

CIRCULAR DATED 14 APRIL 2021

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by SHS Holdings Ltd. (the “Company”, and together with its subsidiaries, the “Group”). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of EGM (as defined herein) and the accompanying Proxy Form (as defined herein) to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company. The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

This Circular has been made available on the SGX-ST’s website at <http://www.sgx.com> and the Company’s website at <http://shsholdings.listedcompany.com/>.

Due to the current COVID-19 outbreak in Singapore, in lieu of in person attendance at the EGM by Shareholders, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via “live” audio-visual webcast or listening to the EGM proceedings via “live” audio-only stream, (b) submitting comments, queries and/or questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please refer to the Section entitled “Notes” in the Notice of EGM set out on pages N-1 to N-4 herein for these alternative arrangements.

With the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its EGM arrangements at short notice, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should check the SGX-ST’s website at <http://www.sgx.com> and the Company’s website at <http://shsholdings.listedcompany.com/> for updates on the EGM.



SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

CIRCULAR TO SHAREHOLDERS

in relation to

**THE PROPOSED DIVESTMENT OF THE ENTIRE SHAREHOLDING
INTEREST IN TLC MODULAR PTE. LTD.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 27 April 2021 at 11.00 a.m.
Date and time of EGM : 29 April 2021 at 11.00 a.m.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

“1H2020”	:	Financial period ended 30 June 2020
“Adjustment Mechanism”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Affiliate”	:	In relation to a company, means any other company directly or indirectly controlling, controlled by or under common control with such company, and “control” for these purposes means (a) holding the majority of the voting rights or share capital of such company or (b) otherwise having the power to direct the management and policies of such company
“AS”	:	Alistair William Raglan Sawer
“Board” or “Board of Directors”	:	The board of directors of the Company, from time to time
“Buyer”	:	Has the meaning ascribed in Section 1.1 of this Circular
“CAT Amount”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This Circular to Shareholders dated 14 April 2021
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	SHS Holdings Ltd. (formerly known as See Hup Seng Limited)
“Completion”	:	Has the meaning ascribed in Section 1.5 of this Circular
“Completion Date”	:	Has the meaning ascribed in Section 2.4 of this Circular
“Conditions”	:	Has the meaning ascribed in Section 2.5 of this Circular
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“CPF”	:	The Central Provident Fund
“Director” or “Directors”	:	A director or directors of the Company

DEFINITIONS

“Ms Mai”	:	Duong Thi Thuy Mai
“EGM”	:	The extraordinary general meeting of the Company to be held by electronic means on 29 April 2021, at 11.00 a.m., notice of which is set out on pages N-1 to N-4 of this Circular
“EPS”	:	Earnings per Share
“Funding Deed”	:	Has the meaning ascribed to it in Section 1.7 of this Circular
“FY”	:	The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending 31 December
“FY2019”	:	The financial period commenced 1 January 2019 and ended 31 December 2019
“FY2020”	:	The financial period commenced 1 January 2020 and ended 31 December 2020
“GSNZS”	:	GS NZ Strategic Holdings Pte. Ltd.
“Group”	:	The Company and its subsidiaries
“Hetat Loan”	:	Has the meaning ascribed to it in Section 1.7 of this Circular
“Indemnified Loss”	:	Has the meaning ascribed in Section 2.6(c) of this Circular
“Indemnity Deed”	:	Has the meaning ascribed in Section 1.6 of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“NAV”	:	Net asset value
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible assets
“Obligors”	:	Has the meaning ascribed in Section 1.6 of this Circular
“Ordinary Resolution”	:	The ordinary resolution to be passed by Shareholders at the EGM as set out in the Notice of EGM

DEFINITIONS

“Permitted Indebtedness”	:	Has the meaning ascribed in Section 2.6(a)(i) of this Circular
“PPE”	:	Has the meaning ascribed in Section 2.4.1 of this Circular
“Proposed Divestment”	:	Has the meaning ascribed in Section 1.2 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Purchase Price”	:	Has the meaning ascribed in Section 2.4 of this Circular
“Register of Members”	:	The register of members of the Company
“Restructure”	:	Has the meaning ascribed in Section 1.5 of this Circular
“Sale Shares”	:	means the number of fully paid ordinary sale shares in TLC Singapore comprising of Hetat’s entire shareholding interest in TLC Singapore
“Sale Shares Value”	:	Has the meaning ascribed to it in Section 2.4 of this Circular
“Securities Account”	:	A securities account maintained by a Depositor with CDP
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SFRS(I) 5”	:	Singapore Financial Reporting Standards (International)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Singapore”	:	The Republic of Singapore
“SPA”	:	The sale and purchase agreement entered into on 9 February 2021 between Hetat Holdings Pte. Ltd., GS NZ Strategic Holdings Pte. Ltd. And TLC Holdings II Pte. Ltd. in relation to the sale of the Sale Shares (as amended from time to time)

DEFINITIONS

“Target Group Company”, “Target Group” or “Target Group Companies”	:	Has the meaning ascribed in Section 1.2 of this Circular
“Tax Indemnity”	:	Has the meaning ascribed in Section 1.6 of this Circular
“TLC JSC VN”	:	TLC Modular Construction JSC
“TLC Ltd VN”	:	TLC Modular Manufacturing (Vietnam) Co., Ltd
“TLC NZ”	:	TLC Modular & Construction (NZ) Pty Limited
“TLC Singapore”	:	TLC Modular Pte. Ltd.
“TLI”	:	Thao Li International Pte. Ltd.
“Valuation Reports”	:	means, collectively: (1) the valuation report by Colliers International Valuation & Advisory Services dated 18 December 2019 on an industrial factory and buildings in Dong Xuyen IP; and (2) the valuation report by Colliers International Valuation & Advisory Services dated 18 December 2019 on industrial properties in Phu My II Industrial Zone, Ba Ria Vung Tau, Vietnam.
“Warranties”	:	Has the meaning ascribed in Section 1.6 of this Circular
“S\$” and “Cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Percentage or per centum

In this Circular:

- (a) The terms **“Depositor”**, **“Depository Register”**, and **“Depository Agent”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.
- (b) The terms **“subsidiary”**, **“treasury share”**, **“related company”**, and **“substantial Shareholder”** shall have the meanings ascribed to them respectively in the Companies Act.
- (c) The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.
- (d) Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.
- (e) References to persons shall, where applicable, include corporations.
- (f) Unless otherwise provided, references to Sections are to sections of this Circular.

DEFINITIONS

- (g) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) Any reference in this Circular to any enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual, or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual, or any statutory modification thereof, as the case may be, unless otherwise provided.
- (i) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.
- (j) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (k) The words “**written**” and “**in writing**” include, where the context requires, any means of visible reproduction.

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility and does not undertake any obligation to update publicly or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

Dentons Rodyk & Davidson LLP has been appointed as the legal adviser to the Company as to Singapore law in respect of the Proposed Divestment.

LETTER TO SHAREHOLDERS

SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

Board of Directors:

Teng Choon Kiat (*Executive Chairman*)
Ng Han Kok, Henry (*Executive Director and Group CEO*)
Lim Siok Kwee, Thomas (*Executive Director and CEO Corrosion Prevention Services*)
Lee Gee Aik (*Lead Independent Director*)
Oh Eng Bin, Kenneth (*Independent Director*)
Lee Kuo Chuen, David (*Independent Director*)

Registered Office:

19 Tuas Avenue 20,
Singapore 638830

14 April 2021

To: The Shareholders of the Company

Dear Sir/Madam

THE PROPOSED DIVESTMENT OF THE ENTIRE SHAREHOLDING INTEREST IN TLC MODULAR PTE. LTD.

1. INTRODUCTION

- 1.1. As announced by the Company on 9 February 2021, the Company's wholly owned subsidiary, Hetat Holdings Pte. Ltd. ("**Hetat**") had on 9 February 2021 entered into a sale and purchase agreement ("**SPA**") with TLC Holdings II Pte. Ltd. ("**Buyer**") for the sale of its entire shareholding interests comprising the Sale Shares¹ in TLC Modular Pte. Ltd. ("**TLC Singapore**") to the Buyer. GS NZ Strategic Holdings Pte. Ltd. ("**GSNZS**"), is also a party to the SPA, as guarantor for the Buyer in respect of the Buyer's obligations under the SPA, and to receive the benefit of various warranties and indemnities under the SPA.
- 1.2. Hetat owns 60% shareholding interest in TLC Singapore and TLC Modular Construction JSC ("**TLC JSC VN**"). TLC Modular Manufacturing (Vietnam) Co., Ltd ("**TLC Ltd VN**") and TLC Modular & Construction (NZ) Pty Limited ("**TLC NZ**") are 100% owned by TLC Singapore. TLC Singapore, TLC JSC VN, TLC Ltd VN and TLC NZ herein are referred to individually as a "**Target Group Company**", and collectively as the "**Target Group**" or "**Target Group Companies**". Thao Li International Pte. Ltd. ("**TLI**") is the 40% shareholder of TLC Singapore. The directors of TLI are Chew Kin Kok and Alistair William Raglan Sawyer. Alistair William Raglan Sawyer, Duong Thi Thuy Mai ("**Ms Mai**") and Chew Kin Kok hold 50%, 49% and 1% shareholding respectively in TLI. TLI and Ms Mai holds 39% and 1% shareholding respectively in TLC JSC VN. Upon Completion, Hetat would have disposed of its entire shareholding interest in the Target Group as reflected in Part 2 of Appendix 2 herein, and the Target Group Companies will cease to be subsidiaries of the Group ("**Proposed Divestment**"). Immediately after the Completion Date, it is intended that TLI will remain as the 40% shareholder of TLC Singapore. Please refer to Appendix 1 in

¹ Whilst the SPA entered into on 9 February 2021 was for the sale of 6 fully paid ordinary shares in TLC Singapore, TLC Singapore will be before Completion, issuing new shares proportionately to its shareholders (being Hetat and TLI respectively) such that Hetat will hold additional shares in TLC Singapore. This is for the purpose of the Restructure. In particular, new shares are issued by TLC Singapore to the shareholders in exchange for interests in TLC JSC VN. A supplemental agreement to the SPA will be entered into to reflect this. The additional shares will be transferred together with the 6 fully paid ordinary shares originally held by Hetat pursuant to the Proposed Divestment, which will result in Hetat disposing of its entire shareholding interest in TLC Singapore to the Buyer.

LETTER TO SHAREHOLDERS

this Circular for a diagrammatic illustration of the Target Group structure. Please also refer to the rationale for and benefits to the Group arising from the Proposed Divestment, details of which are set out in Section 3 of this Circular.

- 1.3. As the relative figure under Rule 1006(b) is a negative figure with an absolute value exceeding 20% and the situations within paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual do not apply to the Proposed Divestment, pursuant to Rule 1014 and paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the Proposed Divestment constitutes a “major transaction” under Rule 1014 in Chapter 10 of the Listing Manual. Accordingly, the Board of Directors is convening the extraordinary general meeting (“**EGM**”) to seek approval of the shareholders of the Company (“**Shareholders**”) for the Proposed Divestment. Further details on the aforementioned relative figures and the financial effects of the Proposed Divestment are set out in Sections 5.1 and 5.4 respectively of this Circular.
- 1.4. Further, as announced by the Company on 9 February 2021, the Company consulted SGX-ST and sought *inter alia*, clarification from the SGX-ST on the applicability of Rule 1014(5) of the Listing Manual to relative figures involving negative figures and waiver from the requirement to convene EGM to obtain Shareholders’ approval. Rule 1014(5) of the Listing Manual states that if any of the relative figures computed on the basis of Rule 1006 of the Listing Manual exceeds 75%, a competent and independent valuer must be appointed by the Company to value the assets to be disposed. The Company wishes to update that the SGX-ST has confirmed that Rule 1014(5) does not apply to the Proposed Divestment. However, in the interest of time, the Company has voluntarily withdrawn its consultation from the SGX-ST and has decided to convene an EGM to seek Shareholders’ approval on the Proposed Divestment.
- 1.5. Completion of the Proposed Divestment under the SPA (“**Completion**”) is conditional upon, *inter alia*, a corporate restructure being undertaken (“**Restructure**”) as required by the Buyer so that on Completion, the Buyer would be able to obtain the Sale Shares and 60% ownership of the Target Group Companies to achieve their internal purposes. Please refer to Section 2.5 of this Circular for further information on the Restructure and certain other Conditions of the Proposed Divestment.
- 1.6. In addition, Hetat has provided certain warranties under the SPA (“**Warranties**”) and each a “**Warranty**”) to, and agreed to indemnify, GSNZS for certain liabilities for tax suffered by any Target Group Company (“**Tax Indemnity**”) in accordance with the limitations set out in the SPA. As such, Hetat had on 9 February 2021 entered into a deed of indemnity (“**Indemnity Deed**”) with TLI, which is the 40% shareholder of TLC Singapore, Alistair William Raglan Sawyer (“**AS**”), as the largest shareholder who holds 50% shareholding interest in TLI and Stone Robert Alexander (collectively, the “**Obligors**”), wherein the Obligors agree to provide a back-to-back indemnity with respect to the Warranty and Tax Indemnity claims that the Buyer or GSNZS may make against Hetat. Stone Robert Alexander holds no shareholding in TLC Singapore and his interest in TLC Singapore is through his shareholding in the Company. As the Obligors (especially AS) have been quite heavily involved with the operations of the Vietnam business, they have agreed to be responsible for business-related warranties with respect to the Vietnam business under the SPA. Please refer to Section 2.6 of this Circular for further information on the Warranties, Tax Indemnity and Indemnity Deed.
- 1.7. To maintain the solvency of the Target Group until Completion, Hetat had on 9 February 2021 entered into a funding deed (“**Funding Deed**”) to make available to TLC Singapore an interest-free term loan facility of up to US\$1,500,000 (“**Hetat Loan**”), which shall be repaid in full by the Buyer on Completion. The obligations of TLC Singapore under the Funding

LETTER TO SHAREHOLDERS

Deed is guaranteed by the Obligers. Please refer to Section 2.6(b) of this Circular for further information on the Funding Deed.

- 1.8. The purpose of this Circular is to provide the Shareholders with relevant information pertaining to the Proposed Divestment, which will be tabled at the EGM to be convened and held by electronic means on 29 April 2021 at 11.00 a.m. The Notice of EGM is set out on pages N-1 to N-4 of this Circular.
- 1.9. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

2. THE PROPOSED DIVESTMENT

2.1. Information on the Group and Hetat

The Company (together with its subsidiaries, the “**Group**”) is an established group with core businesses in engineering and construction, including but not limited to structural steel and façade and modular construction, corrosion prevention and energy-related businesses. Through Hetat, the Group focuses on the design, engineering and construction of integrated structures created from steel, aluminum and glass materials.

2.2. Information on the Target Group Companies

TLC Singapore is a company incorporated in Singapore and engaged in the business of, amongst others, production of pre-cast concrete components and other specialized construction activities.

TLC JSC VN is a joint stock company incorporated under the laws of Vietnam and operated under Enterprise Registration Certificate No 0301990907 issued by the Planning and Investment Department of Ho Chi Minh City dated 5 May 2000 (as amended for the 13th time on 28 April 2017) with its registered address at Thi Sach, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. It is engaged in the business of, among others, providing design, construction and manufacturing services in modular construction projects (including civil and industrial construction and steel structure fabrication).

TLC Ltd VN is a limited liability company incorporated under the laws of Vietnam and operated under Enterprise Registration Certificate No 3502344560 issued by the Planning and Investment Department of Ba Ria – Vung Tau dated 14 September 2017 with its registered address at Road D3, Phu My II Industrial Park, Phu My Town, Ba Ria – Vung Tau Province, Vietnam. It is intended for TLC Ltd VN to be engaged in the business of, among others, providing design, construction and manufacturing services in modular construction projects. However, to date, TLC Ltd VN has been primarily used for modular storage purpose (including construction of mechanical manufacturing, producing and processing factories for industrial, civil and petroleum construction, shipbuilding, prefabricated steel buildings, modular housing, bathrooms and other mechanics equipment for domestic and export projects).

TLC NZ is a limited liability company incorporation under the laws of New Zealand and operated under Company number 6416272, with its registered office at Oxford Edge

LETTER TO SHAREHOLDERS

Limited, 3a/335 Lincoln Road, Addington, Christchurch, 8024, New Zealand. TLC NZ was set up for purpose of spearheading the business development of modular construction in New Zealand.

TLC Singapore and TLC JSC VN are, as at the date hereof, 60% owned by Hetat. TLC Ltd VN and TLC NZ are, as at the date hereof, 100% owned by TLC Singapore. Please refer to Appendix 1 for a diagrammatic illustration of the Group structure before and after the Restructure.

2.3. Information on the Buyer, GSNZS and Goldman Sachs Group, Inc.

The Buyer is an indirect wholly owned Singapore subsidiary of GSNZS. GSNZS was incorporated in Singapore, and is an indirect wholly owned Singapore subsidiary of The Goldman Sachs Group, Inc.

Goldman Sachs Group, Inc. was founded in 1869 and is a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

All information in respect of the Buyer, GSNZS and The Goldman Sachs Group, Inc. are based solely on information and representations made and provided by them. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.

Each of the Buyer, GSNZS and The Goldman Sachs Group, Inc. has further confirmed to the Company that, and to the best knowledge of the Company, saved as disclosed in this Circular, there is no connection (including business relationship) between the Buyer, GSNZS, The Goldman Sachs Group, Inc., their respective directors and their respective controlling shareholders with the Company or the Group, their respective Directors and their respective controlling Shareholders.

2.4. Purchase Price

The purchase price for the Sale Shares ("**Purchase Price**") is determined by the Sale Shares value of US\$11,500,000 ("**Sale Shares Value**") less the CAT Amount. "**CAT Amount**" refers to the amount of Vietnamese capital assignment tax in connection with the transaction in accordance with Vietnamese tax regulations, and will be calculated on and subject to the Vietnam, Singapore and US foreign exchange rates on the business day that is 5 business days prior to Completion in accordance with such applicable exchange rates as at that date (the "**Adjustment Mechanism**").

Indicatively, the CAT Amount is US\$79,000 as at 8 February 2021 and the corresponding Purchase Price is US\$11,421,000 (S\$15,231,046 at an exchange rate of US\$1: S\$1.3336). For the avoidance of doubt, this Purchase Price (and all references to the Purchase Price and related figures) in this Circular is an estimated figure based on the CAT Amount as at 8 February 2021 and is subject to further adjustments based on the Adjustment Mechanism.

The Purchase Price shall be paid in full in cash by the Buyer to Hetat on the date of Completion ("**Completion Date**").

LETTER TO SHAREHOLDERS

2.4.1. Determination of Purchase Price

The Sale Shares are significantly loss-making, contributing substantially to the net loss of the Group. If the Company was unable to secure and/or complete the Proposed Divestment with the Buyer, the Company's only alternative option, in order to absolve the Group of its current cash commitment and prevent further negative effects on the financial conditions of the Group, was to liquidate the Target Group Companies. Further, the Group had in December 2019 valued the following two (2) assets (currently still under construction) of the Target Group Companies:

- (1) An industrial factory and buildings in Dong Xuyen Industrial, Zone Street 12 Dong Xuyen IZ, Vung Tau, Vietnam – US\$3,700,000; and
- (2) Industrial Properties at Street D3, Phu My II Industrial Zone, Ba Ria Vung Tau, Vietnam – US\$7,300,000.

Other than these two (2) assets, the Target Group Companies do not have any non-current immoveable assets. 60% of the book value of these two (2) major assets (i.e. S\$8 million) is recorded under the line item of property plant and equipment (“PPE”). In other words, the bulk of the PPE line item is the two (2) major assets.

As compared to the NAV of the Target Group Companies, the assets covered in the Valuation Reports over the NAV of the Target Group Companies is 93%. As compared to the total asset value of the Target Group Companies, the assets covered in the Valuation Reports over the total asset value of the Target Group Companies is 45%. The remaining 55% of the assets include inventories, machineries, work in progress, receivables, which are current assets and associated with current liabilities to be paid off. The Board agrees with the assessment by management that the remaining 55% of the assets do not generate meaningful value and were thus not valued for the purpose of the Valuation Reports.

The Board, after careful consideration, is of the view that the 45% of the assets covered by the Valuation Reports: (i) are reflected at fair value; (ii) that the board and management has relied on and agreed with the valuation methodologies and assumptions adopted in the Valuation Reports, as well as inputs of the experts; and (iii) there is no material changes to the assumptions adopted in the Valuation Reports; and

Further, the Board agrees with the assessment by management that the remaining 55% of the assets are reflected at fair value. This is based on an internal assessment by management, taking into account factors including those assets are generated internally through production and manufacturing which may be hard to be measured externally. It is highlighted that the value of these assets is irrelevant to the Purchaser as the Purchaser's main consideration was the value of the PPE, which was based on the Valuation Reports.

The Company has recorded impairments of S\$9,674,000¹ on the Target Group Companies in its annual report for FY2019². The reason for impairments is due to the classification of

1 Please refer to Note 24 of the Company's annual report for FY2019. Management expects that the fair value less costs to sell of the discontinued operations will be lower than the aggregate carrying amount of the related assets and liabilities for the modular construction business and therefore the Group has recognized estimated impairment losses of approximately S\$9,674,000 in FY2019.

2 Please refer to Note 16 of the Company's annual report for FY2019. As at 31 December 2018, the Group had recognized an impairment loss on the entire amount of goodwill allocated to TLC Modular Construction JSC VN's cash generating unit of S\$3,651,000 as the recoverable amount of the cash generating unit was determined based on the value in use calculation to be lower than its carrying amount. The impairment was consequent of not achieving the underlying profit assumption under the business plan which supported the investment, given the challenging environment for its modular construction services resulting in delays in the completion of projects on hand.

LETTER TO SHAREHOLDERS

assets held for sale for the Target Group Companies as at 31 December 2019 and as per accounting standard to measure the asset classified as held for sale at the lower of their carrying amount and fair value less cost to sell.

As such, the Company is of the view that the Valuation Reports are an appropriate indicator/approximation of the value of the Sale Shares, and no valuation of the Sale Shares was commissioned for the purpose of the Proposed Divestment. The Company had thus entered into negotiations with the Buyer/GSNZS with liquidation as the Company's baseline and the valuation of the two (2) assets above being a reference point in determining the Purchase Price.

The Proposed Divestment is highly favourable to the Company as opposed to liquidation of the Target Group Companies and their assets. The Purchase Price is higher than the NAV of the Target Group Companies as at 31 December 2020 and the asset valuation as at December 2019. As Hetat is only a 60% shareholder of the Target Group, the amount of proceeds it will receive from the Sale Shares will be significantly higher than that from the liquidation of the Target Group Companies and their assets (i.e. 60% of the asset valuation or 60% of the NAV of the Target Group Companies), as shown below:

- (a) NAV of the Target Group Companies: US\$11,293,491 as at 31 December 2020¹ *vis-a-vis* Hetat's Equity Share of the NAV: US\$6,776,095.
- (b) Asset valuation as at December 2019: US\$11,000,000 (US\$3,700,000 for Dong Xuyen IP and US\$7,300,000 Phu My II Industrial Zone, Ba Ria Vung Tau, Vietnam based on the Valuation Reports) *vis-a-vis* Hetat's Equity Share of the Asset Valuation: US\$6,600,000.
- (c) Purchase Price of Sale Shares: US\$11,500,000 (Sale Shares Value) less CAT Amount (estimated to be US\$79,000 as at 8 February 2021) resulting in corresponding Purchase Price of US\$11,421,000.

The Purchase Price was arrived at after taking into account, *inter alia*, the above factors, and the rationale for and benefits to the Group arising from the Proposed Divestment, details of which are set out in Section 3 of this Circular, and arrived at after arm's length negotiations between the Group and the Buyer and/or GSNZS and on a willing-buyer and willing-seller basis.

2.5. Conditions of the SPA

Completion is conditional on certain conditions ("**Conditions**"), which includes, amongst others, the following Conditions, being satisfied or waived by the date specified for their satisfaction in the SPA, or such later date as may be agreed in writing between the Buyer and Hetat²:

- (a) An unconditional direction order under the Overseas Investment Act being made in respect of the Proposed Divestment on terms reasonably satisfactory to the Buyer. This Condition should be satisfied or waived by 30 April 2021.

1 The difference in NAV figures between December and January is insignificant.

2 As of the date of this Circular, Conditions 2.5(c) and 2.5(f) have been met. The Company will release a completion announcement on the Proposed Divestment in due course, which will include further information on the fulfilment and/or waiver of the Conditions.

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- (b) Completion of the Restructure in accordance with applicable laws and the constitutional documents of the relevant Target Group Companies, on terms satisfactory to the Buyer. This Condition should be satisfied or waived by the Completion Date.
- (c) Vietnamese merger control approval under the Law on Competition and Decree 35/2020/ND-CP dated 24 March 2020 (Vietnam) in relation to the Proposed Divestment on terms reasonably satisfactory to the Buyer. This Condition should be satisfied or waived by 30 April 2021.
- (d) Various material transaction documents relating to the funding and governance of the Target Group Companies, and a current New Zealand construction project, being agreed on terms satisfactory to the Buyer and, to the extent applicable, unconditional in all respects.
- (e) The sale and purchase agreement between TLC Singapore and Kongsberg Maritime CM AS in relation to the purchase of the Kongsberg factory premises located at Street No. 5, Dong Xuyen Industrial Park, Rach Dua Ward, Vung Tau City, Vietnam, by way of acquisition of 100% of the shares in Vung Tau Holding Pte. Ltd. being unconditional in all respects, other than the condition precedent under clause 3.1.1(e) therein, which requires the SPA to be unconditional in all respects other than this Condition. This Condition should be satisfied or waived by the Completion Date.
- (f) The full legal and beneficial ownership in the shares, and any assets, of TLC Modular Sdn Bhd being transferred to Hetat (or Hetat's affiliate). This Condition should be satisfied or waived by 30 April 2021. The SPA may be terminated by written notice given by any party by reason of non-fulfilment or waiver of the Conditions in accordance with the SPA.

Furthermore, Board members who hold or control shares amounting to more than 5% of the total number of issued ordinary shares in the Company have provided to the Buyer, on or before the date of the SPA, written undertakings to vote in favour of, and approve of, the Proposed Divestment, and any other resolutions in relation to the Proposed Divestment at the EGM¹.

¹ The substantial shareholders of the Company are Mr Teng Choon Kiat, Mr Ng Han Kok and Mr. Stone Robert Alexander. Mr Teng Choon Kiat and Mr Ng Han Kok have provided written undertakings to the Buyer to vote in favour of, and approve of, the Proposed Divestment at the EGM. Please refer to Section 7.1 below for the respective shareholding of Mr Teng Choon Kiat, Mr Ng Han Kok and Mr. Stone Robert Alexander in the Company. As Mr. Stone Robert Alexander is not a Director and has no executive functions in the Company, he is not required to provide a written undertaking. However, in support of the Proposed Divestment, Mr. Stone Robert Alexander had entered into an Indemnity Deed as an obligor to provide a back-to-back indemnity with respect to the Warranty and Tax Indemnity claims that the Buyer/GSNZS may make against Hetat. Please refer to Section 1.6 and 2.6(c) of this Circular for further information.

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2.6. Salient terms of the SPA

The other salient terms of the SPA are as follows:

(a) Repayment of Loans

- (i) Hetat shall procure that all amounts owing by the Target Group Companies to it, or to any affiliate of Hetat, excluding the Hetat Loan, or any company, trust or other entity controlled by or associated with Hetat, and all amounts owing to third party debt providers (excluding the domestic loan advanced to TLC JSC VN by VID Public Bank Vietnam (“**Permitted Indebtedness**”)) shall be repaid on or before the Completion Date so that the Buyer acquires the Group on a “debt free” basis (except for Permitted Indebtedness).¹
- (ii) As disclosed in Section 1.6 of this Circular, in order to maintain the solvency of the Target Group until Completion, Hetat had entered into the Funding Deed with the Obligors as guarantors and TLC Singapore as borrower to make available the Hetat Loan, which may only be used for the budget relating to funding requirements of the Target Group up to 30 April 2021 as approved in writing by Hetat, and shall not be (directly or indirectly) utilised to pay the following:
 - (i) any salary or compensation to any director or officer of the Target Group, including AS;
 - (ii) any loans owing to VID Public Bank Vietnam; and
 - (iii) such other costs or amounts payable that are not approved by Hetat.

On Completion, the Buyer shall advance an amount equal to the Hetat Loan amount to TLC Singapore, to enable repayment of the Hetat Loan by TLC Singapore to Hetat in full on Completion.

(b) Warranties

As disclosed in Section 1.5 of this Circular, in consideration for GSNZS and the Buyer entering into the SPA, Hetat has provided certain Warranties as set out in the SPA and shall indemnify GSNZS against:

- (a) all direct losses, damages, costs and expenses suffered or incurred by GSNZS; and
- (b) all valid claims or demands made against GSNZS,

arising out of any breach or non-fulfilment of any of Hetat’s Warranties but excluding indirect, consequential, or special loss of any nature (including loss of profits and loss of business opportunity).

¹ The amount owing by the Target Group Companies to the Group is approximately S\$36.9 million (excluding cost of investment in TLC JSC).

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(c) Tax Indemnity

As disclosed in Section 1.5 of this Circular, Hetat shall indemnify GSNZS on the terms set out in the SPA and undertakes to keep GSNZS indemnified for and against, and will make payment to GSNZS of an amount equal to, certain liabilities for tax suffered by any Target Group Company, to the extent that liability for tax:

- (i) is in respect of or relates to any period or part period (in which case, the liability is limited to that part) ending on or before Completion; or
- (ii) would not have arisen but for a breach of a tax Warranty and which is not the subject of the covenant in paragraph (i) above.

The Tax Indemnity (including any tax Warranties) excludes any liability of TLC NZ to Inland Revenue (NZ) of certain amounts for the period 1 January 2020 to 29 February 2020, and such other additional liability to Inland Revenue (NZ) arising from the aforementioned liability.

The duration of the Tax Indemnity is the later of the date 4 years after Completion under the SPA and the expiry of the period during which the relevant tax authority is entitled to assess any Target Group Company (but in any case capped at 7 years after Completion).

Indemnity Deed

As disclosed in Section 1.5 of this Circular, the Obligors agree to indemnify Hetat from and against all claims or demands made against Hetat under the SPA (including any reduction in the Purchase Price in accordance with the terms of the SPA due to any breach of warranties or loss of value of any Target Group Company before the Completion Date) ("**Indemnified Loss**") arising out of the Warranty and Tax Indemnity. The Obligors' indemnity is subject to the following:

- (i) the Obligors shall not be liable for any Indemnified Loss that arises out of a breach or non-fulfilment of any Warranty solely relating to:
 - (A) Hetat's own capacity and title to the Sale Shares;
 - (B) payment of Singapore taxes by TLC Singapore and/or Hetat; or
 - (C) other matters which are irrelevant to the Target Group Companies and not attributable to any act or omission of any Target Group Company;
- (ii) where an Indemnified Loss arises out of a breach or non-fulfilment of any Warranty solely relating to payment of New Zealand taxes by a Target Group Company which is incorporated in New Zealand, the Obligors' liability in respect of such Indemnified Loss shall be limited to an amount equal to 40% of the amount of such Indemnified Loss; and
- (iii) the aggregate liability of the Obligors under this paragraph shall be limited to an amount equal to US\$2,000,000.

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Singapore taxes are excluded under the Indemnity Deed as Hetat has sufficient visibility as to Singapore taxes, and does not anticipate any unforeseen Singapore taxes.

The US\$2,000,000 limit was arrived at after arm's length negotiations between the Obligors and Hetat and therefore no provision is deemed required by the Board. The Board's assessment is on the following basis:

- (a) in relation to Singapore Taxes, as all businesses under the Target Group Companies are in a position of loss since the first day of acquisition, the Board does not foresee any material taxes payable; and
- (b) in relation to the other taxes, the Board is of the opinion that the US\$2,000,000 under the Indemnity Deed is sufficient, as the Board is not aware of any circumstance that will result in a tax liability of more than US\$2,000,000 under the Tax Indemnity, considering that the material tax liability (being the Vietnamese capital assignment tax) is already separately accounted for under the SPA, and the Obligors will work with the Company to minimise the taxes required to be paid by the Target Group Companies.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

The Proposed Divestment was made pursuant to an offer to purchase received by the Group from the Buyer and/or GSNZS. The Board, after careful consideration, is of the view that it is in the best interests of the Group to undertake the Proposed Divestment for the following reasons:

- (a) The 1006(b) Relative Figure being negative was due to the net loss attributable to the Sale Shares, which was S\$5,620,000, computed based on the unaudited net loss of the Target Group Companies for FY2020. Further, the Group's unaudited net loss for FY2020 was S\$21,673,000. As such, the Sale Shares are significantly loss-making, contributing substantially to the net loss of the Group. The Proposed Divestment will not substantially change the Group's scale of operations and/or have a material adverse impact on the Company's financial position. Instead, the Proposed Divestment will provide the Company a clean exit with all cash proceeds upfront and removes any residual risk or liability with respect to any projects and developments, or additional capital required to fund the business of the Target Group Companies.
- (b) The monthly expenses and losses incurred by the Group in respect of the Target Group Companies are S\$600,000, and the Company wishes to dispose of the Target Group Companies expeditiously without further incurring expenses and losses.
- (c) There will not be a change in control of the Company as the Proposed Divestment does not contemplate any issuance and/or transfer of shares in the Company.
- (d) The Group intends to strategically review as well as streamline activities and businesses across the Group. The Group will make strategic disposals to strengthen the Group's overall financial capacity and flexibility for further investments in other businesses, which has been borne out by the disposals of loss-making assets that the Company has regularly made as part of its strategy. The Proposed Divestment is in line with and is part of such strategic disposals.

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- (e) The Sale Shares are non-core assets of the Group, and the Proposed Divestment is not likely to affect the nature of the Group's principal business. As highlighted in Sections 2.1 and 2.2 of this Circular, the Group's core businesses are in engineering and construction, corrosion prevention and energy-related businesses. TLC Singapore's and the Target Group Companies' businesses play only a small part in one of the Group's core business in engineering and construction, which may include but is not limited to modular construction, with the NAV of the Sale Shares only comprising 11.26% of the NAV of the Group (please refer to Section 5 of this Circular for further details).¹ The Sale Shares are also significantly loss making. As such, the Sale Shares are not critical but are in fact ancillary to the principal business activity of the Group and not an existing principal business of the Group that contributes more than 20% of the Group's net profits or total assets.
- (f) The Proposed Divestment on Completion would absolve the Group of its current cash commitment of S\$400,000 monthly to payroll expenses, factory and office expenses as various projects and developments undertaken by TLC Singapore and the Target Group Companies are still in development phase and do not contribute any revenue to the Group currently. This monthly cash commitment of S\$400,000 is part of the S\$600,000 monthly expenses incurred by the Group in respect of the Target Group Companies mentioned in paragraph (b) above.

In light of the above, the Board, after careful consideration, is of the view that the Purchase Price is fair and reasonable, and that the Proposed Divestment is in line with the Group's strategy to shed non-core and significant loss-making assets of the Group, is in the best interests of the Group and would further strengthen the Group's balance sheet and enhance the Group's financial flexibility in the future. The Board is of the view that the Proposed Divestment will not have any material effect on the Group's remaining and future business operations.

4. INTENDED USE OF PROCEEDS FROM THE PROPOSED DIVESTMENT

The Company expects to receive net proceeds of approximately S\$15,035,000⁽¹⁾ (after deducting all costs and expenses) from the Proposed Divestment.

The net proceeds will be used for working capital and/or business expansions of the Group as the Group may deem fit in its absolute discretion.

Note:

- (1) Based on the Purchase Price of US\$11,421,000 (approximately S\$15,231,046 based on an exchange rate of US\$1 : S\$1.3336 as at 8 February 2021). For the avoidance of doubt, this Purchase Price is an estimated figure based on the CAT Amount as at 8 February 2021 and is subject to further adjustments based on the Adjustment Mechanism.

¹ The NAV of the Sale Shares is S\$27.9 million (comprising 16% of the NAV of the Group) on the basis that the impairment provided in FY2019 is excluded.

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5. FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

5.1. Relative figures of the Proposed Divestment under Chapter 10 of the Listing Manual

For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the latest announced unaudited consolidated financial statements of the Group at the point of announcement of the SPA on 9 February 2021 i.e. 1H2020 are set out below. For reference only, we have also set out the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the latest available financial information of the Group (being information for the financial period for FY2020).

The significant change in relative figure 1006(b) between that for 1H2020 and FY2020 is mainly due to impairment losses for properties, goodwill and creditability of debtors¹. These three categories have contributed to total losses of approximately S\$18.3 million for FY2020. Due to the COVID-19 pandemic during the first six months of 2020, the Company was uncertain of the situation for the next six months with the continued lock down imposed in other countries as well the impact on its business prospects, properties and business operations. Thus, after discussion with auditors, it was deemed prudent and in accordance with accounting standards to provide for impairment.

1H2020

BASE OF CALCULATION		RELATIVE FIGURES (%)
(a)	Net asset value (“NAV”) of the Sale Shares to be disposed of, compared with the Group’s NAV	8.85% ⁽¹⁾
(b)	Net profits ⁽²⁾ /(loss) attributable to the Sale Shares to be disposed of, compared with the Group’s net profits/(loss)	(135.59%) ⁽³⁾
(c)	Aggregate value of the consideration received ⁽⁶⁾ , compared with the Company’s market capitalisation ⁽⁴⁾ of S\$110,095,299 ⁽⁵⁾ based on the total number of issued shares excluding treasury shares	13.83%
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not Applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets	Not Applicable

1 Impairment losses are at the Group level and “creditability of debtors” refers to the expected credit losses provision on a debtor’s balance and are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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Notes:

- (1) Based on the NAV of the Sale Shares, being approximately S\$14,587,000 as at 30 June 2020, compared with the Group's NAV, being approximately S\$164,739,000 as at 30 June 2020, based on the latest announced consolidated accounts of the Group for 1H2020. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Divestment.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) The net loss attributable to the Sale Shares for the purposes of this calculation is S\$4,137,000, computed based on the unaudited net loss of Target Group Companies for 1H2020. The Group's unaudited net loss for 1H2020 was S\$3,051,000.
- (4) Under Rule 1002(5) of the Listing Manual, "market capitalisation" is determined by multiplying the number of Shares in issue by the weighted average price of Shares transacted on the market day preceding the date of the SPA.
- (5) The Company's market capitalisation is computed based on the number of issued Shares on 8 February of 685,098,312 Shares, and the weighted average price of Shares transacted on 8 February 2021 of S\$0.1607 per Share, at an exchange rate of US\$1 : S\$1.3336.
- (6) Based on the Purchase Price of US\$11,421,000 (approximately S\$15,231,046, based on an exchange rate of US\$1 : S\$1.3336 as at 8 February 2021). For the avoidance of doubt, this Purchase Price is an estimated figure based on the CAT Amount as at 8 February 2021 and is subject to further adjustments based on the Adjustment Mechanism.

As the relative figure under Rule 1006(b) is a negative figure with an absolute value exceeding 20% and loss on disposal exceeding 10%¹, and the situations within paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual do not apply to the Proposed Divestment, pursuant to Rule 1014 and paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the Proposed Divestment constitutes a "major transaction" under Rule 1014 in Chapter 10 of the Listing Manual and is therefore subject to Shareholders' approval in an EGM. Further, pursuant to Rule 1014(5) of the Listing Manual, if any of the relative figures computed on the basis of Rule 1006 of the Listing Manual exceeds 75%, a competent and independent valuer must be appointed by the Company to value the assets to be disposed.

However, as stated in Section 1.4 above, the Company consulted SGX-ST and sought *inter alia*, clarification from the SGX-ST on the applicability of Rule 1014(5) of the Listing Manual to relative figures involving negative figures and the waiver from the requirement to convene EGM to obtain Shareholders' approval. The Company wishes to update that the SGX-ST has confirmed that Rule 1014(5) does not apply to the Proposed Divestment. However, in the interest of time, the Company has voluntarily withdrawn its consultation from the SGX-ST and has decided to convene an EGM to seek Shareholders' approval on the Proposed Divestment.

¹ The difference between the 1H2020 and FY2020 figures was mainly due to the NAV of the Target Group Companies. In 1H2020, the Company did not make any adjustments on the fair value of the Target Group Companies as the Company did not have any valid S&P yet and its estimation refers to the FY2019 assessment. For example, the NAV used for computation in 1H2020 is US\$10.9 million as compared to the NAV of US\$11.3 million used for computation in FY2020. The difference between the 1H2020 and FY2020 figures is US\$0.4 million, which is approximately S\$0.5 million. As such, S\$0.5 million compared with S\$3 million (unaudited Group profit as at 1H2020) is 16%.

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FY2020

BASE OF CALCULATION		RELATIVE FIGURES (%)
(a)	Net asset value (“NAV”) of the Sale Shares to be disposed of, compared with the Group’s NAV	11.26% ⁽¹⁾
(b)	Net profits ⁽²⁾ /(loss) attributable to the Sale Shares to be disposed of, compared with the Group’s net profits/(loss)	(25.93%) ⁽³⁾
(c)	Aggregate value of the consideration received ⁽⁴⁾ , compared with the Company’s market capitalisation ⁽⁵⁾ of S\$110,095,299 based on the total number of issued shares excluding treasury shares	13.83%
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on the NAV of the Sale Shares, being approximately S\$15,061,000 as at 31 December 2020, compared with the Group’s NAV, being approximately S\$133,791,000 as at 31 December 2020, based on the latest unaudited consolidated financial statements of the Group for FY2020. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Divestment.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) The net loss attributable to the Sale Shares for the purposes of this calculation is S\$5,620,000, computed based on the unaudited net loss of the Target Group Companies as at 31 December 2020. The Group’s unaudited net loss for FY2020 was S\$21,673,000.
- (4) Based on the Purchase Price of US\$11,421,000 (S\$15,231,046, at an exchange rate of US\$1 : S\$1.3336) as at 8 February 2021. For the avoidance of doubt, this Purchase Price is an estimated figure based on the CAT Amount as at 8 February 2021 and is subject to further adjustments based on the Adjustment Mechanism.
- (5) The Company’s market capitalisation is computed based on the number of issued Shares on 8 February 2021 of 685,098,312 Shares, and the weighted average price of Shares transacted on 8 February 2021 of S\$0.1607 per Share, at an exchange rate of US\$1 : S\$1.3336.

As the relative figure under Rule 1006(b) is a negative figure with an absolute value exceeding 20% and the situations within paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual do not apply to the Proposed Divestment, pursuant to Rule 1014 and paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the Proposed Divestment constitute a “major transaction” under Rule 1014 in Chapter 10 of the Listing Manual and is therefore subject to Shareholders’ approval in an EGM.

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5.2. Value Attributable to the Sale Shares

(a) Book Value

Based on the Group's unaudited consolidated financial statements for FY2020, the book value attributable to the Sale Shares as at 31 December 2020 is approximately S\$15,061,000.

(b) NTA

Based on the Group's unaudited consolidated financial statements for FY2020, the NTA attributable to the Sale Shares as at 31 December 2020 is approximately S\$15,061,000.

(c) Latest Available Open Market Value

The open market value of the Sale Shares is not available as the Sale Shares are not listed or traded on any securities exchange. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Divestment.

5.3. Excess Proceeds over the Book Value¹

The expected gain arising from the Proposed Divestment is nil. Based on the Group's unaudited consolidated financial statements for FY2020, Completion is expected to result in excess of proceeds over book value of nil to the Group.

5.4. Financial effects of the Proposed Divestment

The financial effects of the Proposed Divestment on the Group are set out below. The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group immediately after Completion. The financial effects set out below have been calculated using the latest announced unaudited consolidated financial statements of the Group for FY2020.

5.4.1. Share Capital

As the Proposed Divestment does not involve the issue and allotment of any new Shares, the Proposed Divestment will not have any impact on the Share capital of the Company.

¹ The difference between the 1H2020 and FY2020 figures was mainly due to the NAV of the Target Group Companies. In 1H2020, the Company did not make any adjustments on the fair value of the Target Group Companies as the Company did not have any valid S&P yet and its estimation refers to the FY2019 assessment. For example, the NAV used for computation in 1H2020 is US\$10.9 million as compared to the NAV of US\$11.3 million used for computation in FY2020. The difference between the 1H2020 and FY2020 figures is US\$0.4 million, which is approximately S\$0.5 million. As such, S\$0.5 million compared with S\$3 million (unaudited Group profit as at 1H2020) is 16%.

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5.4.2. NTA

Assuming that the Proposed Divestment had been completed on 31 December 2020, the effect of the Proposed Divestment on the NTA per Share of the Company for FY2020 is as follows:

	Before the Proposed Divestment	After the Proposed Divestment
NTA (S\$'000)	125,791	125,791
Number of Shares ('000)	685,098	685,098
NTA per Share (S\$ cents)	18.36	18.36

5.4.3. EPS

Assuming that the Proposed Divestment had been completed on 1 January 2020, the effect of the Proposed Divestment on the EPS of the Company for FY2020 is as follows⁽¹⁾:

	Before the Proposed Divestment	After the Proposed Divestment
(Loss)/profit after tax (S\$'000)	(21,673)	(21,673)
Weighted average number of Shares ('000)	685,129	685,129
EPS (S\$ cents)	(3.1633)	(3.1633)

Note:

(1) Computed based on an exchange rate of US\$1 : S\$1.3336 as at 8 February 2021.

6. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Divestment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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7. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

7.1. Interests of the Directors and Substantial Shareholders in the Shares

Based on the Company's register of interests of Directors and register of substantial Shareholders respectively, as at the date of the Circular, the interests of the Directors and substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾
Directors						
Teng Choon Kiat ⁽²⁾	1,250,000	0.18	193,688,100	28.27	194,938,100	28.45
Ng Han Kok, Henry ⁽³⁾	43,067,700	6.29	77,646,953	11.33	120,714,653	17.62
Lim Siok Kwee, Thomas ⁽⁴⁾	–	–	6,020,575	0.88	6,020,575	0.88
Lee Gee Aik	–	–	–	–	–	–
Oh Eng Bin, Kenneth	–	–	–	–	–	–
Lee Kuo Chuen, David	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Stone Robert Alexander ⁽⁵⁾	17,552,300	2.56	26,537,700	3.87	44,090,000	6.44

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company comprising 685,098,312 Shares (excluding 25,540,900 treasury shares) as at the date of this Circular.
- (2) Mr. Teng Choon Kiat is deemed to be interested in (i) 3,970,500 Shares held by a corporation wholly owned by him and (ii) 189,717,600 shares registered under CIMB Securities (Singapore) Pte Ltd.
- (3) Mr. Ng Han Kok, Henry is deemed to be interested in (i) 38,042,526 Shares registered under SBS Nominees Private Limited, (ii) 36,259,527 Shares registered under CGS-CIMB Securities (Singapore) Pte Ltd, (iii) 3,094,900 Shares registered under Maybank Kim Eng Securities Pte Ltd and (iv) 250,000 Shares held by his spouse, Mdm Ong Woo.
- (4) Mr. Lim Siok Kwee, Thomas is deemed to be interested in (i) 3,470,575 Shares registered under Bank of Singapore and (ii) 2,550,000 Shares registered under Maybank Kim Eng Securities Pte Ltd.
- (5) Mr. Stone Robert Alexander is deemed to be interested in 26,537,700 Shares held through OCBC Securities Private Limited.

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7.2. Interests of the Directors and Substantial Shareholders in the Proposed Divestment

Oh Eng Bin, Kenneth, an Independent Non-Executive Director of the Company, is a Senior Partner at the law firm of Dentons Rodyk & Davidson LLP (“**Dentons**”). A legal team from Dentons led by another Senior Partner thereof is advising the Company as to Singapore law in relation to the Proposed Divestment.

Save as disclosed herein, none of the Directors nor, to the best of the Directors’ knowledge, any of the substantial Shareholders, has any interest, whether direct or indirect, in the Proposed Divestment or the Buyer, other than through their respective shareholdings in the Company (if any).

8. DIRECTORS’ RECOMMENDATIONS

Having considered, *inter alia*, the terms, rationale, benefits, and financial effects of the Proposed Divestment, the Directors are of the view that the Proposed Divestment is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Divestment to be proposed at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for the Proposed Divestment and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor or other professional adviser.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held by electronic means on 29 April 2021 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the Notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1. Due to the current COVID-19 restriction orders in Singapore, in lieu of in person attendance at the EGM by Shareholders, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via “live” audio-visual webcast or listening to the EGM proceedings via “live” audio-only stream, (b) submitting comments, queries and/or questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please refer to the Section entitled “Notes” in the Notice of EGM set out on pages N-1 to N-4 herein for these alternative arrangements.

10.2. Shareholders who wish to vote at the EGM should complete, sign and return the Proxy Form attached to this Circular, appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830 not less than forty-eight (48) hours before the time appointed for the holding of the EGM.

LETTER TO SHAREHOLDERS

10.3. The Proxy Form or instrument or form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

- (a) if in hard copy and by post, the Proxy Form must be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or
- (b) if submitted electronically, the Proxy Form must be submitted by sending a scanned signed PDF copy via email to proxyform@shsholdings.com.sg,

in either case, not less than forty-eight (48) hours before the time appointed for the holding of the EGM.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed Proxy Forms by post, members of the Company are strongly encouraged to submit completed Proxy Forms electronically via email to the Company so as to reach the Company not less than forty-eight (48) hours before the time appointed for holding the EGM.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 19 Tuas Avenue 20, Singapore 638830 during normal business hours for a period of three (3) months from the date of this Circular.

- (a) the SPA;
- (b) the Indemnity Deed;
- (c) the Funding Deed;
- (d) the Annual Report of the Company for FY2019 and FY2020;
- (e) the Valuation Reports; and
- (f) the Constitution.

In light of the prevailing safe distancing measures due to the COVID-19 situation, Shareholders should provide their names, contact number, proposed date and time of inspection to the Group Chief Financial Officer, Wong Tat Yang at +65 6351 8587 at least three (3) working days' in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

LETTER TO SHAREHOLDERS

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Divestment, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

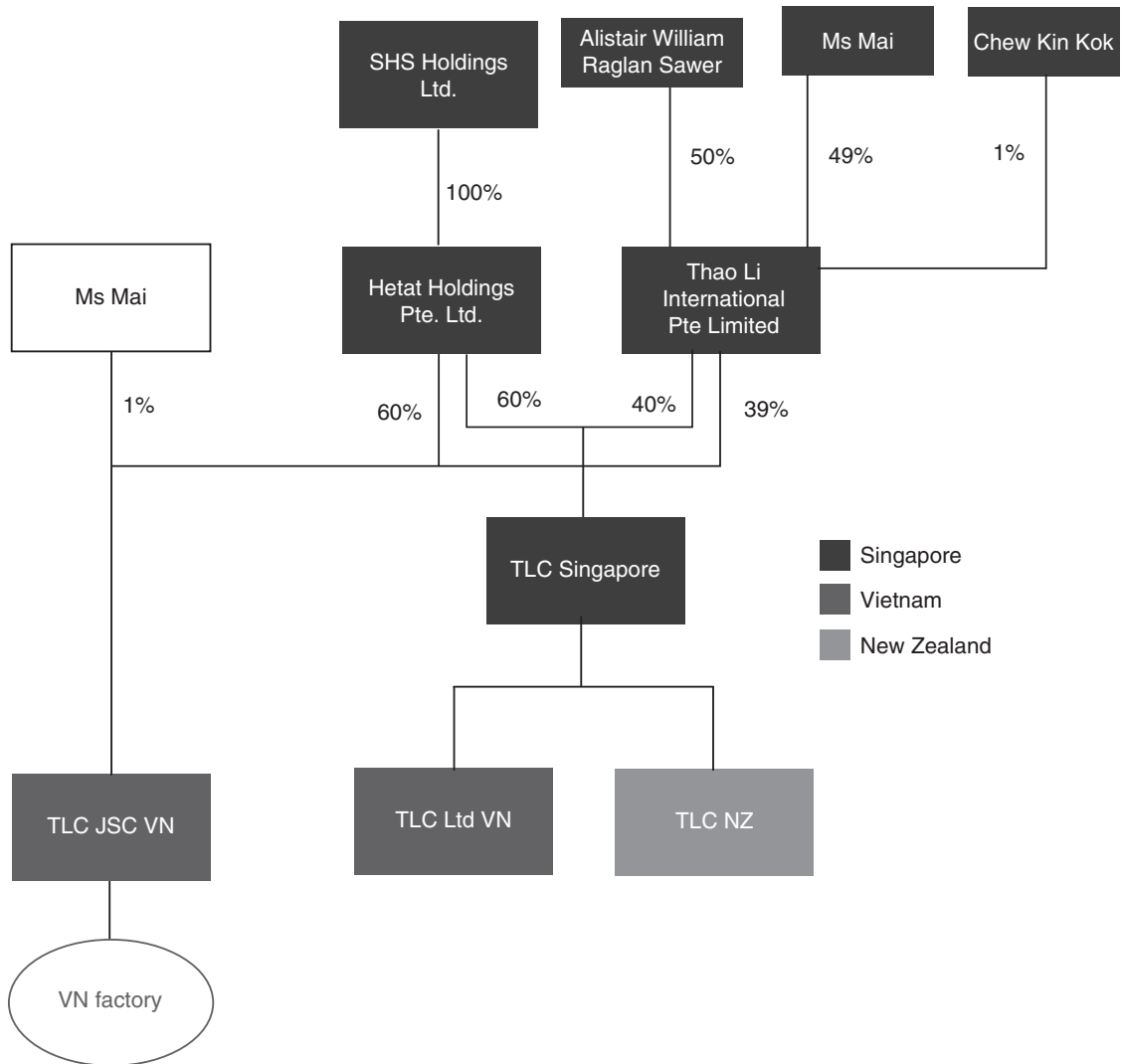
Yours faithfully

For and on behalf of the Board of Directors of
SHS Holdings Ltd.

Ng Han Kok, Henry
Executive Director and Group CEO

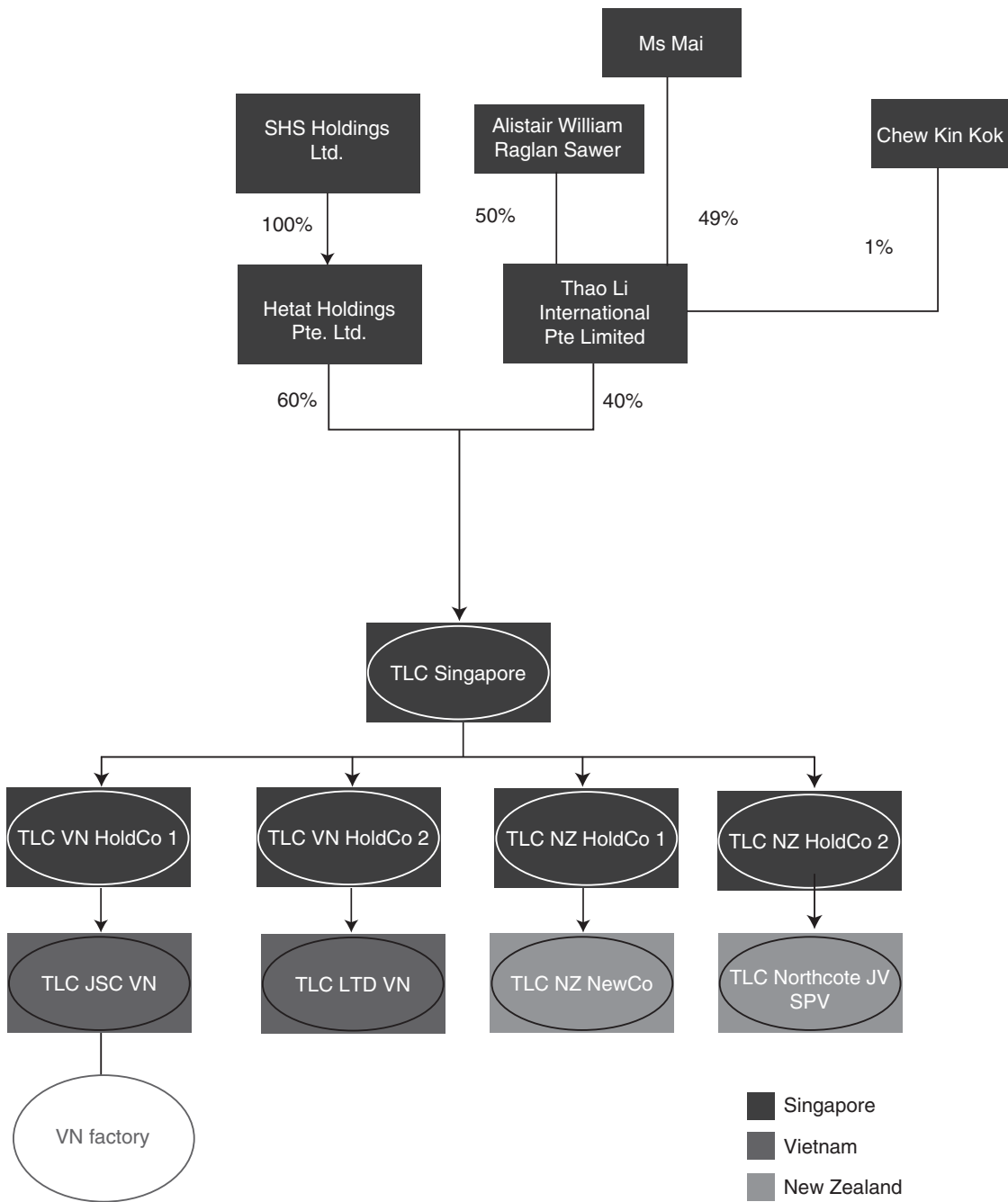
APPENDIX 1

Part 1 – Pre Restructure



APPENDIX 1

Part 2 – Post Restructure



APPENDIX 2

Target Group Companies

Part 1 – Pre Restructure

Name of Target Group Company	Registration/certificate number	Jurisdiction of incorporation	No. of issued shares/Amount of charter capital
TLC Modular Pte. Ltd.	20161208R	Singapore	10 shares
TLC JSC VN	0301990907	Vietnam	5,000,000 shares
TLC Modular Manufacturing (Vietnam) Co., Ltd	3502344560	Vietnam	Registered charter capital of VND 100,000,000,000
TLC Modular & Construction (NZ) Pty Limited	6416272	New Zealand	10 shares

Part 2 – Post Restructure

Name of Target Group Company	Registration/certificate number	Jurisdiction of incorporation	No. of issued shares/Amount of charter capital
TLC Modular Pte. Ltd.	20161208R	Singapore	10 shares
TLC VN HoldCo 1	TBC	Singapore	1 share
TLC VN HoldCo 2	TBC	Singapore	1 share
TLC NZ HoldCo 1	TBC	Singapore	1 share
TLC NZ HoldCo 2	TBC	Singapore	1 share
TLC Modular Construction Ltd (previously TLC JSC VN)	0301990907	Vietnam	Registered charter capital of VND50,000,000,000
TLC Modular Manufacturing (Vietnam) Co., Ltd	3502344560	Vietnam	Registered charter capital of VND100,000,000,000
TLC NZ NewCo	TBC	New Zealand	100 shares
TLC Northcote JV SPV	TBC	New Zealand	TBC

Note:

In accordance with the Restructure, a number of new entities will be incorporated in Singapore and New Zealand to form part of the Target Group Company structure. As such, the details of these companies (i.e. registration numbers) will be known closer to Completion.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHS HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197502208Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of SHS Holdings Ltd. (the “**Company**”) will be convened and held by electronic means on 29 April 2021 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as set out below.

*All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 14 April 2021 (the “**Circular**”).*

ORDINARY RESOLUTION

Approval for the Proposed Divestment

That:

- (a) approval be and is hereby given to the Company for the Proposed Divestment and all transactions in relation thereto on the terms and conditions of the SPA, such Proposed Divestment being a major transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST;
- (b) the Directors of the Company and each of them be and are hereby authorised to do any and all such acts and things for and on behalf of the Company (including, but not limited to, signing, executing and delivering any such documents, and negotiating, reviewing, finalising and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution, the Proposed Divestment, the SPA, the Indemnity Deed and the Funding Deed) as such Director may, in his absolute discretion deem fit, desirable, advisable, necessary or expedient, in the interests of the Company, to give effect to the matters referred to in paragraph (a) of this Ordinary Resolution, the Proposed Divestment, the SPA, the Indemnity Deed and the Funding Deed; and
- (c) any acts, matters and things done or performed, and/or documents signed, executed, sealed or delivered by a Director in connection with the Proposed Divestment be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Executive Director and Group CEO
Singapore, 14 April 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- Documents:** Printed copies of this Notice will not be sent to members. Instead, this Notice of EGM will be sent to members by electronic means via publication on the Company's website at the URL <http://shsholdings.listedcompany.com/>. This Notice of EGM is also available on SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements?value=SHS%20HOLDINGS%20LTD.&type=company>.
- No attendance in person:** Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Members will not be able to attend the EGM in person.
- Alternative Arrangement:** Members will be able to participate at the EGM by watching the EGM proceedings via a "live" audio-visual webcast via their mobile phones, tablets or computers or listening to these proceedings through a "live" audio-only stream via telephone. In order to do so, members must pre-register by **11.00 a.m. on 26 April 2021** ("**Pre-Registration Deadline**") at the URL https://zoom.us/webinar/register/WN_z1uv0jYIQFC4QbZeJtgezW ("**Pre-Registration Website**") for the Company to authenticate his/her/its status as Members. Authenticated Members will receive email instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the EGM proceedings by **11.00 a.m. on 28 April 2021** ("**Instructions Email**"). Members who do not receive the Instructions Email by **11.00 a.m. on 28 April 2021**, but who have registered by the Pre-Registration Deadline, should contact the Company at +65 6515 6116. Members must not forward the unique link to other persons who are not Members and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the "live" audio-visual webcast and "live" audio-only stream.

*Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) and, who wish to participate in the EGM by (a) observing and/or listening to the EGM proceeding through a "live" audio-visual webcast or a "live" audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM, should approach his/her/its respective relevant intermediaries (including his/her/its respective CPF Agent Banks or SRS Approved Banks) through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the EGM, including the submission of their voting instructions by **5.00 p.m. on 19 April 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf **no later than 11.00 a.m. on 27 April 2021**.*

- Submission of Questions:** Members will not be able to ask questions at the EGM during the "live" audio-visual webcast or "live" audio-only stream. Therefore, it is important for Members to submit their questions related to the resolutions to be tabled for approval at the EGM in advance of the EGM. To do so, all questions must be submitted by the Pre-Registration Deadline via:
 - Pre-Registration Website: Members who pre-register to watch the "live" audio-visual webcast or "live" audio-only stream may submit their questions via the Pre-Registration Website at the URL https://zoom.us/webinar/register/WN_z1uv0jYIQFC4QbZeJtgezW;
 - Post: Members may submit their questions by post to the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830. When sending in the questions, please provide the Company with your full name, address and the manner in which the shares are held in the Company (e.g. via CDP or SRS); or
 - Email: egm@shsholdings.com.sg.

The Company will endeavour to address all substantial and relevant questions received from members prior to the EGM via SGX-ST's website and on the Company's website or during the EGM through the "live" audio-visual webcast or "live" audio-only stream.

The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements?value=SHS%20HOLDINGS%20LTD.&type=company> and the Company's website at the URL <http://shsholdings.listedcompany.com/>, and the minutes will include the responses to the questions (if any) referred to above.

- Submission of Proxy Form:** A member will not be able to vote through the "live" audio-visual webcast or "live" audio-only stream and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting right at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM. The proxy form for the EGM can be accessed at the Company's website at the URL <http://shsholdings.listedcompany.com>, and is made available with this Notice of EGM on SGX-ST's website on the same day. Members who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF and SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting

NOTICE OF EXTRAORDINARY GENERAL MEETING

instructions by **5.00 p.m. on 19 April 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit the proxy form to appoint the Chairman of the Meeting to vote on their behalf **no later than 27 April 2021 at 11.00 a.m.**

In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of Meeting as proxy for that resolution will be treated as invalid.

The Chairman of the Meeting, as proxy, need not be a member of the Company.

The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must be submitted to the Company in the following manner:

- (a) if in hard copy and by post, the Proxy Form must be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or
- (b) if submitted electronically, the Proxy Form must be submitted by sending a scanned signed PDF copy via email to proxyform@shsholdings.com.sg,

in either case, no later than **11.00 a.m. on 27 April 2021** (the "**Proxy Deadline**").

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed Proxy Forms by post, members of the Company are strongly encouraged to submit completed Proxy Forms electronically via email to the Company so as to reach the Company no later than the Proxy Deadline.

The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be lodged with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO EGM

Printed copies of the Circular, Proxy Form and all documents relating to the business of the EGM ("**EGM Documents**"), will not be sent to Members. The Circular and Proxy Form have been uploaded on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements?value=SHS%20HOLDINGS%20LTD.&type=company>. The EGM Documents can also be accessed at the Company's website at the URL <http://shsholdings.listedcompany.com/>.

FURTHER INFORMATION

For further information on the conduct of the EGM and the alternative arrangements, Members can refer to the Company's website at the URL <http://shsholdings.listedcompany.com/>. Members who wish to remotely observe the EGM proceedings are reminded that the EGM is private. The invitation to attend the EGM via "live" audio-visual webcast or "live" audio-only stream is not to be forwarded to anyone who is not a Member or who is not authorised to attend the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RECORDING OF THE EGM PROCEEDINGS IS STRICTLY PROHIBITED

As the COVID-19 situation is still evolving, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the EGM, including implementing measures to take into account the requirements, guidelines and recommendations of regulatory bodies and government agencies from time to time. Accordingly, the Company may be required to change its EGM arrangements at short notice. Members are advised to closely monitor announcements made by the Company on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements?value=SHS%20HOLDINGS%20LTD.&type=company> and the Company's website at the URL <http://shsholdings.listedcompany.com/> for updates on the EGM.

The Company seeks the understanding and co-operation of all Members in enabling the Company to hold and conduct the EGM in compliance with the safe distancing measures to stem the spread of COVID-19 infections.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, Members consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

SHS HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 197502208Z)

PROXY FORM

Extraordinary General Meeting

This form of proxy has been made available on SGX-ST's website and the Company's website.

IMPORTANT

1. The Extraordinary General Meeting ("EGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM are set out herein and in the Notice of EGM uploaded on SGX-ST's website and the Company's website on 14 April 2021.
3. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. Members who hold shares through the relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF or SRS investors) and who wish to appoint the Chairman of the Meeting as proxy should approach their respective relevant intermediary (including CPF Agent Banks or SRS Operators) by **5.00 p.m. on 19 April 2021**.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 April 2021.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the EGM.

I/We, _____ (Name) _____ (NRIC/Passport No./Company Registration no.)

of _____ (Address)

being a member/members* of **SHS Holdings Ltd.** (the "**Company**") hereby appoint the **Chairman of the Meeting**, as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**" or the "**Meeting**") of the Company to be held by way of electronic means via "live" audio-visual on **29 April 2021 at 11.00 a.m. (Singapore Time)**, via "live" audio-visual webcast or "live" audio-only stream and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the EGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the EGM, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.**)

No	Ordinary Resolution	For	Against	Abstain
1.	To approve the Proposed Divestment			

Dated this _____ day of _____ 2021

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **A member will not be able to vote through the “live” audio-visual webcast or “live” audio-only stream, and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM.** In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) and, who wish to participate in the EGM by (a) observing and/or listening to the EGM proceeding through “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the EGM, including the submission of their voting instructions by **5.00 p.m. on 19 April 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by **27 April 2021 at 11.00 a.m.**
4. The Chairman of the Meeting, as a proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy (“**Proxy Form**”) must be submitted to the Company in the following manner:
 - (a) if in hard copy and by post, the Proxy Form must be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or
 - (b) if submitted electronically, the Proxy Form must be submitted by sending a scanned signed PDF copy via email to proxyform@shsholdings.com.sg,

in either case, no later than **27 April 2021 at 11.00 a.m.** (the “**Proxy Deadline**”).

A member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email to the Company so as to reach the Company **no later than the Proxy Deadline**.

6. The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be lodged with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 April 2021.