

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

**THE PROPOSED DISPOSAL OF THE ENTIRE SHAREHOLDING INTERESTS IN TAT
PETROLEUM PTE LTD, AXXMO INTERNATIONAL PTE LTD AND PT TAT PETROLEUM
INDONESIA**

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of SHS Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 18 September 2015 entered into a share sale and purchase agreement (the “**Agreement**”) with Brenntag (Holding) B.V. (the “**Buyer**”), for the sale and disposal (the “**Proposed Disposal**”) by the Company to the Buyer of its entire shareholding interests in:
- (a) TAT Petroleum Pte Ltd (“**TAT Singapore**”) and Axxmo International Pte Ltd (“**Axxmo**”), each a wholly owned subsidiary of the Company; and
 - (b) PT TAT Petroleum Indonesia (“**TAT Indonesia**”).
- 1.2. As at the date of this announcement, the Company holds 3,000,000 ordinary shares in the capital of TAT Singapore, 500,000 ordinary shares in the capital of Axxmo and 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**”).
- 1.3. The Proposed Disposal is a major transaction under Rule 1014 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and the Group will comply with the relevant requirements of Chapter 10 of the Listing Manual, which requires approval of the Proposed Disposal by the shareholders of the Company (“**Shareholders**”).
- 1.4. Upon completion of the Proposed Disposal (“**Completion**”), TAT Singapore, the subsidiaries of TAT Singapore and Axxmo will cease to be subsidiaries of the Company. As such, this announcement is also made pursuant to Rule 704(18)(c) of the Listing Manual.

2. BACKGROUND 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 business including solvents, lubricants, fuels, polyalphaolefins, asphalt and white oils (including tolling, blending, repackaging and mixing) in the Asia Pacific region. For further details of each company within the Target Group and the group structure of Target Group please refer to Appendix A.

Financial information relating to the Target Group is as follows:

(a) Book Value

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;

- (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.

(b) Net Tangible Assets (“**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;
- (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.

(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 announcement, the Buyer is an operating subsidiary of Brenntag AG, a company listed on the Frankfurt Stock Exchange (together with its subsidiaries, the “**Brenntag Group**”). Brenntag Group, 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 Group connects chemical manufacturers and chemical users. The company 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 Group 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 characterize the global market leader for chemical distribution.

3. DETAILS OF THE PROPOSED DISPOSAL

3.1 Consideration and Payment Terms

Consideration

The aggregate 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**”) and trade working capital (“**Trade Working Capital Adjustments**”) post-Completion (the “**Final Purchase Price**”).

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 supplier;
- (b) the Target Group's wide range of refined petroleum products 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 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, and stringent quality and safety standards of the Target Group's operations.

Payment Terms

On Completion, the Buyer shall pay to the:

- (a) 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) 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) Escrow Agent, an environmental escrow amount of S\$5,000,000 ("**Environmental Escrow Amount**").

Adjustments

As soon as the final adjustment amount pursuant to the Net Debt Adjustments and Trade Working Capital Adjustments has been determined ("**Net Adjustment Amount**"), the Final Purchase Price will be determined by increasing or decreasing the Estimated Purchase Price based on the provisions of the SPA, 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 SPA 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 month anniversary of Completion and the date that is two (2) months after the Buyer has received a written response from the Jurong Town Corporation ("**JTC**") in respect of the 2015 Environmental Report.

3.2 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;
- (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 (as defined below),; and
- (f) the delivery to the Buyer of evidence to its satisfaction of the completion by the Company of the transfer by TAT Singapore to the Group of (i) 2,874 preference shares in the share capital of EVIA Real Estate (3) Pte Ltd to the Group; and (ii) 751,496 ordinary shares in the share capital of Advance SCT Limited.

The long stop date for the satisfaction 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 3.2(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 3.2(e) above:

- (a) if, as a condition of its consent, the JTC materially shortens the duration of the existing lease for the property at 9 Jalan Pesawat, Singapore 619367 (“**Jalan Pesawat Property**”), or imposes any other materially onerous condition, then the Buyer shall have the right to terminate the Agreement by written notice to the Company;
- (b) if the JTC imposes any financially adverse condition on Tat Singapore as a condition to its consent or otherwise, the Company undertakes to indemnify and hold the Buyer and the Target Group harmless from and against all losses suffered or incurred by it arising in respect of such condition or penalty;
- (c) if the JTC withholds its consent, the Buyer may terminate the Agreement; and
- (d) if the JTC imposes a materially financially adverse condition on the Company (as opposed to Tat Singapore or the Buyer), the Company may terminate the Agreement.

It is agreed that if the JTC imposes a set of alternative options by way of conditions to its consent, then the Buyer and the Company shall have the right to elect which of these conditions to accept, failing which the relevant party may terminate the Agreement.

3.3 Completion

Subject to the the Agreement becoming unconditional in accordance with the terms and conditions of the 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.

3.4 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 there are no payments are made pursuant to any Claims, are estimated to be approximately S\$98,863,000. The excess of the net proceeds over the book value of the Group as at 30 June 2015 is approximately S\$69,316,000. The net gain on the disposal of the Sale Shares at 30 June 2015 is approximately S\$44,655,000 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.

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.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the Company's ongoing strategic review and objective of streamlining activities and businesses across the Group. The Proposed Disposal unlocks value for the Company's shareholders and increases the overall financial capacity and flexibility of the Group so as to enable the Company to strengthen and grow its other strategic business units.

In the event that the Shareholders approve the Proposed Disposal and the Proposed Special Dividends, upon the completion of the Proposed Disposal, the Shareholders will realise their investment in cash.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The proforma financial effects of the Proposed Disposal on the NTA per ordinary share in the capital of the Company ("**Shares**") and the earnings per Share ("**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 the financial year ended 31 December 2014, 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.

5.1 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the Group's NTA per Share, assuming that the Proposed Disposal had been completed on 31 December 2014 are set out below:

	<u>Before Proposed Disposal</u>	<u>After Proposed Disposal</u>
NTA (S\$'000)	112,951	183,332
Number of Shares	608,461,178	608,461,178
NTA per Share (S\$ cents)	18.56	30.13

5.2 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the consolidated earnings of the Group, assuming that the Proposed Disposal had been completed on 1 January 2014 are set out below:

	<u>Before Proposed Disposal</u>	<u>After Proposed Disposal</u>
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) Includes a gain on disposal of S\$38.4 million

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 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.

6.2 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	24% ⁽¹⁾

Rule 1006	Bases	Relative Figures
(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

Notes :

- (1) Based on the net asset value of the Target Group of S\$35.5 million and the net asset value of Group of S\$150.1 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.
- (3) Based on the Consideration of S\$100.2 million (assuming that the Net Adjustment Amount is zero and that there are 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 weight 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 SPA on which the Shares were traded).

6.3 Major Transaction

As the relative figures under Rules 1006(a), 1006(b) and 1006(c) exceed 20% as at the date of this announcement, 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.

7. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service contracts will be entered into with any new director of the Company in connection with the Proposed Disposal.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company has any direct or indirect interest in the Proposed Disposal other than through their respective shareholdings in the Company. As at the date of this announcement, based on information in the Register of Substantial Shareholders maintained by the Company pursuant to Section 137C of the Securities and Futures Act (Chapter 289) of Singapore, the Company does not have any controlling Shareholders.

9. IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, each of Mr Ng Han Kok, Henry, Mr Goh Koon Seng and Mr Chew Soon Hoe (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, in favour of the ordinary resolution relating to the Proposed Disposal in respect of ordinary shares in the capital of the Company (“**Shares**”) that each Undertaking Person holds and 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 (as defined below) or the termination of the Agreement (whichever is earlier).

10. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval of the Shareholders for the Proposed Disposal and a circular to Shareholders containing, *inter alia*, details thereof, together with a notice of the EGM in connection therewith, will be despatched to the Shareholders in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement and the Irrevocable Undertakings 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 this announcement.

By Order of the Board

Ng Han Kok, Henry
Group Chief Executive Officer

18 September 2015

APPENDIX A

PART 1 – DETAILS OF THE TARGET GROUP

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	

PART 2 – STRUCTURE OF THE TARGET GROUP

