



SEE HUP SENG LIMITED

NEWS RELEASE

## See Hup Seng Completes S\$42.4 Million Acquisition of Steel Engineering Company, Hetat Group

- Group's shareholders approved the acquisition of Hetat Group and diversification into steel engineering business
- See Hup Seng raising net proceeds of S\$35.2 million through a private share placement to finance the acquisition of Hetat Group
- Group's growth to be built on three business pillars – steel engineering, corrosion prevention and refined petroleum

**Singapore, 3 January 2014 – See Hup Seng Limited (四合成有限公司) (“See Hup Seng”** and together with its subsidiaries, the **“Group”**), a leading provider of corrosion prevention services in Singapore and strategic value-added distributor of petroleum-derived products in Asia Pacific, has completed the acquisition of a 100% stake in steel engineering company, Hetat Holdings Pte. Ltd. (“Hetat Group”).

In conjunction with the completion of the acquisition, the founder and CEO of Hetat Group, Mr Henry Ng Han Kok has been appointed as Executive Director of See Hup Seng.

At an extraordinary general meeting (“EGM”) held yesterday, See Hup Seng obtained shareholder approval to acquire Hetat Group for a consideration of S\$42.4 million (“Consideration”). Established in 2003, Hetat Group has forged a strong track record in the design, engineering and construction of steel, aluminium and glass structures. It also provides labour and equipment to fabricate and install modules for oil rigs.

Hetat Group has a fully-equipped steel fabrication plant of approximately 195,000 sq ft located in Tuas, Singapore. It is currently undertaking projects in Singapore, Malaysia and Mongolia and has an order book of S\$46 million as at 9 December 2013.

The Consideration of S\$42.4 million is to be satisfied by cash and issuance of new ordinary shares in See Hup Seng. The Company has issued 42,519,053 new ordinary shares to Mr Henry Ng at the issue price of S\$0.2493 each. The remaining S\$31.8 million shall be satisfied by cash payment.

To finance the cash portion of the Consideration, the Group also obtained shareholder approval at the EGM yesterday to issue 144,500,000 new shares at S\$0.2493 each, to a group of high net worth individuals. This share placement will raise net proceeds of around S\$35.2 million.

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Page 1 of 3

## Hetat Group's Profit Guarantee

Hetat Group has been profitable since inception and its bottom line has been growing year on year since 2009. For the financial year ended 31 December 2010, Hetat Group recorded profit after tax of S\$3.2 million on revenue of S\$20.0 million. Net profit grew at a compounded annual growth rate of 11.3% to S\$4.0 million in 2012.

For the eight months ended 31 August 2013, Hetat Group achieved net profit of S\$3.5 million on the back of revenue of S\$23.7 million. Pursuant to the terms of the acquisition, Mr Henry Ng has provided a profit guarantee to See Hup Seng that the consolidated net operating profits after tax of the Hetat Group for the 12 months ending 31 December 2013 (the "2013 NPAT") and the 12 months ending 31 December 2014 (the "2014 NPAT") shall be at least S\$5.5 million and S\$6.3 million respectively (the "Profit Guarantee").

The Board is of the view that the Profit Guarantee is in the best interest of the Group, and the necessary safeguards have been put in place in the event that the Profit Guarantee is not met.

**Executive Chairman of See Hup Seng, Mr Thomas Lim said,** "The acquisition of Hetat Group will enable us to realise potential synergies with our existing business in corrosion prevention services. We will now be able to offer Hetat Group's steel engineering services to our customers, particularly those in the marine and offshore industry. At the same time, we believe Mr Henry Ng who is a veteran in the construction industry, will bring value to our corrosion prevention business through his extensive network.

In view of the future growth prospects of Hetat Group, the Board believes that this acquisition will contribute positively to See Hup Seng's future earnings."

Mr Lim added, "The Group had a commendable financial performance in the first nine months of 2013, during which Group net profit jumped 59% year-on-year to S\$7.3 million. This was driven mainly by the stronger operational performances of our core corrosion prevention and refined petroleum businesses. With the addition of the steel engineering business, See Hup Seng has expanded its growth platform to comprise three core business pillars that will enhance shareholder value in the long term."

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*This news release should be read in conjunction with the Group's announcement posted on the SGX website on 3 January 2014. For further information on the acquisition of Hetat Group, please refer to the Company's circular dated 16 December 2013.*

## About See Hup Seng Limited

See Hup Seng operates two primary businesses -- corrosion prevention services ("CP") and refined petroleum products and services ("RP").

Established in 1971, the CP business has successfully moved up the value chain to become a leading provider to the marine, oil and gas, construction and infrastructure industries in Singapore. See Hup Seng has 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.

The RP business distributes a wide range of refined petroleum products to customers in Asia Pacific. This business is operated by the Group's wholly-owned subsidiary, TAT Petroleum Pte Ltd. Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum

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OF STEEL ENGINEERING COMPANY, HETAT GROUP

is a strategic value-added distributor that offers comprehensive services including blending and packaging of refined petroleum products. Its customers hail from diverse sectors including vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. To expand its RP business, the Group has acquired a company which is the master distributor in Singapore of a petroleum-based waterproofing product, and is planning to build an Integrated Chemical Hub in Singapore through a 51%-owned joint venture.

To build new earnings streams for the future, See Hup Seng has also made strategic investments in an executive condominium development project in Singapore, as well as an offshore drilling company that will own and operate tender rigs.

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](http://www.seehupseng.com.sg)