

SHS HOLDINGS LTD.

(“Company”)

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

RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE PROPOSED SALES

All capitalised terms used in this Announcement which are not defined herein shall have the meanings ascribed to them in the previous announcement dated 29 October 2020 (“**Previous Announcement**”), in relation to the Proposed Sales.

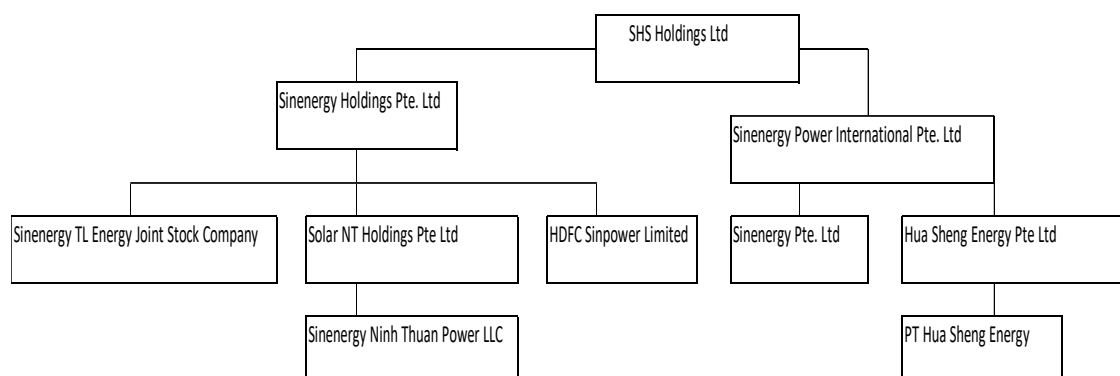
The board of directors (the “**Board**” or “**Directors**”) of the Company, and together with its subsidiaries (the “**Group**”) would like to provide the following information in response to queries raised by the SGX-ST on 3 November 2020 in respect of the Previous Announcement in relation to the Proposed Sales.

SGX-ST Query 1:

Please provide a diagrammatic illustration of the current Group structure (which includes Sinenergy Holdings, HDFC, the NT Companies, Hua Sheng Energy Pte Ltd, Sinenergy TL Energy Joint Stock Company and other entities mentioned in the Announcement).

Company’s Response to SGX-ST Query 1:

The current Group structure chart is as follows, and together with the Group structure chart after the Proposed Sales, shall be included as an Appendix in the Company’s circular to be circulated to Shareholders.



SGX-ST Query 2:

Please clarify if the Proposed Sinenergy Divestment and Proposed HDFC Dilution are inter-conditional.

Company’s Response to SGX-ST Query 2:

The Proposed Sinenergy Divestment and the Proposed HDFC Dilution are not inter-conditional, as the Proposed HDFC Dilution is not conditional on the Proposed Sinenergy Divestment. However, the Proposed Sinenergy Divestment is conditional on the completion of the Proposed HDFC Dilution, as disclosed in paragraph 1.3 and 2.6(iv) of the Previous Announcement. The Proposed HDFC Dilution was entered into as a requirement under the Proposed Sinenergy Divestment, and was undertaken as

required by CHDHK, so that on completion of the Proposed Sinenergy Divestment, Sinenergy Holdings only holds 65% of the shareholding interests in HDFC as opposed to its current 75% shareholding interests.

SGX-ST Query 3:

Please explain what is the NT Purchase Agreement (referred to in paragraph 2.5(i)).

Company's Response to SGX-ST Query 3:

The Company (through Sinenergy Holdings) had previously entered into an amended and restated investment agreement dated 26 December 2018 with Solar NT Holdings Pte. Ltd. ("**Sing Holdco**"), Super Solar Energy Company Limited and Super Energy Group (Hong Kong) Co., Ltd. ("**SEGHK**") for the divestment of its interests in the solar power plant named Sinenergy Ninh Thuan I held by Sinenergy Ninh Thuan Power LLC ("**Project Company**" and together with Sing Holdco, the "**NT Companies**") to SEGHK, via the transfer by Sinenergy Holdings of, first, the entire charter capital of the Project Company to Sing Holdco, and second, all of Sinenergy Holding's shares in Sing Holdco to SEGHK. The NT Companies will cease to be subsidiaries of the Company post-divestment. As of 28 May 2020, Sinenergy Holdings had executed the transfer of 90% of the shareholding of Sing Holdco to SEGHK. The remaining 10% of the shareholding of Sing Holdco is scheduled to be transferred to SEGHK by the end of November 2020. Please refer to the announcements of the Company dated 26 December 2018 and 28 May 2020 for further details, as disclosed in the footnote to paragraph 2.5(i)(b) of the Previous Announcement. The Company will provide further updates on the material developments to the divestment as necessary or appropriate.

SGX-ST Query 4:

With regard to sub-paragraph 2.5(i)(c)(II), please clarify why the Company is making payments for the disposal of shares in the Transfer of the NT Companies.

Company's Response to SGX-ST Query 4:

The Company is not required to make payments for disposal of shares in the Transfer of the NT Companies, and this should refer to CHDHK's obligation to make payment under sub-paragraph 2.5(i)(c)(II).

SGX-ST Query 5:

With regard to paragraph 2.6(vi), please disclose Sinenergy Holdings' outstanding liabilities under the line of credit granted by UOB to the Company, and the Power Purchase Agreement.

Company's Response to SGX-ST Query 5:

The outstanding liabilities are as follows:

- UOB line of credit: Sinenergy Holdings' outstanding liabilities under the UOB line of credit are USD 900,000, contingent on the Performance Security Deposit being called upon by BPDB. To date, BPDB has not called upon the Performance Security Deposit; and

Power Purchase Agreement: Sinenergy Holdings does not have any direct liability under the Power Purchase Agreement. Only HDFC is directly liable under the Power Purchase Agreement. Following previous delays in achieving the Commercial Operations Date, BPDB may impose on HDFC up to US\$912,500 of delay liquidated damages under the Power

Purchase Agreement. To date, BPDB has not issued any claim or demand against HDFC for delay liquidated damages.

SGX-ST Query 6:

Please provide details of the Transfer of the NT Companies (referred to in sub-paragraph 2.6(viii)) and explain why the Transfer of NT Companies does not form part of the Proposed Sales.

Company's Response to SGX-ST Query 6:

The transfer of the NT Companies is a wholly unrelated transaction to the Proposed Sales, and to different entities. Please refer to the Company's response to SGX-ST Query 3 and the announcements of the Company dated 26 December 2018 and 28 May 2020 for further details, as disclosed in the footnote to paragraph 2.5(i)(b) of the Previous Announcement.

SGX-ST Query 7:

Please also provide details on the disposal of shares in Sinenergy Pte Ltd, Sinenergy Engineering Pte Ltd, Hua Sheng Energy Pte Ltd and Sinenergy TL Energy Joint Stock Company (referred to in sub-paragraph 2.6(xvii)) and explain why these disposals do not form part of the Proposed Sales.

Company's Response to SGX-ST Query 7:

The disposal of shares in Sinenergy Pte Ltd, Hua Sheng Energy Pte Ltd and Sinenergy TL Energy Joint Stock Company are part of an internal restructuring of the Group, undertaken such that at completion of the Proposed Sinenergy Divestment, Sinenergy Holdings holds only HDFC and (pending completion of the Transfer of the NT Companies) the NT Companies. None of the shares of these entities are transferred to any entity outside the Group. As of the date of this Announcement, the shares of Sinenergy Pte Ltd and Hua Sheng Energy Pte Ltd have already been transferred to Sinenergy Power International Pte Ltd, which is a wholly owned subsidiary of the Company.

Separately, pursuant to the Company's announcement dated 12 May 2020, Sinenergy Engineering Pte. Ltd. has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Chapter 50 of Singapore with effect from 4 May 2020.

SGX-ST Query 8:

With regard each of the undertakings / indemnities set out in paragraph 2.7(e)(i), please disclose the Board's opinion as to whether it expects any losses arising out of the matters raised in each of the undertakings / indemnities and if so, please quantify the matters accordingly. In this regard, please provide the background for the matters raised in sub-paragraphs (b) and (f) and explain why the Board is of the view that it is not prejudicial to the Company's interest to indemnify losses arising from post-completion events.

Company's Response to SGX-ST Query 8:

The Board is of the opinion that the undertakings / indemnities in paragraph 2.7(e)(i) are not prejudicial to the Company's interests and will not result in any losses taking into consideration the following factors:

- (i) In relation to the indemnity in sub-paragraph a.:

- (I) the indemnity was required by CHDHK as CHDHK wishes to acquire only the Company's interests in the Project, via acquiring from the Company the shares of Sinenergy Holdings which should eventually only hold the shares of HDFC. The shares of Sing Holdco are intended to be entirely transferred out from the ownership of Sinenergy Holdings, and CHDHK does not agree to be responsible for any liability arising out of Sinenergy Holding's ownership of the NT Companies and the Transfer of the NT Companies; and
 - (II) Sinenergy Holdings had executed the transfer of 90% of the shareholding of Sing Holdco to SEGHK as of 28 May 2020, only the transfer of the remaining 10% shareholding of Sing Holdco to SEGHK remains outstanding and is scheduled to be transferred by the end of November 2020.
- (ii) The matters raised in sub-paragraphs b. and f. are in relation to the participation by Sinenergy Holdings and HDFC in the Financing Program for JCM Model Projects in FY2015 administered by the Global Environment Centre Foundation. Such participation was for the purpose of obtaining a grant to part-finance the Project, and was arranged by Pacific Consultants Co., Ltd. One of the conditions to obtaining the grant was to purchase solar panels from Panasonic. Due to unforeseen circumstances, the relevant parties agreed to withdraw from the program and terminate the arrangements relating such program. Some termination and settlement agreements have been signed with the relevant parties (including PCKK and Panasonic). As such, the Board is of the opinion that the risk is sufficiently mitigated.
 - (iii) In relation to sub-paragraphs c., d. and e., neither BPDB nor GOB has issued any notices of claims or demands to HDFC or Sinenergy Holdings. In any case, these losses are limited to losses arising from any resulting liability from any breach or failure to comply by Sinenergy Holdings or HDFC with the terms under the Power Purchase Agreement and/or the Implementation Agreement before completion of the Proposed Sinenergy Divestment. Following previous delays in achieving the Commercial Operations Date, BPDB may impose on HDFC up to US\$912,500 of delay liquidated damages under the Power Purchase Agreement. However, the Company's maximum liability in respect of all claims in relation to loss arising out of any liability or losses incurred or suffered by HDFC are limited to 65% of such loss, and specifically those claims in relation to delay liquidated damages imposed by BPDB under the Power Purchase Agreement arising from delays in achieving the Commercial Operations Date prior to completion of the Proposed Sinenergy Divestment, are limited to 65% of US\$912,500. In any case, to date, BPDB has not issued any claim or demand against HDFC for delay liquidated damages.

By Order of the Board

Ng Han Kok, Henry
Executive Director and Group CEO
5 November 2020