

SSH CORPORATION LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 197600985C)

ANNOUNCEMENT

RE: PROPOSED INTER-CONDITIONAL SCHEME OF ARRANGEMENT BY KS DISTRIBUTION PTE. LTD., A SUBSIDIARY OF KS ENERGY SERVICES LIMITED, FOR THE PRIVATISATION OF SSH CORPORATION LTD.

1. INTRODUCTION

- 1.1 The Board of Directors refers to the joint announcement by KS Energy Services Limited (“**KS Energy**”) and KS Distribution Pte. Ltd. (“**KS Distribution**”) released by KS Energy to its shareholders on 8 December 2009, a copy of which is attached to this Announcement for ease of reference of our Shareholders (“**KS Energy Announcement**”). All information relating to KS Energy, KS Distribution, Aqua-Terra Supply Co., Limited (“**Aqua-Terra**”), Actis Excalibur Limited, and the Business Consolidation (as defined below) in this announcement are solely extracted from the KS Energy Announcement and the shareholders of the Company are to note that the Company has not independently verified the veracity or accuracy of any of such information or content.
- 1.2 Pursuant to the KS Energy Announcement, KS Energy is proposing to consolidate the oil and gas and marine distribution businesses of KS Energy, certain of its subsidiaries (including Aqua-Terra) and its associated company, SSH Corporation Ltd. (“**SSH**” or the “**Company**”), which are engaged in similar businesses, as more particularly described in paragraph 1.3, below) (collectively, the “**KS Distribution Businesses**”). For the proposed consolidation of the KS Distribution Businesses (the “**Business Consolidation**”), KS Energy has incorporated a new Singapore subsidiary, KS Distribution to act as the new intermediate investment holding company. It is anticipated that on completion of the Business Consolidation, the shares of KS Distribution will be held by (i) KS Energy (55%), (ii) an unrelated third party investor, Actis Excalibur Limited (the “**Investor**”) (44.375%) who will be providing part of the funding for the Business Consolidation which includes the Aqua-Terra Scheme and the SSH Scheme (as respectively defined below) and (iii) the proposed chief executive officer of KS Distribution (the “**Manager**”) (0.625%).
- 1.3 The KS Distribution Businesses are proposed to consist of the following companies and business divisions:
- (a) Aqua-Terra;
 - (b) GlobalTech Offshore & Marine Pte. Ltd. (“**GlobalTech**”);
 - (c) KS Flow Control Pte. Ltd. (“**KS Flow**”);
 - (d) SSH; and

- (e) the projects division of KS Energy (the "**KS Projects Division**").

KS Energy currently owns (directly and/or indirectly) (i) approximately 54.81%⁽¹⁾ of the issued share capital of Aqua-Terra (ii) 100% of the issued share capital of KS Flow; and (iii) 80% of the issued share capital of GlobalTech. In turn, Aqua-Terra owns approximately 28.21% of the issued share capital of SSH. The KS Projects Division currently operates as a business division of KS Energy.

Note:-

- (1) These comprise 192,375,000 Aqua-Terra Shares (as defined below) held (directly or indirectly) by KS Energy, of which 64,125,000 Aqua-Terra Shares have been pledged by KS Energy to secure a financing facility.

1.2 Acquisition of SSH by way of a scheme of arrangement

As part of the Business Consolidation, KS Distribution proposes to acquire all the shares in SSH ("**SSH Shares**") (including those held by Aqua-Terra) such that SSH will become a wholly-owned subsidiary of KS Distribution upon completion of such acquisition (the "**Acquisition**"). The Acquisition by KS Distribution will be effected by way of a scheme of arrangement (the "**SSH Scheme**") under Section 210 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") to be proposed by SSH to the Shareholders and in accordance with all applicable laws and regulations, including the Singapore Code on Takeovers and Mergers (the "**Code**"), the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Companies Act.

Under the SSH Scheme, for every SSH Share acquired, the relevant shareholder of SSH will receive consideration in the form of a combination of (i) an amount of S\$0.1600 in cash; and (ii) 0.1000 new KS Energy Shares (as defined below). Please refer to paragraph 2 for further information on the SSH Scheme Consideration.

Accordingly, Aqua-Terra which holds approximately 28.21% of the total number of issued shares of SSH, will be entitled to approximately 28.21% of the total aggregate consideration payable under the SSH Scheme ("**28.21% SSH Scheme Consideration**"). It is proposed that instead of Aqua-Terra receiving and holding the 28.21% SSH Scheme Consideration, Aqua-Terra will distribute the 28.21% SSH Scheme Consideration (comprising cash and KS Energy Shares) to its shareholders on a *pro rata* basis based on their shareholdings in Aqua-Terra, such distribution to be made by way of a capital reduction to be carried out in tandem with the SSH Scheme and the Aqua-Terra Scheme (the "**Capital Reduction**"). In this regard, the shareholders of Aqua-Terra, comprising the Aqua-Terra Scheme Shareholders (as defined below) and KS Energy will receive the 28.21% SSH Scheme Consideration in the following manner:

- (a) the Aqua-Terra Scheme Shareholders will receive their *pro rata* share of the 28.21% SSH Scheme Consideration in the form of a combination of cash and KS Energy Shares; and
- (b) KS Energy will, pursuant to the Sale and Purchase Agreement (as defined below) and in view of the fact that it is not legally permissible for KS Energy to hold its own shares, exchange or swap, its *pro rata* share (that is, approximately 54.81%) of the 28.21% SSH Scheme Consideration for new ordinary shares in KS Distribution. This

is also in line with the overall aim of consolidating KS Energy's holding in Aqua-Terra and SSH under KS Distribution.

The proposed Capital Reduction is subject to: (i) Aqua-Terra obtaining the affirmative votes of its shareholders present and voting in person or by proxy at an extraordinary general meeting to be convened; and (ii) the approval of the Supreme Court of the Republic of Singapore (the "**Court**") pursuant to Sections 78G, 78H and 78I of the Companies Act. Further details on the Capital Reduction and the Aqua-Terra EGM will be announced in due course.

Please refer to paragraph 2 for further information on the SSH Scheme.

1.3 Acquisition of Aqua-Terra by way of a scheme of arrangement

As part of the Business Consolidation, KS Distribution also proposes to acquire all the shares in Aqua-Terra ("**Aqua-Terra Shares**") from the minority shareholders of Aqua-Terra holding approximately 45.19% of the issued share capital of Aqua-Terra pursuant to the Aqua-Terra Scheme (as defined below) and separately, by way of a private treaty the balance of 54.81% from KS Energy, such that Aqua-Terra will become a wholly-owned subsidiary of KS Distribution upon completion of such acquisition. In this regard, it has been proposed that Aqua-Terra be privatised by way of a scheme of arrangement (the "**Aqua-Terra Scheme**") under Section 210 of the Companies Act. It is proposed that for every Aqua-Terra Share acquired under the Aqua-Terra Scheme, the relevant shareholder of Aqua-Terra will receive consideration in the form of a combination of (i) an amount of S\$0.2300 in cash; and (ii) 0.1250 new ordinary share(s) in the capital of KS Energy (the "**KS Energy Shares**"). Separately, KS Energy will transfer all the shares in Aqua-Terra which it holds to KS Distribution by way of a private treaty on and subject to a sale and purchase agreement entered into between KS Energy and KS Distribution on the date hereof (the "**Sale and Purchase Agreement**").

Shareholders should also note that the SSH Scheme and Aqua-Terra Scheme are inter-conditional (that is to say, each scheme of arrangement will only be implemented if the other scheme of arrangement becomes effective and binding).

1.4 Acquisitions of other entities by way of private treaties

Pursuant to the Business Consolidation, KS Energy and KS Distribution have entered into the Sale and Purchase Agreement in connection with the proposed acquisition by KS Distribution of the approximate 54.81% shareholding interest held by KS Energy in Aqua-Terra and the 100% shareholding interest held by KS Energy in KS Flow. Separately, KS Flow Pte. Ltd. has (i) entered into a sale and purchase agreement (the "**GlobalTech Purchase Agreement**") with GlobalTech Group Pte. Ltd. ("**GlobalTech Group**") to acquire the 100% shareholding interest held or to be held in GlobalTech Offshore & Marine Pte. Ltd. ("**GlobalTech**") and (ii) has entered into an asset purchase agreement ("**Asset Purchase Agreement**") with KS Energy to acquire from KS Energy the business and assets of the KS Projects Division. GlobalTech Group currently holds 80% of GlobalTech and GlobalTech Group has also entered into a sale and purchase agreement to acquire the 20% interest held by the minority shareholders of GlobalTech.

Further details of the Business Consolidation (including the Aqua-Terra Scheme and the SSH Scheme) have been disclosed in the KS Energy Announcement.

2. THE SSH SCHEME

2.1 KS Distribution, KS Energy and SSH have today entered into an agreement for the proposal of the SSH Scheme upon the terms and subject to the conditions of the Agreement (the “**SSH Scheme Agreement**”).

2.2 Subject to the terms and conditions of the SSH Scheme Agreement, the SSH Scheme is proposed to all Shareholders of SSH (including Aqua-Terra) (such Shareholders hereinafter referred to as the “**SSH Scheme Shareholders**”) and will involve, amongst others, the following:

- (a) a transfer of all the issued SSH Shares (as defined below) held by SSH Scheme Shareholders (the “**SSH Scheme Shares**” and each, an “**SSH Scheme Share**”) to KS Distribution and/or its nominee; and
- (b) in consideration of the transfer of their SSH Scheme Shares, the SSH Scheme Shareholders will receive a combination of:
 - (i) an amount of S\$0.1600 in cash; and
 - (ii) 0.1000 new ordinary share(s) in the capital of KS Energy (the “**KS Energy Shares**”),

for each SSH Scheme Share (the “**SSH Scheme Consideration**”).

The KS Energy Shares to be allotted and issued to the SSH Scheme Shareholders as aforesaid will be listed and quoted on the Official List of the SGX-ST and an application will be submitted by KS Energy to the SGX-ST in due course for its approval-in-principle for such listing and quotation.

On the basis of the closing price per KS Energy Share on the SGX-ST being S\$1.150 as at 7 December 2009, being the last trading day of the KS Energy Shares on the SGX-ST prior to the date of this Announcement, the SSH Scheme Consideration is equivalent to approximately S\$0.2750 and represents:

- (A) a premium of approximately 14.6 per cent. over the closing price per SSH Share on the SGX-ST of S\$0.2400 as at 7 December 2009, being the last trading day of the SSH Shares on the SGX-ST prior to the date of this Announcement
- (B) a premium of approximately 16.7 per cent. over the volume weighted average of transacted prices of the SSH Shares on the SGX-ST of S\$0.2357 over the last one (1) month prior to the date of this Announcement;
- (C) a premium of approximately 22.5 per cent. over the volume weighted average of transacted prices of the SSH Shares on the SGX-ST of S\$0.2245 over the last three (3) months prior to the date of this Announcement;

- (D) a premium of approximately 29.7 per cent. over the volume weighted average of transacted prices of the SSH Shares on the SGX-ST of S\$0.2120 over the last six (6) months prior to the date of this Announcement; and
 - (E) a premium of approximately 42.2 per cent. over the volume weighted average of transacted prices of the SSH Shares on the SGX-ST of S\$0.1934 over the last twelve (12) months prior to the date of this Announcement.
- 2.3 The SSH Scheme will also be extended to all SSH Shares validly issued pursuant to the exercise of options granted under the SSH Executives' Share Option Scheme and the SSH Share Option Scheme on or before a final option exercise date to be determined by the board of directors of SSH.
- In respect of any outstanding options granted under the SSH Executives' Share Option Scheme and the SSH Share Option Scheme and subject to the SSH Scheme and the Aqua-Terra Scheme becoming effective and binding, KS Distribution intends to offer to acquire such options on the basis of a "see-through" price. Further details will be furnished to persons who are holding such options in due course.
- 2.4 Pursuant to the SSH Scheme, the SSH Shares will be transferred fully paid, free from all mortgages, charges, pledges, liens, options, restrictions, rights of first refusal, rights of pre-emption, third party rights or interests, other encumbrances or security interests of any kind, or other types of agreements or arrangement having similar effect and together with all rights, benefits and entitlements attached thereto as at the date of the SSH Scheme Agreement, including the right to receive and retain all dividends, rights and other distributions (if any) announced, declared, paid or made by SSH on or after the date of the SSH Scheme Agreement.
- 2.5 On completion of the SSH Scheme, SSH will become a wholly-owned subsidiary of KS Distribution and the SSH Shares will be delisted from the Official List of the SGX-ST. An application will be made to the SGX-ST for the delisting of SSH from the SGX-ST in due course.
- 2.6 It is a term of the SSH Scheme Agreement that nothing in the SSH Scheme Agreement (including the entry into the SSH Scheme Agreement by the Company) shall prejudice or in any way limit or fetter the rights of the directors of the Company who are considered to be independent for the purposes of the SSH Scheme to make their recommendations to the SSH Scheme Shareholders on the SSH Scheme after they shall have received and considered the advice of an independent financial adviser to be appointed by them in connection with the SSH Scheme.
- 2.7 In addition, the proposal and implementation of the SSH Scheme by the Company are subject to paragraph 2.6 and the proper fulfilment by the directors of the Company of their legal and fiduciary duties.
- 2.8 Further information on the terms and conditions upon which the SSH Scheme will be implemented will be set out in the document to be issued by SSH to the SSH Scheme Shareholders containing, *inter alia*, details of the SSH Scheme.

3. REGULATORY APPROVALS

3.1 As stated in the KS Energy Announcement, the Securities Industry Council (“**SIC**”) has confirmed, *inter alia*, that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code do not apply to the SSH Scheme, subject to the following conditions:

- (a) KS Distribution and its concert parties (excluding Aqua-Terra) as well as the common substantial shareholders of KS Distribution and SSH (i.e. those holding interests (as defined in the Companies Act) of five (5) per cent. or more in KS Distribution and SSH) abstain from voting on the SSH Scheme;
- (b) KS Distribution, the common substantial shareholders of KS Distribution and SSH as well as their respective concert parties (together, the “**Relevant SSH Concert Parties**”), and directors of SSH who are also directors of KS Distribution or who are acting in concert with the Relevant SSH Concert Parties (together, the “**Relevant Parties**”), are abstaining from making a recommendation on the SSH Scheme to the SSH Scheme Shareholders; and
- (c) SSH is to appoint an independent financial adviser to advise the SSH Scheme Shareholders on the SSH Scheme.

3.2 The SSH Scheme will be subject to, *inter alia*, the approval of all relevant regulatory authorities, including the Court, as stated in paragraph 4.1 below.

3.3 The SIC has further confirmed that Aqua-Terra, which is a subsidiary of KS Energy and hence a concert party of KS Distribution, will not need to abstain from voting at the scheme meeting relating to the SSH Scheme in respect of the 28.21% of the shares in SSH held by Aqua-Terra (the “**28.21% Shareholding Interest**”), subject to the following conditions:

- (a) the voting of the 28.21% Shareholding Interest being approved by the requisite majority of independent shareholders of Aqua-Terra (that is, shareholders of Aqua-Terra, excluding KS Energy and its associates (as defined in the Listing Manual of the SGX-ST (the “**Listing Manual**”)) (the “**Independent Aqua-Terra Shareholders**”)); and
- (b) the Relevant Parties abstain from making a recommendation on the SSH Scheme to the Independent Aqua-Terra Shareholders.

4. CONDITIONS PRECEDENT AND TERMINATION

4.1 The Acquisition is conditional upon the satisfaction of a number of conditions precedent (the “**Conditions**”) which are set out in **Schedule 1** to this Announcement. In particular, the Acquisition is conditional upon the Aqua-Terra Scheme becoming effective and binding and the Capital Reduction being duly approved by the requisite majority of the shareholders of Aqua-Terra and the Court.

4.2 Pursuant to the terms of the SSH Scheme Agreement, the SSH Scheme Agreement may be terminated with immediate effect by giving notice in writing at any time prior to the effective

date of the SSH Scheme (the “**Effective Date**”) subject to the prior consultation with or approval of the SIC (as the case may be):

- (a) **Court Order:** by either KS Distribution or SSH, if any court of competent jurisdiction or governmental agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the SSH Scheme, the Aqua-Terra Scheme, the Sale and Purchase Agreement, the GlobalTech Purchase Agreement, the Asset Purchase Agreement entered into between KS Flow and KS Energy on the date hereof, the capital reduction to be carried out by Aqua-Terra (“**Capital Reduction**”) or any part thereof, or has refused to do anything necessary to permit the SSH Scheme, the Aqua-Terra Scheme, the Sale and Purchase Agreement, the GlobalTech Purchase Agreement, the Asset Purchase Agreement, the Capital Reduction or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) **Breach:** by either (i) KS Distribution, if SSH is in material breach of any provision of the SSH Scheme Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any of the matters referred to in paragraph (9) of Schedule 1 to this Announcement on or prior to the Effective Date; or (ii) SSH, if KS Distribution is in material breach of any provision of the SSH Scheme Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any of the matters referred to in paragraph (10) of Schedule 1 to this Announcement on or prior to the Effective Date, provided that either KS Distribution or SSH, as the case may be, has given written notice to the other party setting out the relevant circumstances and stating its intention to terminate the SSH Scheme Agreement. In this circumstance, the SSH Scheme Agreement shall be terminated on the date falling five (5) business days after the date of such notice of termination; or
- (c) **Shareholders’ Approval:** by KS Distribution or SSH (as the case may be), if (i) the resolution(s) submitted to the meeting of the Shareholders to be convened by the Court to approve the SSH Scheme (the “**SSH Scheme Meeting**”) are not approved (without amendment) by the requisite majority; (ii) the Aqua-Terra Scheme is not duly approved by the requisite majority of the shareholders of Aqua-Terra; (iii) the resolutions submitted to the Aqua-Terra EGM and/or the KS Energy EGM are not approved by the relevant requisite majorities of the shareholders of Aqua-Terra or shareholders of KS Energy (as the case may be).

An extract of the representations and warranties of each of KS Distribution and SSH provided in the SSH Scheme Agreement are set out in **Schedules 2 and 3** to this Announcement.

4.3 In addition, the SSH Scheme Agreement will terminate if any of the Conditions has not been satisfied (or where applicable, has not been waived) by 31 July 2010 or such other date as may be agreed between KS Distribution and SSH (the “**Long-Stop Date**”) except that:

- (a) in the event of any non-fulfilment of the conditions precedent in paragraphs (8) (in relation to Stipulated Events (as defined in Schedule 4 to this Announcement) relating to SSH and its subsidiaries (the “**SSH Group**”)), (9) and (11) in Schedule 1 to this Announcement, KS Distribution can only rely on such non-fulfilment of any such

condition precedent to terminate the SSH Scheme Agreement with the prior consultation or approval of the SIC; and

- (b) in the event of any non-fulfilment of the conditions precedent in paragraph (10) in Schedule 1 to this Announcement, SSH can only rely on such non-fulfilment of any such condition precedent to terminate the SSH Scheme Agreement with the prior consultation or approval of the SIC.

A list of Stipulated Events is set out in **Schedule 4** to this Announcement.

- 4.4 By proposing that the Acquisition of SSH be implemented through a scheme of arrangement, SSH Scheme Shareholders are provided the opportunity to decide at the SSH Scheme Meeting whether they consider the SSH Scheme to be in their best interests.
- 4.5 **Shareholders and potential investors should also be aware that the implementation of the SSH Scheme is subject to the conditions set out above being fulfilled and thus may not become effective. They are advised to exercise caution when dealing in SSH Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

5. DELISTING

An application will be made to the SGX-ST to delist SSH from the SGX-ST in the event that the SSH Scheme becomes effective and binding.

6. INFORMATION ON KS DISTRIBUTION

The following information on KS Distribution is extracted from the KS Energy Announcement and reproduced below:

KS Distribution is incorporated in Singapore and is currently a wholly-owned subsidiary of KS Energy. As at the date of this Announcement, the issued and paid-up share capital of KS Distribution consists of 1 ordinary share.

KS Distribution is currently an investment holding company, and will hold the KS Distribution Businesses following the completion of the Business Consolidation.

7. RATIONALE FOR THE SSH SCHEME

As extracted from the KS Energy Announcement, the rationale for the Business Consolidation and the SSH Scheme is as follows:

7.1 *Creating a global integrated oil & gas and marine services business*

The Business Consolidation will see the full amalgamation of the distribution operations of KS Energy, Aqua-Terra and SSH under KS Distribution (collectively, the “**Enlarged Group**”).

The Enlarged Group will be a globally integrated oil & gas and marine services business that offers a comprehensive range of parts and services to the global oil and gas, and marine industries. It will operate in 8 countries, carrying over 60,000 oil and gas related parts comprising more than 140 international brands of products.

In the medium term, the Enlarged Group could penetrate deeper into markets such as China, Indonesia and the Middle East, where KS Energy presently sees opportunities in the oil and gas, and marine sectors for the Enlarged Group to expand its businesses.

The Enlarged Group is also expected to have more significant opportunities to cross-sell to existing customers in both current and new geographies and to secure new customers to generate further revenue.

7.2 *Increasing scale and reach*

With an integrated business, the Enlarged Group will be able to better provide a larger suite of products and service offerings to its customers in the oil and gas and marine sectors, ranging from valve control equipment and various instrumentation products to steel pipes and tubes.

The consolidated operations and increased scale will also allow the Enlarged Group to provide deeper value-added support to its customers and suppliers, as well as secure distribution rights for additional products and bid for larger projects that require greater resources and expertise.

7.3 *Creating a leaner and more responsive business*

By enabling the full sharing of resources and management talent, the Enlarged Group is expected to be able to streamline its operations and remove areas of duplication and conflicts and focus its resources on key business initiatives, such as collaborative marketing to customers.

The Business Consolidation is also expected to achieve significant cost savings. Potential areas of savings include sharing of common overheads and banking resources. Operational cost savings will allow the Enlarged Group to invest in improving its processes and systems to better serve its customers and enhance value-added services.

7.4 *Benefiting from a Strategic Co-Investor*

KS Energy is partnering with the Investor, which is held by funds managed by Actis to undertake the Business Consolidation. Actis is a leading private equity investor managing US\$4.8 billion in funds through a global network spanning across Africa, China, India, Latin America and Southeast Asia. Actis has been investing in emerging markets for more than 60 years.

Actis has significant experience in the oil and gas sector, having invested in a number of oil and gas related companies, ranging from exploration and production, to manufacturers and providers of oil and gas related support equipment and services. In the past three years, Actis has committed more than US\$200 million in the oil and gas sector across China, Pakistan, Nigeria, Tunisia and South East Asia. Actis continues to enjoy a strong working relationship with many of the global oil and gas players.

Through the proposed co-investment with Actis, KS Energy and KS Distribution will be able to tap into the Actis network across Africa, Asia and Latin America to accelerate the expansion of their businesses, improve access to managerial talent and garner support for KS Energy's future fundraising initiatives, if any.

8. FUTURE PLANS

The following information on the future plans for the Company are extracted from the KS Energy Announcement and reproduced below:

- 8.1 Following completion of the Business Consolidation, KS Energy and KS Distribution intend to undertake a comprehensive review of the Enlarged Group with a view to streamlining the businesses and operations of Aqua-Terra and SSH as well as the other entities under the Enlarged Group. KS Energy and KS Distribution expect to work closely with the management teams of Aqua-Terra and SSH in this process.
- 8.2 KS Energy and KS Distribution intend to realise the synergies through rationalising the complementary businesses of Aqua-Terra and SSH with those of KS Energy, including the integration of operations to achieve operational and cost efficiencies, the re-organisation of the Enlarged Group's sales force to better meet clients' demands and rationalising the new group's product portfolio to improve the product offerings and secure more distributorships and services. The Enlarged Group expects to place emphasis on cross selling and securing more projects.
- 8.3 In the mid term, KS Energy and KS Distribution intend to further penetrate the China, Indonesia and Middle East markets with dedicated focus groups and tapping on their shareholders and partners.
- 8.4 KS Distribution presently has no intention to (i) introduce any major changes to the business of Aqua-Terra and / or SSH, (ii) redeploy the fixed assets of Aqua-Terra and / or SSH, or (iii) discontinue the employment of the employees of Aqua-Terra and / or SSH.
- 8.5 However, the directors of KS Energy and KS Distribution retain the flexibility at any time to consider any options in relation to Aqua-Terra and SSH which may present themselves and which the directors may regard to be in the interest of KS Energy and / or KS Distribution.

9. FINANCIAL ADVISER

ING Bank N.V., Singapore Branch has been appointed as the financial adviser to KS Energy and KS Distribution in relation to the SSH Scheme (the "**Financial Adviser**").

10. CONFIRMATION OF FINANCIAL RESOURCES

As announced in the KS Energy Announcement, the Financial Adviser has confirmed that sufficient financial resources are available to KS Distribution to satisfy in full the cash consideration to be paid to the SSH Scheme Shareholders pursuant to the SSH Scheme.

11. INDEPENDENT FINANCIAL ADVISER

The directors of SSH considered to be independent for the purposes of the SSH Scheme (being Lim Geok Seng, Chua Wui Lik, Ernest Seow Teng Peng, Lawrence Stephen Basapa, and Lee Choon Hui Francis) (the “**Independent Directors**”) have today appointed DMG & Partners Securities Pte Ltd as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Directors and the SSH Scheme Shareholders on the SSH Scheme.

12. SSH SCHEME DOCUMENT

Full details of the SSH Scheme (including the recommendation of the Independent Directors along with the advice of the Independent Financial Adviser) will be contained in a document (the “**SSH Scheme Document**”) or documents to be despatched to shareholders of SSH in due course. **SSH Scheme Shareholders are advised to exercise caution when trading in the SSH Shares, pending receipt of the SSH Scheme Document (or documents) which will include the recommendation of the Independent Directors and the advice of the Independent Financial Adviser. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares that may be prejudicial to their interests.**

13. OVERSEAS SHAREHOLDERS

The applicability of the SSH Scheme to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. SSH Scheme Shareholders who are not resident in Singapore should inform themselves about, and observe, any applicable requirements. Further details in relation to overseas shareholders will be contained in the SSH Scheme Document.

14. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company from the date of this Announcement up until the date on which the SSH Scheme becomes effective in accordance with its terms:-

- (a) SSH Scheme Agreement relating to the SSH Scheme;
- (b) Memorandum and Articles of Association of the Company; and
- (c) Annual report of the Company for FY2008.

15. RESPONSIBILITY STATEMENT

The directors of SSH (including any director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to KS Distribution and KS Energy, which are extracted from the KS Energy Announcement and the KS Distribution Announcement) are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources, the sole responsibility of the directors of SSH has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD OF
SSH CORPORATION LTD.

Lim Geok Seng
Managing Director

8 December 2009

SCHEDULE 1

Conditions Precedent

All capitalised terms used and defined herein shall have the same meanings given to them in the Agreement, a copy of which is available for inspection at the registered office of SSH during normal business hours until the date the SSH Scheme becomes effective.

1. **Aqua-Terra Shareholder Approvals and KS Energy Shareholder Approval:** (a) the Aqua-Terra Shareholder Approvals and (b) the KS Energy Shareholder Approval being duly obtained prior to the Effective Date;
2. **Scheme and Aqua-Terra Scheme:** the approval of the Scheme and the Aqua-Terra Scheme being obtained from the Shareholders and the shareholders of Aqua-Terra respectively in compliance with the requirements of Section 210(3) of the Companies Act;
3. **Scheme Court Order, Capital Reduction Court Order and Aqua-Terra Scheme Court Order:** the grant of the Scheme Court Order, the Capital Reduction Court Order and the Aqua-Terra Scheme Court Order by the Court and such Scheme Court Order, Capital Reduction Court Order and Aqua-Terra Scheme Court Order having become final;
4. **ACRA Lodgement:** the lodgement of the Scheme Court Order, the Capital Reduction Court Order and the Aqua-Terra Scheme Court Order with the ACRA;
5. **EBITDA:** Between the date of this Agreement and the Effective Date there has not been a reduction of 15 per cent. or more of the SSH Group's total revenue or the SSH Group's EBITDA for the 3 month period ending on the last day of the month ending at least 15 days prior to the Effective Date as compared against the 3 month period ending on 30 September 2009, in each case calculated based on the unaudited consolidated monthly management profit and loss accounts (to be prepared in accordance with generally accepted accounting principles in Singapore and reviewed by SSH's auditors in accordance with the then-current Singapore Standard on Review Engagement 2410 (SSRE 2410), *Review of Interim Financial Performed by the Independent Auditor of the Entity*) of the SSH Group for the relevant months;
6. **No Injunctions:** no injunction or other order being issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Transaction or any part thereof;
7. **Regulatory Approvals:** prior to the Effective Date, the following being obtained and not withdrawn:
 - 7.1 confirmation from the SIC that rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2, and note 1(b) on rule 19 of the Code shall not apply to the Scheme subject to any conditions the SIC may deem fit to impose;
 - 7.2 the approval in-principle of the SGX-ST for the Scheme, the listing and quotation of the New KS Energy Shares, and the proposed delisting of the Company; and
 - 7.3 if necessary, the approval of the Competition Commission of Singapore and any equivalent authority in any other jurisdiction relevant for the Transaction;
8. **No Stipulated Event:** between the date of this Agreement and the Effective Date, no Stipulated Event in relation to the SSH Group having occurred other than as required or contemplated by this Agreement;

9. Company's Representations, Warranties and Covenants:

- 9.1 the representations and warranties of the Company set out in this Agreement that:
- 9.1.1 are qualified as to materiality being true and correct; and
 - 9.1.2 are not qualified as to materiality being true and correct in all material respects,
- in each case as of the date of this Agreement and as of the Effective Date as though made on and as of that date except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date); and
- 9.2 the Company shall have, as of the Effective Date, performed and complied in all material respects with all covenants and agreements contained in this Agreement which are required to be performed by or complied with by it, on or prior to the Effective Date;

10. KS Distribution's Representations, Warranties and Covenants:

- 10.1 the representations and warranties of KS Distribution set out in this Agreement that:
- 10.1.1 are qualified as to materiality being true and correct; and
 - 10.1.2 are not qualified as to materiality being true and correct in all material respects,
- in each case as of the date of this Agreement and as of the Effective Date as though made on and as of that date except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date); and
- 10.2 KS Distribution shall have, as of the Effective Date, performed and complied in all material respects with all covenants and agreements contained in this Agreement which are required to be performed by or complied with by it, on or prior to the Effective Date; and

- 11. No Material Adverse Change:** Between the date of this Agreement and the Effective Date, there being no loss of any Major Supplier (other than by reason of a written notice given by the Company to terminate a Major Supplier) nor has any written notice been given by any Major Supplier indicating that it wishes to cease being a supplier to the SSH Group. For this purposes, "Major Supplier" refers to a supplier which accounted for 5 per cent. or more of the SSH Group's total purchases in any of FY2007, FY2008 or the period commencing on 1 January 2009 and ending on the date of this Agreement.

SCHEDULE 2

Representations and Warranties of KS Distribution

The representations and warranties of KS Distribution in the SSH Scheme Agreement are reproduced in this Schedule 2. All capitalised terms used and defined herein shall have the same meanings given to them in the Agreement, a copy of which is available for inspection at the registered office of SSH during normal business hours until the date the SSH Scheme becomes effective.

(a) Status

KS Distribution is a company duly incorporated in Singapore under the Companies Act with company registration number 200922607D and validly existing under its law of incorporation.

(b) Power

KS Distribution has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

(c) Authority

KS Distribution has taken all necessary corporate action and obtained all necessary corporate approval to authorise the entry into this Agreement and the performance of this Agreement and to carry out the transactions contemplated in this Agreement.

(d) Consents

KS Distribution shall obtain all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order to:

- (i) enable KS Distribution lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement; and
- (ii) ensure that those obligations are valid, legally binding and enforceable have been taken, fulfilled and done.

(e) Binding Obligation

KS Distribution's obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

(f) No Breach

Neither the execution nor performance by KS Distribution of this Agreement nor any transaction contemplated under this Agreement will violate any provision of its constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to KS Distribution or its assets, or any agreement or instrument to which KS Distribution is a party or by which KS Distribution or its assets are bound.

SCHEDULE 3

Representations and Warranties of SSH

The representations and warranties of SSH in the SSH Scheme Agreement are reproduced in this Schedule 3. All capitalised terms used and defined herein shall have the same meanings given to them in the SSH Scheme Agreement, a copy of which is available for inspection at the registered office of SSH during normal business hours until the date the SSH Scheme becomes effective.

(a) Status

The Company is a company duly incorporated in the Republic of Singapore with company registration number 197600985C and validly existing under its law of incorporation. As of the date of this Agreement, the issued share capital of the Company is S\$39,230,448 consisting of 540,567,507 ordinary shares.

(b) Power

The Company has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

(c) Authority

The Company has taken all necessary corporate action and obtained all necessary corporate approval to authorise the entry into this Agreement and the performance of this Agreement and to carry out the transactions contemplated in this Agreement.

(d) Consents

The Company shall obtain all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order to:

- (i) enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement; and
- (ii) ensure that those obligations are valid, legally binding and enforceable have been taken, fulfilled and done.

(e) Binding Obligation

The Company's obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

(f) No Breach

Neither the execution nor performance by the Company of this Agreement nor any transaction contemplated under this Agreement will violate any provision of its constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to the Company or its assets, or any agreement or instrument to which the Company is a party or by which the Company or its assets are bound.

SCHEDULE 4

Stipulated Events

All capitalised terms used and defined herein shall have the same meanings given to them in the Scheme Agreement, a copy of which is available for inspection at the registered office of SSH during normal business hours until the date the Scheme becomes effective.

- (a) **Resolution for Winding Up:** the Company (or any of the other SSH Group Companies) resolving that it be wound up;
- (b) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or similar officer of the Company (or any of the other SSH Group Companies);
- (c) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company (or any of the other SSH Group Companies);
- (d) **Composition:** the Company (or any of the other SSH Group Companies) entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (e) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company (or any of the other SSH Group Companies);
- (f) **Insolvency:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s);
- (g) **Cessation of Business:** the Company (or any of the other SSH Group Companies) ceases or threatens to cease for any reason to carry on business in the usual course;
- (h) **Breach of Agreement:** the Company being in material breach of any provisions of this Agreement or taking any action which would reasonably be expected to be prejudicial to the implementation of the Transaction;
- (i) **Investigations and Proceedings:** if the Company (or or any of the other SSH Group Companies) or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (j) **Analogous Event:** the Company (or any of the other SSH Group Companies) becoming or being deemed by law or a court to be insolvent or stops or suspends or threatens to stop or suspend payment of its debts.