

SHS HOLDINGS LTD.

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

THE PROPOSED ACQUISITION OF 100% OF THE EQUITY INTERESTS OF GUANGXI TIDAL PRECISION TECHNOLOGY CO., LTD. (广西潮力精密技术有限公司) AND NANNING TIDAL ALUMINIUM CO., LTD. (南宁市潮力铝业有限公司)

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of SHS Holdings Ltd. (the “**Company**”) refers to the Company’s announcements dated 4 September 2024 (the “**First Announcement**”), 30 December 2024 (the “**Second Announcement**”) and 24 January 2025 (collectively, the “**Previous Announcements**”) in relation to the sale and purchase agreement (the “**SPA**”) entered into by the Company’s wholly-owned subsidiary, SHS Capital Pte. Ltd. (the “**Purchaser**”) with (a) Nanning Tidal Investment Co., Ltd. (南宁潮力投资有限公司) (the “**Vendor**”) and (b) Synertech Group Co., Pte. Ltd. (the “**Covenantor**”) on 4 September 2024 (as modified, amended and varied by (i) the amendment letter agreement dated 30 December 2024 entered into between the Purchaser, the Vendor and the Covenantor (the “**First Amendment Letter**”) and (ii) the novation agreement dated 24 January 2025 entered into between the Purchaser, the Vendor, the Covenantor and Ming Keju (the “**Substitution Party**”, and together with the Vendor, the “**Warrantors**”).
- 1.2 Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Previous Announcements.
- 1.3 The Board wishes to announce that the Purchaser has on 4 February 2025, in respect of the SPA, entered into a second Amendment Letter (the “**Second Amendment Letter**”) with the Warrantors to further amend and modify certain terms and conditions of the SPA.
- 1.4 Saved as amended or modified by the Second Amendment Letter, all the other terms and conditions of the SPA will remain in full force and effect.

2. AMENDMENTS AND MODIFICATIONS TO THE SPA

Due Diligence findings relating to Target Companies

- 2.1 As mentioned at paragraph 4.13(a) of the First Announcement, pursuant to the terms of the SPA, Completion is conditional upon the satisfaction of, among others, the Condition of the results of a due diligence exercise over the business, affairs, operations, assets, financial condition, prospects and records of the Target Companies being satisfactory to the Purchaser in its absolute discretion. Subsequent to the findings of the on-going due diligence exercise being conducted by the Purchaser and the Company on the Target Companies, the Warrantors have agreed with the Purchaser to amend or modify certain terms of the SPA. A summary of the key amendments and modifications to the SPA that are provided under the Second Amendment Letter as a result of the due diligence findings are set out below.
- (a) The Warrantors shall provide the additional undertakings that each of them shall procure that:

- (i) post-Completion, any security (including the provision of guarantees and collateral) arrangements provided in respect of the bank borrowings of the Target Companies that are existing as at the Completion Date shall not be terminated and shall continue to subsist and be valid;
 - (ii) (A) post-Completion, the Target Companies shall not engage in transactions with (I) any member of the Vendor Group; and (II) any entity in which any member of the Vendor Group has any interest in ((I) and (II) are collectively referred to as the “**Vendor Group Related Parties**”), unless so consented to in writing by the Purchaser; (B) all assistance will be rendered to the Purchaser and/or the SHS WFOE by each of the Warrantors and any of the Vendor Group Related Parties to ensure that the Target Companies are able to and shall, without any detriment to any of the Target Companies’ financial performance and/or business prospects, carry on their business and/or trade with each of their ultimate end customers and suppliers without the need to use and/or rely on any of the Vendor Group Related Parties as intermediaries; and (C) the Target Companies are able to and shall, without any detriment to any of the Target Companies’ financial performance and/or business prospects, carry on their business and/or trade with each of their ultimate end customers and suppliers without the need to use and/or rely on any of the Vendor Group Related Parties as intermediaries; and
 - (iii) (A) all permits required for the carrying on of production operations and related activities at the Target Companies’ respective production facilities will be obtained within six (6) calendar months post-Completion; and (B) all required acceptance inspection/checks required to be passed and all relevant filings required to be completed for the carrying on of production operations and related activities at the Target Companies’ respective production facilities will be passed and completed respectively within six (6) calendar months post-Completion or such other period if agreed in writing to by the Purchaser.
- (b) The meaning ascribed to “Target Property” in the SPA shall be amended and clarified by replacing all references to “the land located at No. 1 Puling Street, Yongning District, Nanning City (南宁市邕宁区蒲灵路 1 号) and the factory located on the aforementioned land” with “the factories and plants situated at No. 1 Puling Street, Yongning District, Nanning City (南宁市邕宁区蒲灵路 1 号), including the production facilities and equipment located therein”.
 - (c) There shall be an additional term under the SPA that the Purchaser and/or the SHS WFOE shall be entitled to set off against the Balance Consideration Payment and any corresponding interest payable all claims, losses, liabilities, costs and expenses that the Purchaser, the SHS WFOE and/or their respective representatives or a Target Company may incur, or be liable for, in connection with or arising from any breach by the Warrantors of the SPA (including but not limited to breach of warranties, undertakings, covenants and/or terms) and/or any of the indemnified events set out in the SPA. For the avoidance of doubt, the Warrantors will remain liable for any amounts which were not set off by the Purchaser and/or the SHS WFOE against the Balance Consideration Payment and any corresponding interest payable.

Modification of Long-Stop Date

- 2.2 As announced in the Second Announcement, the Long-Stop Date was modified to 30 April 2025 (or such other date as the Purchaser and the Warrantors (the “**Parties**”) may agree in writing) by the First Amendment Letter. Consequently, the Parties have agreed to update certain financial figures relating to the Target Companies that are set out or

referred to in the SPA based on the assumption that the Completion Date is 30 April 2025 instead of 31 December 2024. A summary of the key amendments and modifications to the SPA that are provided under the Second Amendment Letter as a result of the aforesaid modification of the Long-Stop Date are set out below.

- (a) The reference to approximately RMB208.5 million (equivalent to approximately S\$39.6 million based on the Agreed Exchange Rate), being the initial Pro Forma Net Assets value of the Target Companies taken into consideration by the Parties when negotiating the Consideration, shall be deleted. The Company reaffirms that the Consideration had been determined and agreed with reference to and taking into consideration the Pro Forma Net Assets value of the Target Companies as set out in the Pro Forma Balance Sheet. For the avoidance of doubt, the quantum of the Consideration and the payment terms therefor as disclosed at paragraph 4.2 of the First Announcement shall remain unchanged.
- (b) As disclosed at paragraph 4.6 of the First Announcement, the Consideration is subject to adjustments due to any Deficit. The Parties have agreed that the Deficit shall instead be determined as follows:

In the event that (A) the Pro Forma Net Asset value of the Target Companies set out in the Verification Balance Sheet is less than the Pro Forma Net Asset Value set out in the Pro Forma Balance Sheet; or (B) the total non-current assets of the Target Companies (on a combined basis and as set out in the Verification Balance Sheet) on Completion Date is less than RMB516,432,081¹, the Consideration shall be adjusted downwards by the amount equivalent to such deficit (or excess in the case of liabilities) (i.e. the Deficit) and the outstanding Balance Consideration Payment shall be correspondingly reduced, save that there shall be no double counting in the determination of the downwards adjustment of the Consideration.

- (c) The undertakings provided by each Warrantor in respect of certain financial aspects of the Target Companies (as set out at paragraphs 4.14(b) and 4.14(c) of the First Announcement) shall be updated as follows:

That (A) unless so consented to by the Purchaser in writing, (i) the total liabilities of the Target Companies (on a combined basis and as set out in the Verification Balance Sheet) on Completion Date shall not be more than RMB468,864,218²; and (ii) the aggregate bank borrowings of the Target Companies (on a combined basis and as set out under short-term borrowings and long-term borrowings in the Verification Balance Sheet) on Completion Date shall not be more than RMB200 million³; and (B) the total non-current assets of the Target Companies (on a combined basis and as set out in the Verification Balance Sheet) on Completion Date shall not be less than RMB516,432,081⁴.

Clarification in relation to the Target Companies' scope of business

- 2.3 The Parties have agreed that for clarification purposes, the meaning ascribed to "Pro Forma Balance Sheet" in the SPA shall, pursuant to the Second Amendment Letter, be amended by replacing the reference to "aluminium battery foil manufacturing for the automotive electric vehicle industry and aluminium recycling business" therein with "precision manufacturing and aluminium recycling business", so as to provide a more accurate description of the Target

¹ For reference purpose, the previous corresponding figure as stated in the First Announcement was RMB519,047,381.

² For reference purpose, the previous corresponding figure as stated in the First Announcement was RMB371,055,615.

³ For reference purpose, the previous corresponding figure as stated in the First Announcement was RMB160 million.

⁴ For reference purpose, the previous corresponding figure as stated in the First Announcement was RMB519,047,381.

Companies' existing business activities. For the avoidance of doubt, the aforesaid amendment is not intended by the Parties to vary the nature or scope of the business of the Target Companies to be acquired by the Purchaser pursuant to the SPA.

3. DOCUMENTS FOR INSPECTION

A copy of the SPA, the First Amendment Letter, the Novation Agreement and the Second Amendment Letter will be made available for inspection at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830 during normal business hours for a period of three (3) months from the date of this announcement.

4. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep Shareholders informed, as and when there are further material updates and development in respect of the Proposed Acquisition.

5. CAUTIONARY STATEMENT

- 5.1 Shareholders and potential investors of the Company are advised to exercise caution in trading the Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be approved by Shareholders at the EGM, completed in accordance with the terms of the SPA or that no further changes will be made to the terms thereof.
- 5.2 The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement, the Previous Announcements and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, solicitors or other professional advisors if they have any doubts as to the actions they should take.

By Order of the Board

Ng Han Kok, Henry
Group Chief Executive Officer
4 February 2025