

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

**HEADS OF AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE
ISSUED SHARE CAPITALS OF ENTRACO MARINE ENGINEERING PTE LTD, ENTRACO
OFFSHORE PTE LTD, TAMACO PRIVATE LIMITED AND EURONAVY COATINGS (S) PTE LTD**

1 Introduction

The Board of Directors ("**Board**") of SHS Holdings Ltd. ("**Company**") wishes to announce that the Company and its wholly-owned subsidiary, See Hup Seng CP Pte. Ltd. ("**SHSCP**", and together with the Company, the "**Purchasers**"), have on 27 May 2016 entered into a binding heads of agreement ("**HOA**") with Mr Teng Choon Kiat ("**Mr Teng**") and Entraco Venture Corporate Pte Ltd ("**EVC**", and together with Mr Teng, the "**Vendors**") in relation to the proposed acquisition ("**Proposed Acquisition**") of 100% of the total issued and paid-up share capitals in Entraco Marine Engineering Pte Ltd, Entraco Offshore Pte Ltd, Tamaco Private Limited And Euronavy Coatings (S) Pte Ltd (collectively the "**Targets**").

The HOA sets out certain terms and conditions which will form the basis of the definitive sale and purchase agreement ("**SPA**") to be entered into between the Purchasers and the Vendors in relation to the Proposed Acquisition. The obligations of the Vendors and Purchasers to proceed with the Proposed Acquisition shall be conditional on and subject to the SPA being entered into.

2 Information on the Vendors and Targets

The information on the Vendors and the Targets was provided by the Vendors. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.

The Vendors are the legal and beneficial owners of the entire issued and paid-up share capitals of the Targets. Mr Teng owns the entire issued and paid-up share capital of Entraco Marine Engineering Pte Ltd and Entraco Offshore Pte Ltd and EVC owns the entire issued and paid-up share capital of Tamaco Private Limited and Euronavy Coatings (S) Pte Ltd.

Mr Teng is also a controlling shareholder of the Company, being deemed interested in 3,970,500 shares in the Company ("**Shares**") held by EVC, 1,250,000 shares in his name and 189,717,600 Shares held by CIMB Securities (Singapore) Pte Ltd, collectively representing approximately 28% of the issued and paid-up share capital of the Company. EVC is wholly-owned by Mr Teng.

The Targets are incorporated in Singapore and engaged in the business of providing corrosion control services and the supply and distribution of corrosion control materials.

3 Proposed Acquisition

Based on the HOA, completion of the Proposed Acquisition shall be conditional upon, among others:

- (a) completion of satisfactory due diligence on the Targets by the Purchasers;
- (b) approval from the shareholders of the Purchasers as may be required for the Proposed Acquisition; and
- (c) entry by Mr Teng into a service agreement with the Targets, with a term of at least 24 months, and on such other terms as Mr. Teng and the Purchasers may mutually agree in writing.

4 Major Transaction and Interested Person Transaction

Assuming the SPA is similar to the HOA in respect of the terms of the Proposed Acquisition, the consideration for the Proposed Acquisition will range from approximately S\$56.25 million to S\$75 million and on this premise the Proposed Acquisition:

- (a) is expected to constitute a major transaction ("**Major Transaction**") as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"); and
- (b) will constitute an interested person transaction as defined under Chapter 9 of the Listing Manual requiring approval by the shareholders of the Company pursuant to Rule 906 of the Listing Manual ("**Rule 906 IPT**").

To the extent that the Proposed Acquisition is a Major Transaction or a Rule 906 IPT, the Proposed Acquisition will be subject to approval by shareholders of the Company at an extraordinary general meeting to be convened.

5 Interests of Directors and Substantial Shareholders

Mr Teng is a controlling shareholder of the Company and EVC is an associate of Mr Teng, and accordingly both Vendors are interested persons to the Proposed Acquisition for purposes of Chapter 9 of the Listing Manual.

Save as disclosed above, none of the directors or substantial shareholders of the Company (other than in his capacity as director or shareholder of the Company) has any interest, direct or indirect, in the Proposed Acquisition.

6 Further Announcements

The Company will make further announcements on the Proposed Acquisition as may be required under the Listing Manual in due course when the SPA is signed, or as and when appropriate.

7 Cautionary Statement

The Board wishes to emphasize that there is no certainty or assurance as at the date of this announcement that (a) the Parties will enter into the SPA as contemplated under the HOA; (b) the terms of the Proposed Acquisition will remain the same as disclosed in this announcement; or (c) the Proposed Acquisition will proceed.

Shareholders and potential investors are advised to read this announcement and any further announcement by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Ng Han Kok, Henry
Executive Director and Group Chief Executive Officer
27 May 2016