

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

PROPOSED ACQUISITION OF SHARES IN (1) TLC MODULAR CONSTRUCTION JOINT STOCK COMPANY, VIETNAM (“TLC VIETNAM”), (2) TLC MODULAR PTE LTD (“TLC SINGAPORE”) AND (3) TLC MODULAR SDN BHD (“TLC MALAYSIA”) (COLLECTIVELY, THE “TARGET COMPANIES”)

1. Introduction

The Board of Directors of SHS Holdings Ltd. (the “**Company**”, and with its subsidiaries, the “**Group**”) wishes to announce that the Company, together with its subsidiaries, Hetat Holdings Pte Ltd (the “**First Purchaser**”), Hetat Pte Ltd (the “**Second Purchaser**”) and Hetat Construction Pte Ltd (the “**Third Purchaser**”) (collectively, the “**Purchasers**”), has on 31 May 2018, entered into a conditional sale and purchase agreement (the “**SPA**”) with Thao Li International Pte. Ltd. (the “**First Vendor**”) and Duong Thi Thuy Mai (the “**Second Vendor**”) (collectively, the “**Vendors**”) to acquire the issued and paid-up ordinary share capital (the “**Sale Shares**”) of the Target Companies (the “**Proposed Acquisition**”) as follows:

TLC Vietnam

Vendor	Purchaser and Number of Ordinary Shares	Percentage Shareholding (%)
First Vendor	First Purchaser: 1,900,000	38
	Second Purchaser: 50,000	1
Second Vendor	Third Purchaser: 50,000	1

TLC Singapore

Vendor	Purchaser and Number of Ordinary Shares	Percentage Shareholding (%)
First Vendor	First Purchaser: 4	40

TLC Malaysia

Vendor	Purchaser and Number of Ordinary Shares	Percentage Shareholding (%)
First Vendor	First Purchaser: 200,000	40

As announced previously in the Company’s announcement of 4 November 2016, the Company had announced that the First Purchaser had acquired 60% of TLC Vietnam. Also announced in 2016 are the incorporation of TLC Singapore and TLC Malaysia of which the First Purchaser owns 60% equity interest and the Vendor owns the remaining 40% equity interests. On completion of the Proposed Acquisition, the Target Companies will be indirect wholly-owned subsidiaries of the Company.

The Proposed Acquisition is in the ordinary course of business of the Group. Therefore, Rules 1010 and 1014 of Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited do not apply.

2. Information on Target Companies

TLC Vietnam

TLC Modular Construction Joint Stock Company (“**TLC Vietnam**”) is a company incorporated in Vietnam and engaged in the business of, among others, providing design, construction and manufacturing services in modular construction projects. The registered charter capital of TLC Vietnam is VND50 billion divided into 5,000,000 ordinary shares with a par value of VND10,000 per share.

TLC Singapore

TLC Modular Pte Ltd (“**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. The registered share capital of TLC Singapore is S\$10 divided into 10 ordinary shares.

TLC Malaysia

TLC Modular Sdn Bhd. (“**TLC Malaysia**”) is a company incorporated in Malaysia and engaged in the business of, modular construction, engineering and project management for steel, glass and aluminum contracts. The registered share capital of TLC Malaysia is RM500,000 divided into 500,000 ordinary shares.

3. Purchase Consideration and Funding

The purchase consideration for the Sale Shares is USD 4,000,002 and was agreed on a willing-buyer willing-seller basis taking into consideration, *inter alia*, the net book value of the company, market potential for modular construction in New Zealand, Australia and Singapore and intangibles related to its integrated modular design services and systems. The Company will fund the Proposed Acquisition through a combination of cash and shares. The purchase consideration shall be payable in the following manner:

- (a) USD 1,600,02 payable in cash payable to the Vendors on the completion date in the following proportions:

Vendor	Transaction Name	Consideration
First Vendor	TLC Vietnam Sale Shares	USD 1,560,000
	TLC Singapore Sale Shares	USD 1
	TLC Malaysia Sale Shares	USD 1
Second Vendor	TLC Vietnam Sale Shares	USD 40,000
Total Cash Consideration		USD 1,600,002

(b) the payment of USD 2,400,000 of the purchase consideration in respect of the TLC Vietnam Sale Shares by the transfer to the Vendors of existing treasury shares (rounded down to the nearest hundred shares) in the capital of the Company (the “**Consideration Shares**”) at the price of S\$0.207 per Consideration Share (based on the exchange rate of USD1 = S\$1.343), in the following manner on completion date:

(i) the Company shall issue share certificates in respect of the Consideration Shares in the names of the Vendors in the following manner:

Vendor	Transaction Name	Number of Shares
First Vendor	TLC Vietnam Sale Shares	15,181,700
Second Vendor	TLC Vietnam Sale Shares	389,200
Total Number of Shares		15,570,900

(ii) the Company, being the escrow agent (the “**Escrow Agent**”), shall hold the said share certificates as Escrow Agent for such time until the satisfaction of the profit guarantee.

The release of the share certificates in respect of the Consideration Shares to the Vendors shall be subject to the audited net profit after tax of the Target Companies being at least USD 3,500,000 as at the financial year ending 31 December 2019.

The price of S\$0.207 per Consideration Share represents a discount of approximately 10% to the volume weighted average price of S\$0.23 for trades done on the Company’s Shares on the Singapore Exchange Securities Trading Limited for the full market day on 30 May 2018 (being the last full market day on which the Shares were traded prior to the date the SPA was signed).

4. Conditions Precedent

The completion of the Proposed Acquisition is subject to the fulfilment of conditions precedents including, but not limited to:

- (a) the approval of the Board of the First Purchaser, Second Purchaser and Third Purchaser for the transactions contemplated in the SPA;
- (b) the approval of the shareholders of each Target Company for the transactions contemplated in the SPA;
- (c) all approvals, consents, statement of no objection, waivers, licences, authorizations, orders, grants, confirmations, permissions and/or registrations as required under the laws of Vietnam, Singapore or Malaysia in relation to the sale and purchase of TLC Vietnam Sale Shares, TLC Singapore Sale Shares and TLC Malaysia Sale Shares respectively;
- (d) execution of a service agreement between TLC Vietnam and Alistair William Raglan Sawyer who is currently a Director for the position of Managing Director for a period of 5 years;

- (e) the business of each Target Company having been carried on in a satisfactory and in the ordinary manner and each Target Company not having disposed of any material assets or assumed or incurred any material liabilities (including contingent liabilities) other than those in connection with its ordinary course of business on or before the completion date; and
- (f) the Vendors' warranties and the Purchasers' warranties remaining true in all material respects on and as of the completion date.

5. Financial Effects

The pro forma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") and on the earnings of the Group have been prepared based on the latest audited financial statements of the Group for the financial year ended 31 December 2017 and the latest audited financial statements of TLC for the financial year ended 31 December 2017.

The pro forma financial effects of the Proposed Acquisition are for illustration purpose only and do not necessary reflect the actual future results and financial position of the Group following the completion of the Proposed Acquisition.

For illustration purposes only, the financial effects of the Proposed Acquisition have been computed based on the following assumptions:

- (a) The financial effects on the Group NTA attributable to the Company's shareholders ("**Shareholders**") and the NTA per ordinary share in the capital of the Company ("**Share**") are computed assuming that the Proposed Acquisition is completed on 31 December 2017; and
- (b) The financial effects on the Group's earnings attributable to Shareholders and earnings per Share have been computed assuming that the Proposed Acquisition was completed on 1 January 2017.

NTA per Share

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
NTA attributable to Shareholders (S\$'000)	182,819	178,657
Number of Shares (Excluding treasury shares)	685,129,812	700,700,712
NTA per Share attributable to Shareholders (cents)	26.68	25.50

(Loss)/Earnings per Share

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Net loss attributable to Shareholders (S\$'000)	-18,227	-19,558
Weighted average number of Shares (Excluding treasury shares)	685,127,863	700,698,763
(Loss)/Earnings Per Share (cents)	-2.66	-2.79

6. Directors' and Controlling Shareholders' Interest

None of the Directors (other than in his capacity as Director or shareholder) or controlling shareholders (other than through their respective shareholdings in the Company) has any interest, direct or indirect, in the Proposed Acquisition.

7. Service Contracts

Pursuant to the Proposed Acquisition, TLC Vietnam intends to enter into a service agreement with Alistair William Raglan Sawyer, who is currently a Director for the position of Managing Director for a period of 5 years.

There are no directors who are proposed to be appointed to the board of the Company in connection with the Proposed Acquisition. Accordingly, no service agreement is proposed to be entered into between the Company and any such person.

8. Documents available for inspection

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 19 Tuas Avenue 20 Singapore 638830 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
Ng Han Kok, Henry
Group Chief Executive Officer
31 May 2018