule 1002(1) of the Listing Manual:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds:
 - (i) 20%, and the approval of Shareholders in general meeting for such transaction is required pursuant to Rule 1014(2) of the Listing Manual; or
 - (ii) 100% or results in a change in control of the Company, and approval of the SGX-ST and Shareholders in general meeting is required pursuant to Rule 1015(1)(b) of the Listing Manual,

the Company will seek prior approval of the Shareholders and (where necessary) SGX-ST's in respect of such transactions;

- (b) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual is a negative figure, pursuant to Rule 1007(1) of the Listing Manual, Chapter 10 of the Listing Manual may still apply to such transactions at the discretion of the SGX-ST, and the Company shall consult SGX-ST as to whether Chapter 10 of the Listing Manual is applicable to such transactions; and
- (c) in the event that, in accordance with Rule 1007(1) of the Listing Manual, the SGX-ST deems that Chapter 10 of the Listing Manual applies to such transactions and prior approval of the Shareholders is required, the Company will seek prior approval of the Shareholders in general meeting.

6.2 Use of Proceeds

The net proceeds from the Proposed Disposal, after deducting all costs and expenses, and assuming that the Net Adjustment Amount is zero and that no payments are made pursuant to any Claims, are estimated to be approximately S\$98,863,000 ("**Net Proceeds**"). The excess of the net proceeds over the book value of the Target Group as at 30 June 2015 is approximately S\$69,316,000⁽¹⁾. The net gain on the disposal of the Sale Shares at 30 June 2015 is approximately S\$44,655,000⁽²⁾ after netting off the goodwill and reserve at Group level in relation to the acquisition of TAT Singapore and its subsidiaries by the Company in 2007 (51%) and 2010 (49%) respectively.

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The Group intends to utilise the net proceeds for working capital requirements, general corporate purposes and reducing the external borrowings of the Group. This would further strengthen the Group's balance sheet and enhance the Group's financial flexibility.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Board may deem appropriate in the interests of the Group.

Notes:

- (1) The amount of S\$69,316,000 is derived by subtracting the book value of the Target Group as at 30 June 2015 of S\$29,546,700 from the Net Proceeds.
- (2) The amount of S\$44,655,000 is derived by (a) subtracting the book value of the Target Group as at 30 June 2015 of S\$29,546,700; (b) subtracting the cash amount of S\$2,873,000 that would be used to pay for the acquisition of the EVIA Shares; (c) adding the book value of S\$2,873,000 for the acquisition of the EVIA Shares; and (d) subtracting the goodwill and reserve at Group level in relation to the acquisition of 51% shareholding in TAT Singapore and its subsidiaries by the Company in 2007 of S\$7,973,000 and acquisition of 49% shareholding in TAT Singapore and its subsidiaries by the Company in 2010 of S\$16,687,000 totalling S\$24,660,000 ("**Goodwill and Reserve**"), from the Net Proceeds. As the Goodwill and Reserve is attributable to the Target Group which has been disposed by the Company, it can no longer be attributable to the Company and has to accordingly be subtracted from the net proceeds when computing the net gain on the disposal of the Sale Shares.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Bases and Assumptions

The proforma financial effects of the Proposed Disposal on the NTA per Share of the Company and the EPS of the Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2014, being the latest announced consolidated accounts of the Group, and on the assumption that no payments are made pursuant to any Claims and that the Net Adjustment Amount is zero. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

7.2 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the NTA per Share of the Group, assuming that the Proposed Disposal had been completed at the end of FY2014 are set out below:

| | <u>Before</u> <u>Proposed Disposal</u> | <u>After</u> <u>Proposed Disposal</u> |
|---------------------------|---|--|
| NTA (S\$'000) | 112,951 | 180,459 ⁽¹⁾ |
| Number of Shares | 608,461,178 | 608,461,178 |
| NTA per Share (S\$ cents) | 18.56 | 29.65 ⁽¹⁾ |

Note:

- (1) The NTA of the Group after the Proposed Disposal is derived by (a) adding the net proceeds from the Proposed Disposal of approximately S\$98.86 million; and (b) subtracting the NTA of Target Group as at 31 December 2014, being S\$31,355,000. Subsequent to 31 December 2014, a dividend of approximately S\$7.61 million was declared in May 2015, resulting in the book value of the Target Group as at 30 June 2015 being S\$29.55 million despite the Target Group being profitable.

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7.3 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the EPS of the Group, assuming that the Proposed Disposal had been completed at the beginning of FY2014 are set out below:

| | Before Proposed Disposal | After Proposed Disposal |
|-----------------------------------|-------------------------------------|------------------------------------|
| Group profit after tax (S\$'000) | 15,670 | 46,069 ⁽¹⁾ |
| Weighted average number of Shares | 605,852,854 | 605,852,854 |
| Earnings per Share (S\$ cents) | 2.59 | 7.60 |

Note:

- (1) The profit after tax of the Group after the Proposed Disposal is derived by (a) adding the gain on disposal of the Target Group of S\$38,421,000, which is derived by subtracting the (i) net asset value of the Target Group as at 1 January 2014, being S\$35,782,433; (ii) Goodwill and Reserve, being S\$24,660,000, from the Net Proceeds of S\$98,863,000; and (b) subtracting the profit attributable to the Target Group for FY2014 of S\$7,905,000 and a sum of S\$117,000 due to the reversal of the following eliminated intercompany transactions which took place after 1 January 2014: (i) interest expenses of S\$146,000 paid by the Group to the Target Group pursuant to loans extended by the Group to the Target Group; (ii) rental income of S\$36,000 received by the Group from the Target Group pursuant to a tenancy between the Group and the Target Group; and (iii) other miscellaneous expenses of S\$7,000 paid by the Group to the Target Group for spares and supplies.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company or the controlling Shareholder has any direct or indirect interest in the Proposed Disposal other than through their respective shareholdings in the Company. The interests of the Directors of the Company and of the controlling Shareholder as at the Latest Practicable Date are set out below:

| | Direct Interest No. of Shares | %⁽¹⁾ | Deemed Interest No. of Shares | %⁽¹⁾ |
|---------------------------------------|--|------------------------|--|------------------------|
| <u>Directors</u> | | | | |
| Ng Han Kok, Henry ⁽²⁾ | 36,259,527 | 5.96 | 54,828,826 | 9.00 |
| Goh Koon Seng | 130,000 | 0.02 | — | — |
| Chew Hoe Soon ⁽³⁾ | 1,000,000 | 0.16 | 8,340,000 | 1.37 |
| Oh Eng Bin, Kenneth | — | — | — | — |
| Lee Kuo Cheun, David | — | — | — | — |
| Lee Gee Aik | — | — | — | — |
| <u>Controlling Shareholder</u> | | | | |
| Teng Choon Kiat ⁽⁴⁾ | — | — | 123,403,100 | 20.27 |

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 608,832,878 Shares (excluding 17,100,000 treasury shares) as at the Latest Practicable Date.
- (2) Mr Ng Han Kok, Henry is deemed interested in 14,710,000 Shares held by Phillip Securities Pte Ltd, 1,826,300 Shares held by OCBC Securities Private Limited, 38,042,526 Shares held by SBS Nominees Private Limited and 250,000 Shares held by his spouse, Mdm Ong Woo.

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- (3) Mr Chew Hoe Soon is deemed interested in 8,040,000 Shares held by OCBC Securities Private Limited and 300,000 Shares held by his spouse, Mdm Ng Guat Hoon.
- (4) Mr Teng Choon Kiat is deemed interested in 120,756,100 held by CIMB Securities (Singapore) Pte Ltd, 2,647,000 Shares held by Entraco Venture Corporation Pte Ltd.

9. IRREVOCABLE UNDERTAKINGS

Each of Mr Ng Han Kok, Henry, Mr Goh Koon Seng and Mr Chew Hoe Soon (collectively, the “**Undertaking Persons**”) have provided irrevocable undertakings on 18 September 2015 (the “**Irrevocable Undertakings**”) to vote in favour of and procure the vote in favour of, the ordinary resolution relating to the Proposed Disposal in respect of the Shares that each Undertaking Person holds, and the Shares that each Undertaking Person has a deemed interest in. Each of the Undertaking Persons have further undertaken not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any of the Shares that he owns and/or has a deemed interest in as at the date of his Irrevocable Undertaking, until the conclusion of the EGM or the termination of the Agreement (whichever is earlier).

10. DIRECTORS’ RECOMMENDATION

The Directors are of the opinion that, having considered and reviewed, *inter alia*, the rationale for the Proposed Disposal, the terms of the Agreement, and the financial effects of the Proposed Disposal, the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution set out in the Notice of EGM.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Disposal is subject to numerous conditions under the Agreement and is conditional upon the approval of the Shareholders. There is no certainty and assurance as at the date of this Circular that the Proposed Disposal will be completed and that no changes will be made to the terms thereof. Shareholders are therefore advised to exercise caution when dealing or trading in Shares. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 26 of this Circular, will be held at 81 Tuas South Street 5, Singapore 637651 on 30 December 2015 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution set out in the Notice of EGM.

13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

13.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 81 Tuas South Street 5, Singapore 637651 not less than 48

LETTER TO SHAREHOLDERS

hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

13.2 When Depositor regarded as Shareholder

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the EGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

15. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 81 Tuas South Street 5, Singapore 637651 during normal business hours for a period of three (3) months from the date of the Announcement made on 18 September 2015:

- (a) the Agreement; and
- (b) the Irrevocable Undertakings.

Yours faithfully,
for and on behalf of the Board of Directors of
SHS HOLDINGS LTD.

Ng Han Kok, Henry
Group Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING



SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of SHS Holdings Ltd. (“**Company**”) will be held at 81 Tuas South Street 5, Singapore 637651 on 30 December 2015 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolution as set out below. All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the Circular dated 14 December 2015 to the Shareholders.

ORDINARY RESOLUTION:

THE PROPOSED DISPOSAL BY THE COMPANY TO BRENNTAG (HOLDING) B.V. OF ITS ENTIRE SHAREHOLDING INTERESTS IN:

- (A) TAT PETROLEUM PTE LTD AND AXXMO INTERNATIONAL PTE LTD, EACH A WHOLLY OWNED SUBSIDIARY OF THE COMPANY; AND**
- (B) PT TAT PETROLEUM INDONESIA, THE SHAREHOLDING OF WHICH TAT PETROLEUM PTE LTD AND THE COMPANY HOLD 99% AND 1% RESPECTIVELY,**

FOR AN AGGREGATE CASH CONSIDERATION OF S\$100,288,000

THAT:

- (a) approval be and is hereby given to the Company to dispose to Brenntag (Holding) B.V. of its entire shareholding interests in:
 - (i) TAT Petroleum Pte Ltd and Axxmo International Pte Ltd, each a wholly owned subsidiary of the Company; and
 - (ii) PT TAT Petroleum Indonesia, the shareholding of which TAT Petroleum Pte Ltd and the Company hold 99% and 1% respectively,

for an aggregate cash consideration of S\$100,288,000, on the terms and subject to the conditions set out in the share sale and purchase agreement dated 18 September 2015 entered into between the Company and Brenntag (Holding) B.V., as a major transaction for the purposes of Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in paragraph (a) of this resolution.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group Chief Executive Officer
14 December 2015

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SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 197502208Z)

PROXY FORM FOR EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares of SHS Holdings Ltd., this circular to shareholders dated 14 December 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We* _____ (Name) _____ (NRIC/Passport No./
Company Registration no.) of _____ (Address)
being a member/members* of SHS Holdings Ltd. (the "Company") appoint

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

And/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

or failing him/her, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the EGM to be held at 81 Tuas South Street 5, Singapore 637651 on 30 December 2015 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the ordinary resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

| | For | Against |
|---|-----|---------|
| ORDINARY RESOLUTION THE PROPOSED DISPOSAL BY THE COMPANY TO BRENN TAG (HOLDING) B.V. OF ITS ENTIRE SHAREHOLDING INTERESTS IN: (A) TAT PETROLEUM PTE LTD AND AXXMO INTERNATIONAL PTE LTD, EACH A WHOLLY OWNED SUBSIDIARY OF THE COMPANY; AND (B) PT TAT PETROLEUM INDONESIA, THE SHAREHOLDING OF WHICH TAT PETROLEUM PTE LTD AND THE COMPANY HOLD 99% AND 1% RESPECTIVELY, FOR AN AGGREGATE CASH CONSIDERATION OF S\$100,288,000. | | |

If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015

| Total number of Shares held in: | No. of Shares |
|---------------------------------|---------------|
| CDP Register | |
| Register of Members | |

Signature of Shareholder(s)/Common Seal of
Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 81 Tuas South Street 5 Singapore 637651 not less than 48 hours before the time fixed for holding the meeting.
5. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and if no proportion is specified, the first-named proxy shall be deemed to represent all of the shareholding and the second-named proxy shall be deemed to be an alternate to the first-named.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Ltd to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.