



See Hup Seng Forms Joint Venture to Build S\$27 Million Integrated Chemical Hub in Singapore

- Scales up the Group's business in the refined petroleum industry
- Extends its existing business beyond distribution of refined petroleum products to value-added blending and logistics services
- Adds new source of revenue and earnings in future

Singapore, 9 March 2012 – **See Hup Seng Limited (四合成有限公司)** (“**See Hup Seng**” or the “**Group**”), a leading provider of corrosion prevention services in Singapore and strategic value-added distributor of refined petroleum products in Asia Pacific, today announced plans to build an integrated chemical hub in Singapore through a joint venture to grow the scale of its business in the refined petroleum industry.

See Hup Seng has entered into a conditional sale and purchase agreement with GEP Asia Holdings Pte. Ltd. (“GEP”) for the proposed acquisition of 51% interests in Eastern Tankstore (S) Pte. Ltd. (“ETS”) (“Acquisition”) for a consideration of S\$4.08 million. ETS owns a leasehold property at Penjuru Lane which has a site area approximating 13,500 square metres.

The Acquisition is to facilitate a joint venture between See Hup Seng and GEP to build an integrated chemical hub (“Integrated Chemical Hub”) that will offer toll-blending, and chemical warehousing and logistics services on ETS’ premises. The present blueprint is to build a four-storey Integrated Chemical Hub that will have a total gross floor area of around 25,450 square metres. It is estimated that the development cost (including procurement of equipment) for the Integrated Chemical Hub will amount to a total cost of S\$27 million.

A substantial portion of the development cost shall be funded through bank financing to be obtained by ETS. Any shortfall in the required funding for the development of the Integrated Chemical Hub will be provided jointly by See Hup Seng and GEP in proportion to their shareholdings.

Enhance Future Earnings and Elevate Industry Position

The Integrated Chemical Hub is a significant step forward for See Hup Seng to bring its refined petroleum business to a new level and elevate the Group’s position in the refined petroleum industry. This move is in line with the Group’s strategy to grow its business in the refined petroleum industry by moving up the value chain and expanding its customer base.

Not only is the Integrated Chemical Hub synergistic with See Hup Seng’s existing business in the distribution of refined petroleum products, it will also enable the Group to capture a larger share of the business opportunities in the growing refined petroleum industry in Asia. This is expected to expand the Group’s sources of revenue and earnings in future.

Said Executive Chairman of See Hup Seng, Mr Thomas Lim, "With GEP's years of experience in supply chain management for petroleum and petrochemicals, we believe our combined expertise will be positive for our joint venture in Singapore.

The Integrated Chemical Hub will extend our business from distribution of refined petroleum products to providing value-added services of blending and logistics, which will widen our earnings base. We will also be able to leverage on our existing customer base as the Integrated Chemical Hub enhances our ability to address the increasing demand for peripheral services in blending and logistics. In turn, we believe the broader scope of our service offering is likely to improve customers' purchasing volumes with our distribution business.

On top of this, the Integrated Chemical Hub will also provide an opportunity for the Group to access new customers to grow the blending and logistics, and our distribution businesses."

With increasing industrialisation activities in Asia Pacific, the demand for chemicals has been shifting from traditional centres in North America and Europe to countries in Asia. This trend bodes well for Singapore which is recognized as a world-class energy and chemical hub. Ongoing government initiatives are also expected to support the continued growth of Singapore's petrochemical industry.

Said Mr Lim, "As more refining and chemical manufacturing operations concentrate in Singapore, the growth in chemical manufacturing output is expected to drive demand for petroleum-related supporting services. We believe the Integrated Chemical Hub will enable the Group to capitalise on the business opportunities in the region and strengthen our position in the refined petroleum industry."

Integrated Chemical Hub Business Operations

The Integrated Chemical Hub shall offer two main services – Toll Blending which includes chemical blending and filling into drums; and Chemical Warehousing and Logistics.

Toll blending is a specialised service whereby customers require raw materials to be processed into a final product based on a specified chemical formulation. Outsourcing of production and packaging of unique chemical products to third-party toll blending service providers is more cost effective for customers as they do not have to incur hefty capital investments. Hence, toll blending services are rapidly gaining traction in Asia Pacific, stimulated by growth in the region's demand for chemical products.

To provide a complete solution, the Integrated Chemical Hub will also offer supply chain management services, that is, warehousing and storage, as well as transportation and freight services. The Integrated Chemical Hub is strategically located close to supply sources and the delivery destination at Jurong Port. The Group aims to establish a reputation as a specialist in the provision of logistics services for products classified as Dangerous Goods which are flammable, toxic and infectious, or corrosive.

Subject to conditions precedent and approval of the Acquisition, and conditions subsequent to the completion of Acquisition, construction work of the Integrated Chemical Hub is expected to commence towards the end of this year. The Integrated Chemical Hub will house blending and filling stations, storage, laboratory and office administration areas. Completion of the Integrated Chemical Hub and commencement of operations is planned to take place in 2015.

Funding for Acquisition

The purchase consideration of S\$4.08 million for 51% interests in ETS was arrived at following arms-length negotiations, on a willing-buyer willing-seller basis and after taking into consideration the open market value of the property (at 1 Penjuru Lane) of S\$11 million based on a valuation reported issued by CKS Property Consultants Pte Ltd, and on the assumption that the property has an extended lease of 30 years.

The purchase consideration will be fully satisfied in cash, using the Group's internal funds.

The Acquisition is not expected to have a material impact on the Group's earnings per share or net asset value per share for the current financial year ending 31 December 2012.

This news release is to be read in conjunction with See Hup Seng's announcement posted on the SGX website on 9 March 2012.

About See Hup Seng

See Hup Seng Limited is a leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries in Singapore. The Group also has a wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is a strategic value-added distributor that offers comprehensive supply chain management of refined petroleum products in Asia Pacific.

Established in 1971, the Group's corrosion prevention business has successfully moved up the value chain to establish a strong niche in specialised tank coating services, and large-scale plant operations that are supported by a fully-equipped facility in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum offers value-added solutions for refined petroleum products to its customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

TAT Petroleum's comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the brand of its major supplier, to storage and distribution of these products to designated locations.

See Hup Seng is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at www.seehupseng.com.sg

About GEP

GEP Asia Holdings Pte. Ltd. is a member of Great Eastern Providence ("GEP Group"). Established in Singapore in 1979, GEP Group is a value-added provider of integrated logistics services for the chemical, petroleum and petrochemical industries. The Group's businesses range from bulk liquid terminalling, manufacturing of industrial packaging products, supply of intermediate bulk containers, to engineering, procurement, construction & management (EPCM).

GEP owns independent bulk liquid terminals in Shenzhen and Shanghai which have been accorded "Bonded Warehouse Status" by the Central Government of the People's Republic of China. Leveraging on its extensive supply chain infrastructure, GEP is able to offer total logistics solutions for chemical and oil producers, traders, distributors and end-users for importation and distribution of products into the PRC. GEP Group is a member of the International Liquid Terminals Association (ILTA), MIPI and Drumnet.