

APPENDIX DATED 8 APRIL 2024

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is issued by SHS Holdings Ltd. (the “**Company**”). Its purpose is to provide shareholders of the Company (the “**Shareholders**”) with information relating to, and to seek their approval for, the proposed renewal of the Share Buyback Mandate to be tabled at the Annual General Meeting of the Company to be held at 19 Tuas Avenue 20, Singapore 638830 on 29 April 2024 at 10.00 a.m. (the “**AGM**”).

If you are in any doubt about the contents of this Appendix or as to 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 all your ordinary shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or to the stockbroker or the bank or the agent through whom you effected the sale for onward transmission to the purchaser.

The Ordinary Resolution proposed to be passed in respect of the proposed renewal of the Share Buyback Mandate is set out in the Notice of AGM. The Notice of AGM and the Proxy Form are contained in the Annual Report.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



SHS HOLDINGS LTD.

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

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

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DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company to be held on 29 April 2024 at 10.00 a.m at 19 Tuas Avenue 20, Singapore 638830
“Board”	:	The board of Directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer
“Appendix”	:	This Appendix dated 8 April 2024
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended or modified from time to time
“Company”	:	SHS Holdings Ltd.
“Directors”	:	The directors of the Company for the time being
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	28 March 2024,, being the latest practicable date prior to the printing of this Appendix for ascertaining information included herein
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to the term in paragraph 2.3.3(a) of this Appendix
“Maximum Price”	:	Has the meaning ascribed to the term in paragraph 2.3.4 of this Appendix
“Notice of AGM”	:	The notice of AGM which is contained in the Annual Report dated 8 April 2024
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to the term in paragraph 2.3.3(b) of this Appendix

“Relevant Period”	:	The period commencing from the date of the AGM on which the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate is passed and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is earlier
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buyback”	:	The purchase or acquisition of issued Shares by the Company pursuant to the terms of the Share Buyback Mandate
“Share Buyback Mandate”	:	The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares in accordance with the terms of the Share Buyback Mandate set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“subsidiary holdings”	:	Any of the Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
“treasury shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in the circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%”	:	Per centum

The term “Depositor” shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act 2001 of Singapore, or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Words importing persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act or any statutory modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day and to dates in this Appendix shall be a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded to the nearest two (2) decimal places.

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Appendix 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 Appendix to reflect any change in the Group’s expectations with respect to such statements after the date of this Appendix 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.

The Company has engaged Dentons Rodyk & Davidson LLP as its legal adviser for the proposed renewal of the Share Buyback Mandate.

SHS HOLDINGS LTD.

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

Registered Office:

19 Tuas Avenue 20
Singapore 638830

Directors:

Teng Choon Kiat (*Executive Chairman*)
Ng Han Kok, Henry (*Executive Director and Group CEO*)
Lee Gee Aik (*Lead Independent Director*)
Oh Eng Bin, Kenneth (*Independent Director*)
Oong Wei Yuan, Ron (*Independent Director*)

8 April 2024

To: The Shareholders of SHS Holdings Ltd.

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The Company proposes to seek the approval of its Shareholders at the AGM to be held on 29 April 2024 at 10.00 a.m. at 19 Tuas Avenue 20, Singapore 638830 for the proposed renewal of the Share Buyback Mandate.

The Company refers to the Notice of AGM contained in the Annual Report for the financial year ended 31 December 2023 and the Resolution 8 in relation to the proposed renewal of the Share Buyback Mandate under the heading “Special Business” set out in the Notice of AGM.

The purpose of this Appendix is to provide Shareholders with information relating to the Share Buyback Mandate.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

If any Shareholder is in doubt as to the contents of this Appendix or the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

The renewal of the Share Buyback Mandate was approved by Shareholders at the extraordinary general meeting of the Company held on 28 June 2023 and will expire on 29 April 2024, being the date of the forthcoming AGM of the Company.

Shareholders' approval is thus being sought at the AGM for the renewal of the general and unconditional Share Buyback Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the date of the AGM at which the renewal of the Share Buyback Mandate is approved by the Shareholders and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, whichever is earlier, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in general meeting.

Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution of the Company, the rules of the Listing Manual, and such other laws and regulations as may for the time being be applicable.

2.2 Rationale

The Share Buyback Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares up to the 10% limit described in paragraph 2.3.1 below, at any time, subject to market conditions, during the period that the Share Buyback Mandate is in force.

Share Buyback is one of the methods by which return on equity may be enhanced. Share Buybacks also provide the Company with a mechanism to return surplus cash (if any) which is in excess of the Group's financial needs and/or ordinary capital requirements in an expedient and cost-effective manner. The Directors believe that Share Buybacks may help to mitigate short-term market volatility, off-set the effects of short-term speculation and bolster Shareholders' confidence and employees' morale. Share Buybacks will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA per Share.

Whilst the Share Buyback Mandate would authorise Share Buybacks up to the said 10% limit during the duration referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate would be made only as and when the Directors consider it to be in the best interest of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a Share Buyback pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on the Share Buyback Mandate, if renewed at the AGM, are the same as were previously approved by Shareholders at the Company's extraordinary general meeting held on 28 June 2023, and are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company (ascertained as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved, excluding treasury shares and subsidiary holdings), unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. Any Shares which are held as treasury shares or as subsidiary holdings will be disregarded for the purposes of computing the aforesaid 10% limit.

Purely for illustrative purposes only, on the basis of 610,403,412 issued Shares (excluding 67,706,500 treasury shares held by the Company and there being no subsidiary holdings) as at the Latest Practicable Date, and assuming that on or prior to the AGM (i) no new Shares are issued by the Company and (ii) no further Shares are purchased or acquired by the Company and cancelled or held as treasury shares and (iii) no Shares are held as subsidiary holdings, not more than 61,040,341 Shares (representing not more than 10% of the total number of issued Shares, excluding treasury shares and subsidiary holdings, as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the renewal of the Share Buyback Mandate is approved, up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in general meeting.

2.3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares by the Company may be effected by way of:

- (a) on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed, through one or more duly licensed stock brokers appointed by the Company for that purpose ("**Market Purchases**"); and/or

- (b) off-market acquisition in accordance with an equal access scheme as defined in Section 76C of the Companies Act, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (“**Off-Market Purchases**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Manual, the Companies Act, the Constitution of the Company and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (i) offers under the scheme shall be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (ii) all of those persons shall have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each member is left with a whole number of shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share buy-back;
- (iv) the consequences, if any, of the share purchases by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (v) whether the share buy-back, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any share buy-back made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company would be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares purchased or acquired pursuant to the Share Buyback Mandate will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to any Share Buyback must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Buyback.

For the above purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (5) Market Days, on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **STATUS OF PURCHASED OR ACQUIRED SHARES**

Any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation) unless such Share is held by the Company as treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so.

All Shares purchased or acquired by the Company (unless held as treasury shares by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all share certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition of Shares.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Listing Manual and the Companies Act are summarised below:

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the Companies Act.

2.5.2 Voting and Other Rights

The Company cannot exercise any rights in respect of treasury shares and any purported exercise of such a right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividends may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. The treasury shares may be sub-divided or consolidated, so long as the total value of the treasury shares after such sub-division or consolidation is the same as the total value of the treasury shares before the sub-division or consolidation, as the case may be.

2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of, or pursuant to, any share scheme, whether for its employees, directors or other persons;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made by the Company of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of shares outstanding in a class that is listed on the SGX-ST before and after such usage and the value of the treasury shares comprised in the usage.

2.6 Reporting Requirements

Within thirty (30) days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. The notification shall include details such as the date of the purchase or acquisition of Shares, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or capital of the Company and such other particulars as may be required in the prescribed form by the Companies Act.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA, in the prescribed form, the notice of cancellation or disposal of treasury shares.

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second (2nd) Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the necessary information to the Company in a timely fashion which will enable the Company to make the notification to the SGX-ST.

2.7 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of Shares by the Company may be made out of the Company's capital and/or profits, so long as the Company is solvent. It is an offence for a Director or an officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment of the purchase or acquisition of its shares, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;

- (b) if:
 - (i) it is intended to commence winding up of the company within the period of twelve (12) months immediately after the date of the payment, the company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or
 - (ii) it is not intended to commence winding up, the company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of shares, become less than the value of its liabilities (including contingent liabilities).

The Company may use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions of Shares. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

Where the Company chooses to cancel immediately any of the Shares it repurchased (as opposed to being held as treasury shares to the extent permitted under the Companies Act), the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) paid by the Company for the Shares cancelled.

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the EPS and NTA per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profits, the purchase price paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions of Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group or on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be affected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group, based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2023, are based on the assumptions set out in the table below:

Share Buybacks					Maximum Number of Shares to be Purchased	
Scenario	Out of Capital or Profits	Type	Whether held as treasury shares or cancelled	Maximum Price per Share (S\$)	Number of Shares	Equivalent percentage of issued Shares ⁽¹⁾
1(A)	Capital	Market Purchase	Held as treasury shares	0.127	104,491 ⁽²⁾	0.02%
1(B)	Capital	Market Purchase	Cancelled	0.127	61,040,341 ⁽³⁾	10%
1(C)	Capital	Off-Market Purchase	Held as treasury shares	0.139	104,491 ⁽²⁾	0.02%
1(D)	Capital	Off-Market Purchase	Cancelled	0.139	61,040,341 ⁽³⁾	10%
2(A)	Profits	Market Purchase	Held as treasury shares	0.127	104,491 ⁽²⁾	0.02%
2(B)	Profits	Market Purchase	Cancelled	0.127	61,040,341 ⁽³⁾	10%
2(C)	Profits	Off-Market Purchase	Held as treasury shares	0.139	104,491 ⁽²⁾	0.02%
2(D)	Profits	Off-Market Purchase	Cancelled	0.139	61,040,341 ⁽³⁾	10%

Notes:

- (1) Based on 610,403,412 issued Shares (excluding 67,706,500 treasury shares and there being no subsidiary holdings) as at the Latest Practicable Date.
- (2) Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Buyback Mandate and hold such Shares as treasury shares after taking into account the number of treasury shares held by the Company as at the Latest Practicable Date. As at the Latest Practicable Date, based on the total number of issued Shares of 610,403,412 Shares (including 67,706,500 treasury shares currently held by the Company), the Company is permitted under the Companies Act to hold not more than 67,810,991 Shares as treasury shares. As such, the Company is able to purchase or acquire a further 104,491 Shares and hold them as treasury shares (after taking into account 67,706,500 treasury shares currently held by the Company and assuming that the Company continues to hold the said number of Shares as treasury shares and there being no subsidiary holdings).
- (3) Being the maximum number of Shares which the Company may purchase or acquire under the Share Buyback Mandate based on 610,403,412 issued Shares (excluding 67,706,500 treasury shares and there being no subsidiary holdings) as at the Latest Practicable Date.

(A) Pro-forma financial effects on the Group for scenarios of Share Buybacks by the Company out of capital

As at 31 December 2023 (S\$'000)	As per the consolidated financial statements of the Company	Pro-forma financial effects as at 31 December 2023 for scenario as per the table set out above			
		1(A)	1(B)	1(C)	1(D)
Share capital	155,547	155,547	147,612	155,547	146,879
Foreign currency translation reserve	(380)	(380)	(380)	(380)	(380)
Asset revaluation reserve	18,329	18,329	18,329	18,329	18,329
Fair value reserve	(10,060)	(10,060)	(10,060)	(10,060)	(10,060)
Revenue reserve	(15,751)	(15,751)	(15,751)	(15,751)	(15,751)
Treasury shares	(11,524)	(11,538)	(11,524)	(11,539)	(11,524)
Total Shareholders' equity	136,161	136,148	128,409	136,146	127,676
Net asset value	136,161	136,148	128,409	136,146	127,676
Current assets	118,859	118,846	111,107	118,844	110,374
Current liabilities	36,909	36,909	36,909	36,909	36,909
External borrowings	24,646	24,646	24,646	24,646	24,646
Cash and cash equivalents	48,036	48,023	40,284	48,021	39,551
Number of Shares ('000) – excluding treasury shares and cancelled shares	610,403	610,299	549,363	610,299	549,363
Financial Ratios					
Net asset value per Share (cents)	22.31	22.31	23.27	22.31	23.24
Basic earnings per Share (cents)	0.41	0.41	0.45	0.41	0.45
Gross Gearing (%)	18.10	18.10	19.19	18.10	19.30
Current ratio (times)	3.22	3.22	3.01	3.22	2.99

(B) Pro-forma financial effects on the Group for scenarios of Share Buybacks by the Company out of profits

As at 31 December 2023 (S\$'000)	As per the consolidated financial statements of the Company	Pro-forma financial effects as at 31 December 2023 for scenario as per the table set out above			
		2(A)	2(B)	2(C)	2(D)
Share capital	155,547	155,547	155,547	155,547	155,547
Foreign currency translation reserve	(380)	(380)	(380)	(380)	(380)
Asset revaluation reserve	18,329	18,329	18,329	18,329	18,329
Fair value reserve	(10,060)	(10,060)	(10,060)	(10,060)	(10,060)
Revenue reserve	(15,751)	(15,751)	(23,686)	(15,751)	(24,419)
Treasury shares	(11,524)	(11,538)	(11,524)	(11,539)	(11,524)
Total Shareholders' equity	136,161	136,148	128,409	136,146	127,676
Net asset value	136,161	136,148	128,409	136,146	127,676
Current assets	118,859	118,846	111,107	118,844	110,374
Current liabilities	36,909	36,909	36,909	36,909	36,909
External borrowings	24,646	24,646	24,646	24,646	24,646
Cash and cash equivalents	48,036	48,023	40,284	48,021	39,551
Number of Shares ('000) – excluding treasury shares and cancelled shares	610,403	610,299	549,363	610,299	549,363
Financial Ratios					
Net asset value per Share (cents)	22.31	23.37	23.37	22.31	23.24
Basic earnings per Share (cents)	0.41	0.44	0.45	0.41	0.45
Gross Gearing (%)	18.10	18.10	19.19	18.10	19.30
Current ratio (times)	3.22	3.22	3.01	3.22	2.99

Shareholders should note that the financial effects set out above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2023 and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and performance of the Shares) in assessing the relative impact of the Share Buyback before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the date of the AGM, the Company may not necessarily purchase or acquire or be able to purchase or acquire up to the maximum number of Shares as permitted under the Share Buyback Mandate. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares subject to the limit as permitted by the Companies Act.

2.9 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.10 Take-over implications arising from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition of Shares for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and persons acting in concert with them, treasury shares and subsidiary holdings shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Buyback Mandate, unless so required under the Companies Act.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation on them to make a mandatory take-over offer would arise by reason of any purchases or acquisitions of Shares by the Company.

2.10.4 Conditional Exemption from having to make a Take-over Offer

Under Appendix 2 of the Take-over Code, Directors and persons acting in concert with him, will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) the circular to shareholders on the resolution to authorise a share buy-back to contain advice to the effect that by voting for such resolution, shareholders are waiving their rights to a general offer at the required price from directors and persons acting in concert with him who, as a result of the company buying back its shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the company's voting rights, would increase their voting rights by more than 1% in any period of six (6) months; and the names of such directors and persons acting in concert with him, their voting rights at the time of the resolution and after the proposed share buy-back to be disclosed in the same circular;
- (b) the resolution to authorise a share buy-back to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (c) directors and/or persons acting in concert with him, to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buy-back;
- (d) within seven (7) days after the passing of the resolution to authorise a share buy-back, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) directors and/or persons acting in concert with him, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of (i) the date on which the authority of the share buy-back expires, and (ii) the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be, if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase to 30% or more; and
- (f) directors and/or persons acting in concert with him, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of (i) the date on which the authority of the share buy-back expires, and (ii) the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be, if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

It follows that where the aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share buy-back and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for an exemption from the requirement to make a general offer under Rule 14, or where already exempted, would continue to be exempted.

2.10.5 Take-over obligations of Directors and Substantial Shareholders of the Company

Based on the interests of the Directors and substantial shareholders as at the Latest Practicable Date as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders, none of the Directors or substantial shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

2.11 Listing Manual

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be considered to be an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the Company's internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half year or full year results, as the case may be.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The term "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the issuer or its subsidiary companies, as well as the associates of such persons.

As at the Latest Practicable Date, 251,199,459 Shares, representing approximately 41.15% of the total number of issued Shares (excluding treasury shares), are in the hands of the public. Assuming that the Company purchases or acquires its issued Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate from the public, the number of Shares in the hands of the public would be reduced to 190,159,118 Shares, representing approximately 34.61% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares pursuant to the Share Buyback Mandate, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions of Shares, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.12 Shares purchased in the previous twelve (12) months

The Company has not purchased or acquired any Shares in the last twelve (12) months immediately preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Director's Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the substantial shareholders of the Company before and after Share Buyback, assuming (a) the Company purchases or acquires the maximum limit of 10% of the total number of issued Shares (excluding Shares held as treasury shares and there being no subsidiary holdings) as at the Latest Practicable Date, and (b) there is no change in the number of Shares held by the Directors and the substantial shareholders of the Company or which they are deemed interested in, will be as follows:

Directors	Before Share Buyback (Number of Shares)			Before Share Buyback % ⁽¹⁾	After Share Buyback % ⁽²⁾
	Direct Deemed	Total Interest	Interest Interest		
Teng Choon Kiat	–	160,967,600	160,967,600	26.37	29.30
Ng Han Kok, Henry	23,037,700	92,646,953	115,684,653	18.95	21.06
Lee Gee Aik	–	–	–	–	–
Oh Eng Bin, Kenneth	–	–	–	–	–
Oong Wei Yuan, Ron	–	–	–	–	–
Substantial shareholders					
Teng Choon Kiat	–	160,967,600	160,967,600	26.37	29.30
Ng Han Kok, Henry	23,037,700	92,646,953	115,684,653	18.95	21.06
Stone Robert Alexander	31,801,000	19,720,000	51,521,000	8.44	9.38
Lim Peng Chuan Terence	–	31,030,700	31,030,700	5.08	5.65

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 610,403,412 Shares (excluding 67,706,500 treasury shares and there being no subsidiary holdings) as at the Latest Practicable Date.
- (2) As a percentage of the issued share capital of the Company comprising 549,363,071 Shares (assuming that the Company purchases or acquires the maximum number of 61,040,341 Shares as permitted under the Share Buyback Mandate excluding treasury shares and there being no subsidiary holdings).

Oh Eng Bin, Kenneth and Oong Wei Yuan, Ron, Independent Directors of the Company, are Senior Partner and Partner respectively at the law firm of Dentons Rodyk & Davidson LLP. A legal team from Dentons Rodyk & Davidson led by another Senior Partner thereof is advising the Company as to Singapore law in relation to the proposed renewal of the Share Buyback Mandate.

Save as disclosed herein, none of the Directors or the substantial shareholders, has any other interest, direct or indirect, in the proposed renewal of the Share Buyback Mandate other than through their respective directorships in the Group and/or shareholdings in the Company.

4. ANNUAL GENERAL MEETING

The AGM, notice of which is contained in the Annual Report of the Company, will be held on 29 April 2024 at 10.00 a.m. at 19 Tuas Avenue 20, Singapore 638830 for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of AGM including but not limited to Resolution 8 relating to the proposed renewal of the Share Buyback Mandate.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy(ies), or the Chairman of the AGM as their proxy to vote on their behalf at the AGM should complete, sign and return the Proxy Form attached to the Annual Report, 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 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy if he finds that he is able to do so.

The Proxy Form or instrument or form appointing a proxy(ies) 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 Company's registered office 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 AGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears in the Depository Register maintained by CDP, at least seventy-two (72) hours before the AGM.

6. DIRECTORS' RECOMMENDATION

Having fully considered the rationale and benefit of the Share Buyback Mandate, the Directors are of the view that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 8 relating to the proposed renewal of the Share Buyback Mandate to be proposed at the AGM as set out in the Notice of AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix 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 Chief Executive Officer

