



SHS HOLDINGS LTD

NEWS RELEASE

SHS Holdings' 2Q2016 net profit jumped 6 fold to S\$8 million from one-off gains

- Net profit from discontinued operations jumped 255% to S\$7.6 million from post-completion payment from Brenntag who acquired TAT Petroleum on 31 December 2015
- Posted net profit from continuing operations of S\$451,000, reversing net loss of S\$910,000 in the year-ago period

\$'000	2Q2016	2Q2015	Change	1H2016	1H2015	Change
Revenue	13,732	12,286	12%	26,643	23,821	12%
Net profit attributable to shareholders						
- Continuing Operations	451	(910)	NM	655	(1,720)	NM
- Discontinued Operations	7,556	2,130	255%	7,556	5,638	34%
	8,007	1,220	556%	8,211	3,918	110%

*For the period ended 30 June 2016 and 30 June 2015
NM = Not Meaningful*

Singapore, 11 August 2016 – Mainboard-listed **SHS Holdings Ltd.**, (四合成有限公司) (“SHS” or “the Company”, and together with its subsidiaries, the “Group”) today reported that its net profit attributable to shareholders from both its continuing and discontinued operations jumped 556% to S\$8.0 million for the second quarter of FY2016 (“2Q2016”) ended 30 June 2016.

This was largely due to the receipt of a S\$7.6 million post-completion payment from Brenntag AG for the difference between the audited book value delivered to Brenntag against the estimated book value at the completion date of the sale of Tat Petroleum. As a result, net profit from discontinued operations jumped 255% to S\$7.6 million.

Net profit from continuing operations posted S\$451,000, reversing a net loss of S\$910,000 in the year-ago period. This was achieved on the back of a 12% higher Group revenue to S\$13.7 million which was boosted by higher contribution from its Structural Steel & Facade (“SSF”) segment, as well as higher revenue and improvement in efficiency from its Corrosion Prevention (CP) segment.

Said Group Chief Executive Officer, Mr Henry Ng: ***“We are pleased that our business process improvement initiatives and our cost rationalization measures have helped soften the impact of the very challenging business environment faced by our SSF and CP businesses. Looking forward, we are excited about our modular construction business, through our subsidiary, TLC Modular Pte Ltd, which already has gained much traction with the securing of a NZ\$11.2 million (US\$8.2 million) contract to develop an 88-room hotel in Christchurch, New Zealand, and the signing of a Letter of Intent to develop a 12-storey, 200-room hotel in Yangon, Myanmar approximately US\$19 million.”***

SEGMENT REVIEW

\$'000	2Q2016	2Q2015	Change	1H2016	1H2015	Change
Corrosion Prevention (CP)						
- Revenue	5,440	5,517	(1%)	10,415	10,750	(3%)
- Gross Profit	1,580	1,584	-	2,852	2,643	8%
Structural Steel & Facade (SSF)						
- Revenue	7,895	6,180	28%	15,489	12,231	27%
- Gross Profit	1,656	1,318	26%	2,845	2,615	26%
Solar Energy						
- Revenue	113	-	NM	146	-	NM
- Gross Profit	(89)	-	NM	(65)	-	NM
Others						
- Revenue	284	589	(52%)	593	840	(29%)
- Gross Profit	134	88	52%	262	145	81%

For the period ended 30 June 2016 and 30 June 2015

Corrosion Prevention (CP)

The Group's CP segment posted a marginal decline in revenue to S\$5.4 million, despite the continuing impact from its customers who are mainly in the marine, offshore, oil and gas sectors.

CP segment's gross profit for 2Q2016 remained flat at S\$1.6 million year-on-year. However, gross profit margin improved from 28.7% in 2Q2015 to 29.1% in 2Q2016 due to the Group's efforts in raising productivity, rationalizing costs and reducing its reliance on subcontracting services.

Structural Steel & Facade (SSF)

Revenue for the SSF segment increased by 28% to S\$7.9 million in 2Q2016 due to the recognition of projects such as Formula 1 Singapore Airlines Singapore Grand Prix, Changi General Hospital, Overseas Union Enterprises, Singapore Management University, Shell Marina and Singapore Post.

Gross profit similarly rose 26% to S\$1.7 million against the backdrop of a challenging business conditions and the loss of a production line due to the ongoing redevelopment works on its current Tuas factory. Gross margin was marginally flat, dipping to 21.0% in 2Q2016, from 21.3% in the previous quarter a year ago.

Solar Energy

Revenue from the Group's Solar Energy business, through its subsidiary Sinenergy Holdings Pte Ltd, amounted to S\$113,000 in 2Q2016. However, as Sinenergy is still in its gestation phase, it continues to report a loss of S\$89,000 at the gross level due to start-up costs.

Other Income

Other income increased by 504% year-on-year from S\$0.1 million in 2Q2015 to S\$0.7 million in 2Q2016 mainly due to higher interest income from surplus cash in fixed deposits and dividend income from an investment.

EPS/NAV Per Share

Based on the latest 2Q2016 results, the Group's basic earnings per ordinary share (based on the weighted average number of shares) grew to 0.07 Singapore cents, reversing a loss per share of 0.17 Singapore cents recorded in 2Q2015. Net asset backing per ordinary share was 31.34 Singapore cents (as at 30 June 2016).

The Group maintained a robust financial position with its total equity amounting to S\$215.6 million, and cash and cash equivalents totaling S\$81.4 million as at 30 June 2016.

Business Prospects

With the ongoing domestic and global economic volatility, and heightening competitive landscape dominated by depressed oil prices, the Group envisages that FY2016 will remain challenging for the Group's core businesses.

Its CP business will continue to face the impact of a depressed marine, offshore, and oil & gas sector. However, the Group's efforts to rationalize its cost structure, enhance productivity while expanding and diversifying its customer base have helped to soften the impact.

Meanwhile, its SSF segment continues to face margin pressure in an increasingly competitive industry. This is exacerbated by the loss of a production line as the Group is redeveloping its SSF plant in Tuas.

The Group has taken concrete steps to move up the value chain by setting up a new competency in modular construction through its subsidiary, TLC Modular Pte Ltd, which was incorporated on 5 May 2016. Since then, TLC has won a NZ\$11.2 million (US\$8.2 million) contract for the construction of an 88-room hotel in Christchurch, New Zealand. It has also signed a Letter of Intent with a major private equity fund that invests in hotel properties in the Asia-Pacific region for the development of a 12-storey, 200-room hotel in Yangon, Myanmar. The contract is worth approximately US\$19 million.

Following an Extraordinary General Meeting held on 26 May 2016, shareholders approved the diversification of the Group's business to include the Solar Energy Business as a core business. Management are progressing with the plans to design, construction, operate and maintain a 50MW solar power plant in Bangladesh, as well as a 4MW project for Singapore Airport Terminal Services ("SATS") in Singapore.

Management remains vigilant and will take appropriate action to stay efficient in such a challenging business climate.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 11 August 2016.

Issued on behalf of SHS Holdings Ltd. by:

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About SHS Holdings Ltd.

SHS Holdings Ltd. is an established group with core businesses in corrosion prevention ("CP"), steel engineering services (SSF), modular construction and solar energy.

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. SHS Holdings Ltd. 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 steel engineering business is operated through wholly-owned subsidiary, Hetat which 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.

It recently added new capabilities in solar energy and modular construction, which will be additional growth engines for the Group.

SHS Holdings Ltd. is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at www.shsholdings.com.sg.