

SHS Holdings Ltd.
(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the First Quarter 2017

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 31 Mar		Change %
	2017 S\$'000	2016 S\$'000	
<u>Continuing Operations</u>			
Revenue	5,980	12,911	(54%)
Cost of sales and services	(4,363)	(10,298)	(58%)
Gross profit	1,617	2,613	(38%)
Other income	282	526	(46%)
Selling and distribution expenses	(131)	(115)	14%
Administrative expenses	(1,802)	(2,005)	(10%)
Other operating expenses	(1,447)	(1,101)	31%
Loss from operations	(1,481)	(82)	N/M
Finance costs	(35)	(41)	(15%)
Share of (loss)/profit of associated companies	(186)	293	N/M
Share of profit/(loss) of joint ventures	8	-	N/M
(Loss)/profit before income tax	(1,694)	170	N/M
Income tax	86	34	153%
(Loss)/profit from continuing operations after tax	(1,608)	204	N/M
<u>Discontinued operations #</u>			
Profit from discontinued operations after tax	171	-	N/M
(Loss)/ profit after income tax	(1,437)	204	N/M
Attributable to:			
Equity holders of the Company			
- Continuing Operations	(1,321)	204	N/M
- Discontinued Operations	171	-	N/M
	(1,150)	204	N/M
Non-controlling interests, net of income tax			
- Continuing Operations	(287)	-	N/M
- Discontinued Operations	-	-	N/M
	(287)	-	N/M
	(1,437)	204	N/M

Discontinued operations relates to the Refined Petroleum Business which was divested in FY 2015

Statement of Comprehensive Income

	Group		
	3 months ended 31 Mar		
	2017	2016	Change
	S\$'000	S\$'000	%
(Loss)/ profit after income tax	(1,437)	204	(804%)
<u>Other comprehensive (expense)/ income</u>			
Foreign currency translation	(385)	22	(1849%)
	<u>(385)</u>	<u>22</u>	N/M
Total comprehensive (loss)/income	<u>(1,822)</u>	<u>226</u>	N/M
Attributable to:			
Equity holders of the Company	(1,473)	223	(761%)
Non-controlling interests, net of income tax	(349)	3	N/M
	<u>(1,822)</u>	<u>226</u>	N/M

Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

(Loss)/profit from continuing operations is arrived at after (charging)/crediting the following:

	Note	Group		
		3 months ended 31 Mar		
		2017	2016	Change
		S\$'000	S\$'000	%
Other Income	1	135	191	(29%)
Interest Income	2	131	256	(49%)
Interest on borrowings	3	(35)	(41)	(15%)
Depreciation	4	(744)	(793)	(6%)
Fixed assets written off		-	(1)	(100%)
Gain on disposal of fixed assets	5	16	5	220%
Amortisation of intangible assets		(14)	(14)	0%
(Allowance)/reversal for doubtful debts		-	27	(100%)
Foreign exchange (loss)/ gain	6	(576)	74	(878%)

- 1) The decrease was largely due to lower scrapped income from SSF segment.
- 2) The decrease was largely due to lower surplus cash for fixed deposit placement and lower interest yield.
- 3) The decrease was mainly due to shorter tenor of trust receipts placement.
- 4) The decrease was mainly due to more assets had been fully depreciated.
- 5) The increase was mainly due to more assets being disposed and scrapped.
- 6) The increase in exchange loss was mainly due to unrealized exchange loss from the Mongolian Tugriks and Malaysia ringgit and the depreciation of the US\$ as compared to last year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	55,309	42,793	8,228	8,399
Investment in subsidiary companies	-	-	54,347	54,347
Investments in associated companies	22,106	22,291	7,004	7,004
Financial assets, available-for-sale	19,711	19,711	17,135	17,135
Investment in joint ventures	5	6	-	-
Intangible assets	38	52	-	-
Goodwill	30,100	26,450	-	-
	<u>127,269</u>	<u>111,303</u>	<u>86,714</u>	<u>86,885</u>
Current Assets				
Stock and work-in-progress	12,675	9,941	258	429
Trade receivables	13,372	21,147	131	201
Amount due from related parties	-	-	51,618	39,517
Amount due from joint ventures	238	328	-	-
Other receivables	22,501	31,888	7,715	17,727
Loan to joint ventures	2,664	2,633	-	-
Loan to related party	600	600	-	-
Fixed deposits	53,000	51,000	53,000	51,000
Cash and bank balances	15,206	19,792	358	3,787
	<u>120,256</u>	<u>137,329</u>	<u>113,080</u>	<u>112,661</u>
Total Assets	247,525	248,632	199,794	199,546
LIABILITIES				
Current Liabilities				
Trade payables and accruals	7,885	12,311	1,084	1,722
Other payables	5,192	4,397	322	263
Amount due to related parties	-	-	5,445	4,980
Term loans	415	18	-	-
Other amounts due to bankers	5,607	5,314	-	-
Hire purchase creditors	91	103	-	-
Provision for taxation	508	528	-	-
	<u>19,698</u>	<u>22,671</u>	<u>6,851</u>	<u>6,965</u>
Non-current Liabilities				
Term loans	4,980	3,840	-	-
Hire purchase creditors	241	278	-	-
Deferred taxation	1,790	2,015	633	633
	<u>7,011</u>	<u>6,133</u>	<u>633</u>	<u>633</u>
Total Liabilities	26,709	28,804	7,484	7,598
EQUITY				
Share capital	160,636	160,636	160,636	160,636
Treasury shares	(5,003)	(5,003)	(5,003)	(5,003)
Asset revaluation reserve	1,748	1,748	2,874	2,874
Foreign currency translation reserve	574	897	-	-
Other reserve	-	-	3,297	3,297
Revenue reserve	58,349	59,499	30,506	30,144
	<u>216,304</u>	<u>217,777</u>	<u>192,310</u>	<u>191,948</u>
Non-controlling interests	4,512	2,051	-	-
Total Equity	220,816	219,828	192,310	191,948
Total Liabilities and Equity	247,525	248,632	199,794	199,546

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31-Mar-17 S\$'000	31-Dec-16 S\$'000
Amount Repayable in one year or less, or on demand		
Secured	6,113	5,435
Unsecured	-	-
	<u>6,113</u>	<u>5,435</u>
Amount Repayable after one year, or on demand		
Secured	5,221	4,118
Unsecured	-	-
	<u>5,221</u>	<u>4,118</u>

Details of any collateral

The credit facilities of the Group were secured by the following:

- i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5 for the Company's banking facility (including foreign exchange spot and forward) of approximately S\$19.0 million.
- ii) A mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S\$29.68 million by the Company and Corporate guarantee of S\$5 million by Hetat Engineering Construction Sdn Bhd for banking facilities (including foreign exchange spot and forward) extended to Hetat Pte Ltd of approximately S\$33.18 million;
- iii) A mortgage in-escrow and deed of assignment over industrial land together with a factory building to be erected held under title GM2485, Lot 1979, Mukim Jeram Batu. Daerah Pontian, Johor, Malaysia, corporate guarantee by the Company of S\$9.46 million and RM1.30 million for banking facility of approximately S\$9.46 million and RM5.30 million (including foreign exchange spot and forward).
- iv) A corporate guarantee for S\$5.75 million by the Company for banking facility extended to Sinenergy Holdings Pte Ltd of approximately S\$5 million.
- v) A joint corporate guarantee of S\$3 million by the Company and GEP Asia Holdings Pte Ltd in the ratio of 51% and 49% for banking facilities extended to Eastern Tankstore (S) Pte Ltd of approximately S\$3 million.
- vi) A corporate guarantee of US\$1.3 million for banking facilities extended to Aenergy Holdings Company Limited of approximately US\$5.2 million.
- vii) Fixed assets under hire purchase arrangements.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	3 months ended 31 Mar	
	2017	2016
	S\$'000	S\$'000
Cash Flows from Operating Activities		
(Loss)/profit before income tax from continuing operations	(1,694)	170
Profit before income tax from discontinued operations	171	-
(Loss)/profit before income tax, total	(1,523)	170
Adjustments for:		
Depreciation of property, plant and equipments	744	793
Property, plant and equipment written off	-	1
Amortisation of intangible assets	14	14
Gain on disposal of property, plant and equipments	(16)	(5)
Interest on borrowings	35	41
Interest income	(131)	(256)
Share of profit of joint ventures	(8)	-
Share of loss/(profit) of associated companies	185	(293)
Allowance/(reversal) for doubtful debts	-	(27)
Write-back on allowance for inventory obsolescence	(171)	-
Inventories written off	(2)	-
Net foreign currency translation adjustments	(231)	45
Operating cash flow before working capital changes	(1,104)	483
Changes in working capital		
Inventories and work-in-progress	(3,207)	711
Receivables	16,216	(620)
Payables	(3,681)	(5,114)
Cash generated from/(used in) operations	8,224	(4,540)
Interest paid	(35)	(41)
Interest received	131	256
Income tax refund/(payment)	45	6
Net cash generated from/(used in) operating activities	8,365	(4,319)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(7,979)	(2,010)
Proceeds from disposal of property, plant and equipment	-	12
Investment in a joint venture	-	(7)
Loan repayment by an associated company	(22)	-
Cashflow on acquisition of subsidiary (net of cash)	(5,836)	-
Net cash used in investing activities	(13,837)	(2,005)
Cash Flows from Financing Activities		
Net proceeds from issue of shares	-	1,914
Fixed deposit discharge with bank	-	1,200
Fund repayment to hire purchase	(50)	(56)
Drawdown/(repayment) to term loan	1,538	(150)
Drawdown/(repayment) of trusts receipts	293	(2,039)
Capital contribution from non-controlling interest	1,252	-
Net cash generated from financing activities	3,033	869
Effects of exchange rate changes on the balance of cash held in foreign currencies	(147)	(23)
Net decrease in cash and cash equivalents	(2,586)	(5,478)
Cash and cash equivalents at the beginning of the period	70,792	102,555
Cash and cash equivalents at the end of the period	68,206	97,077

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital S\$'000	Treasury Share S\$'000	Revaluation Reserve S\$'000	Other Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserve S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Group									
Balance at 01 January 2017	160,636	(5,003)	1,748	-	897	59,499	217,777	2,051	219,828
Comprehensive income	-	-	-	-	(323)	(1,150)	(1,473)	(349)	(1,822)
Acquisition of subsidiary	-	-	-	-	-	-	-	1,558	1,558
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	1,252	1,252
Balance at 31 March 2017	160,636	(5,003)	1,748	-	574	58,349	216,304	4,512	220,816
Balance at 01 January 2016	143,730	(3,226)	1,748	-	1,400	75,450	219,102	849	219,951
Comprehensive income	-	-	-	-	19	204	223	3	226
Exercise of warrants	1,914	-	-	-	-	-	1,914	-	1,914
Balance at 31 March 2016	145,644	(3,226)	1,748	-	1,419	75,654	221,239	852	222,091
Company									
Balance at 01 January 2017	160,636	(5,003)	2,874	3,297	-	30,144	191,948	-	191,948
Comprehensive income	-	-	-	-	-	362	362	-	362
Balance at 31 March 2017	160,636	(5,003)	2,874	3,297	-	30,506	192,310	-	192,310
Balance at 01 January 2016	143,730	(3,226)	2,874	3,297	-	50,794	197,469	-	197,469
Comprehensive income	-	-	-	-	-	(120)	(120)	-	(120)
Exercise of warrants	1,914	-	-	-	-	-	1,914	-	1,914
Balance at 31 March 2016	145,644	(3,226)	2,874	3,297	-	50,674	199,263	-	199,263

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of the changes in the share capital of the Company are as follows:-

	2017		2016	
	Number of shares	S\$	Number of shares	S\$
Ordinary shares				
As at beginning of financial year	710,618,161	160,636,116	626,087,386	143,729,961
Exercise of warrants	-	-	9,570,675	1,914,135
As at 31 March	710,618,161	160,636,116	635,658,061	145,644,096
Treasury shares				
As at beginning of financial year	25,490,900	5,003,269	17,100,000	3,225,724
Share buy-back	-	-	-	-
As at 31 March	25,490,900	5,003,269	17,100,000	3,225,724
Total shares excluding treasury shares as at 31 March	685,127,261	155,632,847	618,558,061	142,418,372

Pursuant to announcements made on 18 December 2014, 303,641,586 Warrants were issued on 17 December 2014, and listed and quoted on the Mainboard of SGX-ST with effect from 19 December 2014 at an exercise price of SGD0.20. The Warrants have a 5-year exercise period from the date of issue and it will expire on 17 December 2019.

At the end of the financial period, the unissued ordinary shares of the Company under warrants were 218,584,603.

There were no subsidiary holdings as at 31 March 2017 and 31 March 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31-Mar-17	31-Dec-16
Total number of shares (including treasury shares)	710,618,161	710,618,161
Less treasury shares	(25,490,900)	(25,490,900)
Total number of shares (excluding treasury shares)	<u>685,127,261</u>	<u>685,127,261</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been reviewed nor audited by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report including any qualifications or emphasis of matter

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

None.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months ended 31 Mar	
	2017	2016
<u>Continuing Operations</u>		
(Loss)/profit per ordinary share for the financial year based on consolidated (loss)/profit attributable to members of the Company (Basic and diluted)		
- Basic	(0.20) cents	0.03 cents
-Diluted	(0.19) cents	0.03 cents
Based on the weighted average number of shares (Basic)	662,109,747	606,463,507
Based on the weighted average number of shares (Diluted)	686,990,653	689,821,581

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net asset backing per ordinary share	31.57 cents	31.79 cents	28.07 cents	28.02 cents
Based on the number of shares in issue, excluding treasury shares	685,127,261	685,127,261	685,127,261	685,127,261

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

1Q17 Overview

For the first quarter ended 31 March 2017 ("**1Q17**"), the Group recorded a 54% decrease in revenue from continuing operations to S\$6.0 million and a net loss after tax of S\$1.6 million. This compares with a profit after tax of S\$0.2 million a year ago.

As at 31 March 2017, the Group's total equity was S\$216.3 million from S\$217.8 million as at 31 December 2016. The Group has cash and cash equivalent balance of S\$68.2 million. The Group is in a net cash position with low debt-to-total equity ratio of 5.1%.

Revenue from Continuing Operations

S\$'000	1Q17	1Q16	Change
Corrosion Prevention ("CP")	2,134	4,976	(57%)
Structural Steel & Facade ("SSF")	3,417	7,594	(55%)
Solar Energy	236	32	NM
Others	193	309	(38%)
Total	5,980	12,911	(54%)

The Group's revenue decrease by 54% to S\$6.0 million in 1Q17, compared with S\$12.9 million in the previous corresponding period. This was mainly due to decline in demand amid adverse market conditions.

CP segment

Revenue for CP segment decreased by 57% to S\$2.1 million in 1Q17 from S\$5.0 million in 1Q16. The depressed, marine, offshore, oil and gas sectors and the oversupply of offshore rigs and vessels continues to affect our CP business as the segment saw several projects were deferred and few new significant orders.

SSF segment

Revenue for SSF segment decreased by 55% year-on-year to S\$3.4 million in 1Q17 from S\$7.6 million in 1Q16 due to timing as projects on hand were projected to be delivered in the second half of the financial year.

Solar Energy segment

Revenue for the Group's new Solar Energy segment reflects the income contributed from small projects as it is still in the business development stage.

Gross Profit and Gross Margin

Gross Profit From Continuing Operations

S\$'000	1Q17	1Q16	Change
CP	135	1,272	(89%)
SSF	1,482	1,182	25%
Solar Energy	(63)	24	NM
Others	63	135	(53%)
Total	1,617	2,613	(38%)

For 1Q17, the Group's gross profit decreased 38% year-on-year to S\$1.6 million, compared with S\$2.6 million in 1Q16. The decrease was mainly driven by the significant drop in revenue of the CP segment and the higher operating costs of the new Solar Energy segment during its development stage.

Notwithstanding the lower gross profit, the Group's gross margin improved from 20% in 1Q16 to 27% in 1Q17 driven by the SSF segment from better cost and project management.

CP segment

CP segment's gross profit dipped significantly to S\$0.14 million in 1Q17 from S\$1.3 million in 1Q16, on the back of the slump in revenue. The underutilization of the factory capacity and equipment resulted in gross margin decreasing to 2% from 20% a year ago.

SSF segment

Notwithstanding lower revenue in 1Q17, gross profit for SSF segment increased by 25% from S\$1.2 million in 1Q16 to S\$1.5 million in 1Q17 driven by better cost and project management. As a result, gross margin improved from 19% in 1Q16 to 42% in 1Q17.

Solar Energy segment

Whilst revenue in 1Q17 was higher than 1Q16, the current quarter resulted in a gross loss as the segment incurred higher operating costs during the development phase of its entry in the solar energy market.

Other Income

Other income decreased by 46% year-on-year from S\$0.5 million in 1Q16 to S\$0.3 million in 1Q17 mainly due to lower interest income due to lower yield and lower surplus cash placed in fixed deposits and lower scrap income from the SSF segment.

Selling, Distribution, Administrative and Other Operating Expenses

S\$'000	1Q17	1Q16	Change
Selling & Distribution	131	115	14%
Admin	1,802	2,005	(10%)
Other OPEX	1,447	1,101	31%
Total OPEX	3,380	3,221	5%

Total operating expenses increased by 5% year-on-year from S\$3.2 million in 1Q16 to S\$3.4 million in 1Q17, due to higher other operating expenses largely from the unrealized foreign exchange loss of S\$0.58 million incurred on the loan for the Malaysia land and the unfavorable USD exchange rate movement on the USD funds held for the Bangladesh project.

Selling and distribution expenses increased by 14% to S\$131,000 in 1Q17, compared with S\$115,000 in 1Q16 on higher travelling expenses as the Group extend its operations in Asia.

Administrative expenses were lower by 10% to S\$1.8 million in 1Q17 on further cost rationalization measures.

Other operating expenses increased by 31% to S\$1.45 million in 1Q17 on higher foreign exchange loss as explained above.

Finance Costs

Finance costs were slightly lower at S\$35,000 in 1Q17, compared with S\$41,000 in 1Q16 as trust receipts were placed on shorter tenor.

Share of Associates' Results

Share of loss of associated companies came in at S\$186,000 in 1Q17 compared with a profit of S\$293,000 a year ago. This was mainly driven from the Heron Bay project, with 2 final units from the project disposed at a loss.

Financial Position and Cash Flow Analysis

Non-current assets increased S\$16m from S\$111.3 million as at 31 December 2016 to S\$127.3 million as at 31 March 2017. This was mainly due to increase in fixed assets of \$12.6 million arising largely from the redevelopment of the current SSF plant at 19 Tuas Avenue 20, the consolidation of fixed assets of newly acquired TLC JSC Vietnam of S\$5 million and S\$3.2 million from Solar segment for the progressively acquisition of land for the Bangladesh solar project offset partially by depreciation of Property, plant and equipment charged to the income statement in the quarter of S\$0.74 million and; goodwill increase of S\$3.6 million arising from the acquisition of TLC JSC Vietnam in February 2017.

Current assets decreased S\$17.0 million from \$137.3 million as at 31 December 2016 to S\$120.3 million as at 31 March 2017. This was mainly due to:

- a) Lower cash and cash equivalents of \$2.6 million from fixed assets increase of S\$8 million arising from the redevelopment of SSF factory and acquisition of land for the solar project in Bangladesh; acquisition of modular business of TLC JSC in Vietnam of \$5.8 million and settlement of accrued expenses and payables of S\$3.7 million offset by improved collections from receivables and the receipt of S\$10 million held previously in escrow from the sale of the RP business;
- b) Lower trade receivables of S\$7.6 million from collections of receivables and lower revenue in the first quarter;
- c) Lower other receivables of S\$9.6 million from the receipt of escrow monies of \$10 million previously held for the sale of the RP business;
- d) Offset by increase in stocks and work in progress of \$2.7 million largely from SSF segment in relation to ongoing steel fabrication projects.

Current liabilities of the Group decreased \$2.9 million from S\$22.7 million as at 31 December 2016 to S\$19.7 million as at 31 March 2017. This is mainly due to lower trade payables and accruals of \$4.2 million from settlement of dues to subcontractors, trade creditors and payment of accrued expenses relating to year-end staff related expenses offset by increase in other payables of S\$0.6 million and increase in term loan of \$0.4 million from consolidation of newly acquired subsidiary TLC JSC Vietnam.

Non-current liabilities of the Group increased S\$0.8 million as at 31 March 2017 due largely to secure term loans drawdown by SSF of S\$1 million in relation to the redevelopment of factory.

Shareholders' equity decreased to S\$216.3 million as at 31 March 2017 from S\$217.8 million as at 31 December 2016. The decrease was largely attributed to the loss in 1Q17.

Non-controlling interests of S\$2.5 million relates to the minority interests portion of the newly acquired subsidiary of TLC JSC Vietnam.

During 1Q17, the Group recorded a net cash inflow of S\$8.4 million from operating activities after adding S\$8.2 million for changes in working capital.

Net cash used in investing activities amounted to S\$13.8 million in 1Q17, mainly due to the construction in progress arising from the plant redevelopment of SSF factory and the purchase of land in Bangladesh for the Solar Energy segment and the payment in relation to the acquisition of TLC JSC in Vietnam.

Net cash generated from financing activities in 1Q17 was S\$3 million derived from drawdown of bank loans for the redevelopment of SSF factory and trust receipts. After taking into account net foreign currency translation adjustments, the Group recorded a net decrease in cash equivalents of S\$2.6 million to S\$68.2 million for 1Q17.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the year ended 31 December 2016, the Annual Report FY2016 and the profit guidance announced on 9 May 2017

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As mentioned in the previous results announcement, Annual Report 2016 and the recent announced profit guidance, the business landscape in FY17 continues to remain challenging in the face of domestic and global economic volatility, heightening competition and depressed oil prices that will continue to impact the Group's operating performance.

On the back of a weakened prospect of the construction sector, the Group's construction and infrastructure segment is facing margin pressure in an increasingly competitive industry. Management continues to take appropriate action to stay efficient and remain nimble in this difficult trading condition and taking steps to move up the value chain into modular construction and explore overseas for growth in this segment. Whilst management sees potential in the modular construction segment and significant efforts have been made to develop this segment and have seen a growing order book in this segment, the results of this exciting segment can only be seen from the latter part of this financial year where the modular products are being delivered.

Management expects that the current marine, offshore and oil & gas sector to remain depressed. This had and will continue to impact on the Group's corrosion prevention business. The Group will continue its cost rationalisation exercise and enhance productivity to maintain an appropriate and efficient cost structure while it focuses on expanding and diversifying its customer base.

For the Group's solar energy segment, we have obtained full regulatory clearance and achieved full turn-on on 10 April for the 3.6MW SATS project, which the Group owns a 51% equity interests. The Group will focus on developing the 50MW Bangladesh project in 2017 and target to commission the project by the second quarter of 2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect,**

There were fifteen interested person transactions totalling S\$134,000 during the three months ended 31 March 2017. This represents 0.07% of the Group's audited net tangible asset as at 31 December 2016. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

- 14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

We, Ng Han Kok, Henry and Goh Koon Seng being two directors of SHS Holdings Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 1Q17 financial statements to be false or misleading in any material respect.

- 15. Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO
12 May 2017