

SHS Holdings Ltd.
(Company Registration No. 197502208Z)

**Unaudited Condensed Interim Financial Statements
For the Half Year ended 30 June 2022**

CONTENTS	PAGE
(A) Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2-3
(B) Unaudited Condensed Statements of Financial Position	4
(C) Unaudited Condensed Consolidated Statement of Changes in Equity	5
(D) Unaudited Condensed Consolidated Statement of Cash Flows	6
(E) Notes to the Unaudited Condensed Interim Consolidated Financial Statements	7
(F) Other Information Required by Listing Rule Appendix 7.2	17

SHS Holdings Ltd.
(Company Registration No. 197502208Z)

(A) **Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Group		Change %
		Unaudited		
		First Half Year Ended		
		2022	2021	
		S\$'000	S\$'000	
<u>Continuing Operations</u>				
Revenue	3	40,915	25,177	63%
Cost of sales and services		(32,491)	(20,578)	58%
Gross profit		<u>8,424</u>	<u>4,599</u>	83%
Other income		1,328	1,886	(30%)
Selling and distribution expenses		(208)	(436)	(52%)
Administrative expenses		(3,691)	(3,172)	16%
Other operating expenses		(3,482)	(2,739)	27%
Profit from operations		<u>2,371</u>	<u>138</u>	N/M
Finance costs		(315)	(564)	(44%)
Share of loss of associated companies		(256)	(119)	115%
Profit/(loss) before income tax	4	1,800	(545)	N/M
Income tax	5	(337)	11	N/M
Profit/(loss) from continuing operations after tax		<u>1,463</u>	<u>(534)</u>	N/M
<u>Discontinued operations #</u>				
Loss from discontinued operations after tax		-	(4,015)	(100%)
Profit/(loss) after income tax		<u>1,463</u>	<u>(4,549)</u>	N/M
Attributable to:				
Equity holders of the Company				
- Continuing Operations		1,428	(439)	N/M
- Discontinued Operations		-	(2,202)	(100%)
		1,428	(2,641)	N/M
Non-controlling interests, net of income tax				
- Continuing Operations		35	(95)	N/M
- Discontinued Operations		-	(1,813)	(100%)
		35	(1,908)	N/M
		<u>1,463</u>	<u>(4,549)</u>	N/M

Discontinued operations refer to the solar development business and modular construction business in respect of which the Company has been approached by interested parties or completed its disposal in the last financial year.

(A) **Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

	Group		Change %
	Unaudited First Half Year Ended 2022 S\$'000	Unaudited 2021 S\$'000	
Profit/(loss) after income tax	1,463	(4,549)	N/M
<u>Other comprehensive (expense)/ income</u>			
Foreign currency translation	(49)	(122)	(60%)
	<u>(49)</u>	<u>(122)</u>	(60%)
Total comprehensive income/(loss)	<u>1,414</u>	<u>(4,671)</u>	N/M
Attributable to:			
Equity holders of the Company	1,379	(2,734)	(150%)
Non-controlling interests, net of income tax	35	(1,937)	N/M
	<u>1,414</u>	<u>(4,671)</u>	N/M
Profit/(loss) per shares			
Basic and Diluted (cents)	6	0.22	(0.06)

(B) Unaudited Condensed Statements of Financial Positions

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30 Jun	31 Dec	30 Jun	31 Dec
		2022	2021	2022	2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	41,389	43,316	22	29
Investment property	10	-	-	9,128	9,714
ROU Assets		3,952	4,133	1,278	1,359
Investment in subsidiary companies		-	-	33,227	33,227
Investments in associated companies		820	1,075	-	-
Other Financial Assets		13,947	13,947	13,892	13,892
Goodwill		6,000	6,000	-	-
Other receivable and prepayments		3,102	2,876	3,278	2,876
		<u>69,210</u>	<u>71,347</u>	<u>60,825</u>	<u>61,097</u>
Current Assets					
Inventories		3,716	2,849	-	-
Land held for development		4,566	4,566	-	-
Contract assets	11	5,797	11,110	-	-
Trade receivables	12	20,238	11,995	-	-
Amount due from subsidiaries		-	-	27,642	30,295
Other receivables and prepayments		4,332	8,101	1,213	628
amount due from an associated company		-	-	-	-
Fixed deposits		43,575	47,632	43,575	47,632
Cash and bank balances		14,567	18,748	2,293	7,473
		<u>96,791</u>	<u>105,001</u>	<u>74,723</u>	<u>86,028</u>
Total Assets		166,001	176,348	135,548	147,125
LIABILITIES					
Current Liabilities					
Trade payables and accruals		6,226	9,401	331	423
Contract liabilities	11	2,170	356	-	-
Other payables		2,667	2,308	448	734
Amount due to related parties		-	-	51	-
Term loans	13	3,108	3,380	-	-
Other amounts due to associates		-	-	-	-
Other amounts due to bankers	13	8,326	6,540	-	-
Lease liabilities		-	265	-	136
Provision for taxation		529	363	-	-
		<u>23,026</u>	<u>22,613</u>	<u>830</u>	<u>1,293</u>
Non-current Liabilities					
Term loans	13	8,114	9,520	-	-
Lease liabilities		4,321	4,193	1,412	1,342
Deferred taxation		1,749	1,729	1,577	1,577
		<u>14,184</u>	<u>15,442</u>	<u>2,989</u>	<u>2,919</u>
Total Liabilities		37,210	38,055	3,819	4,212
EQUITY					
Share capital	14	156,365	160,640	156,365	160,640
Treasury shares	14	(12,036)	(5,395)	(12,036)	(5,395)
Asset revaluation reserve		12,771	12,771	8,582	8,582
Foreign currency translation reserve		430	479	-	-
Capital reserve		-	-	-	-
Other reserve		-	-	3,297	3,297
Fair Value reserve		(9,861)	(9,861)	(10,247)	(10,247)
Retained earnings/(Accumulated losses)		(18,803)	(20,231)	(14,232)	(13,964)
		<u>128,866</u>	<u>138,403</u>	<u>131,729</u>	<u>142,913</u>
Non-controlling interests		(75)	(110)	-	-
Total Equity		128,791	138,293	131,729	142,913
Total Liabilities and Equity		166,001	176,348	135,548	147,125

(C) Unaudited Condensed Consolidated Statements of changes in equity

	Share Capital S\$'000	Treasury Share S\$'000	Revaluation Reserve S\$'000	Other Reserve S\$'000	Fair Value Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings /(Accumulated losses) S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Group										
Unaudited										
Balance at 01 January 2022	160,640	(5,395)	12,771	-	(9,861)	479	(20,231)	138,403	(110)	138,293
Comprehensive income	-	-	-	-	-	(49)	1,428	1,379	35	1,414
Shares buy-back (Note 14)	(4,275)	(6,641)	-	-	-	-	-	(10,916)	-	(10,916)
Balance at 30 June 2022	156,365	(12,036)	12,771	-	(9,861)	430	(18,803)	128,866	(75)	128,791
Group										
Unaudited										
Balance at 01 January 2021	160,640	(5,011)	12,771	-	(9,861)	(878)	(17,483)	140,178	(6,387)	133,791
Comprehensive (loss)	-	-	-	-	-	(93)	(2,641)	(2,734)	(1,937)	(4,671)
Disposal of subsidiary	-	-	-	-	-	850	(1,935)	(1,085)	(1,951)	(3,036)
Balance at 30 June 2021	160,640	(5,011)	12,771	-	(9,861)	(121)	(22,059)	136,359	(10,275)	126,084
Company										
Unaudited										
Balance at 01 January 2022	160,640	(5,395)	8,582	3,297	(10,247)	-	(13,964)	142,913	-	142,913
Comprehensive loss	-	-	-	-	-	-	(268)	(268)	-	(268)
Shares buy-back (Note 14)	(4,275)	(6,641)	-	-	-	-	-	(10,916)	-	(10,916)
Balance at 30 June 2022	156,365	(12,036)	8,582	3,297	(10,247)	-	(14,232)	131,729	-	131,729
Company										
Unaudited										
Balance at 01 January 2021	160,640	(5,011)	8,582	3,297	(10,247)	-	(5,285)	151,976	-	151,976
Comprehensive loss	-	-	-	-	-	-	(3,060)	(3,060)	-	(3,060)
Balance at 30 June 2021	160,640	(5,011)	8,582	3,297	(10,247)	-	(8,345)	148,916	-	148,916

(D) Unaudited Condensed Consolidated Statement of cash flows

	Group	
	Unaudited First Half Year Ended 2022 S\$'000	Unaudited 2021 S\$'000
Cash Flows from Operating Activities		
Profit/(loss) after income tax from continuing operations	1,463	(534)
Loss after income tax from discontinued operations	-	(4,015)
Profit/(loss) after income tax, total	<u>1,463</u>	<u>(4,549)</u>
Adjustments for:		
Income tax expenses/(income) recognise in profit & loss	337	(11)
Depreciation of property, plant and equipments	2,226	3,008
Depreciation of ROU assets	181	248
Property, plant and equipment written off	71	1
Amortisation of prepaid landlease	-	90
Loss/(gain) on disposal of property, plant and equipments	1	(65)
Interest expenses	315	749
Interest income	(143)	(29)
Share of loss of associated companies	256	119
Allowance for impairment of receivables and contract assets	98	16
(Reversal)/Allowance for inventory obsolescence	(3)	998
Gain on disposal of subsidiary	-	(494)
Net foreign currency translation adjustments	(1,521)	(566)
Operating cash flow before working capital changes	<u>3,281</u>	<u>(485)</u>
Changes in working capital		
Inventories	(861)	(1,552)
Receivables, contract assets and prepayment	1,360	(4,937)
Payables and contract liabilities	(930)	4,112
Cash generated from/(used in) from operations	<u>2,850</u>	<u>(2,862)</u>
Interest paid	(156)	(587)
Interest received	143	29
Income tax payment	(151)	(34)
Net cash generated from/(used in) operating activities	<u>2,686</u>	<u>(3,454)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(548)	(345)
Proceeds from disposal of property, plant and equipment	11	65
Loan to investee company	(620)	-
Proceed from disposal of subsidiary	-	21,732
Net cash (used in)/generated from investing activities	<u>(1,157)</u>	<u>21,452</u>
Cash Flows from Financing Activities		
Shares buy-back	(10,916)	-
Payment for lease liabilities	(274)	(358)
(Repayment)/drawdown of term loan (net)	(1,637)	299
Drawdown of trusts receipts (net)	1,763	14
Decrease in amount due to associate company	-	(455)
Net cash used in financing activities	<u>(11,064)</u>	<u>(500)</u>
Net (decrease)/increase in cash and cash equivalents	(9,535)	17,498
Cash and cash equivalents at the beginning of the period	66,380	31,716
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,297	179
Cash and cash equivalents at the end of the period	<u>58,142</u>	<u>49,393</u>

E Notes to the Unaudited Condensed Interim Consolidated Financial Statements

1 General Information

SHS Holdings Ltd. (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The Company’s registered address and principal place of business is at 19 Tuas Avenue 20, Singapore 638830.

The principal activities of the Company are investment holding and those of grit blasting and painting. The principal activities of the Group are the corrosion prevention services, engineering and construction, and solar energy related services.

2 Basis of preparation

2.1 The condensed financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standard Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended Standards as set out in note 2.2.

The financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.2 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (“SFRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) that are mandatory for the accounting periods beginning on or after 1 January 2022. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements for the current financial reporting period.

2.3 Use of estimates and judgements

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management is of the opinion that there are no critical judgements made in applying the Group’s accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3 Segmental reporting

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance of the Group. The Group's reportable operating segments are as follows:

- Engineering & construction
- Corrosion prevention
- Solar energy
- Others

The engineering & construction segment is in the business of designing, engineering and construction of steel, aluminium and glass structures, and the design, construction and manufacturing services in modular construction projects.

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The solar energy segment specialises in solar energy development and engineering and project management for electrical works.

Others segment consists of property development business, warehousing, storage handling services, corporate head office and strategic investments.

3.1 Segment revenues and results

	Corrosion prevention		Engineering & Construction		Solar Energy		Others		Discontinued operations		Continuing operations	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	9,833	7,558	26,820	13,523	4,262	5,165	-	1	-	(1,070)	40,915	25,177
Segment result	1,253	954	3,093	(1,600)	477	685	(89)	(311)	-	1,696	4,734	1,424
Finance cost	(45)	(49)	(243)	(669)	(27)	(31)	-	-	-	185	(315)	(564)
Share of loss of associates, net of tax											(256)	(119)
Central administration costs and directors' salaries											(3,691)	(3,172)
Other income											1,328	1,886
Profit/(loss) before tax											1,800	(545)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for 1H2022 was S\$853,000 (1H2021: S\$1,655,000). Segment results represent the profit/(loss) earned by each segment without allocation of central administration costs and directors' remuneration, share of (losses)/profits of associates and other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3 Segmental reporting (cont'd)

3.2 Segment assets and liabilities

	Group	
	<u>30 Jun</u>	<u>31 Dec</u>
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Segment assets		
Corrosion prevention	34,750	34,206
Solar Energy	5,947	4,331
Engineering & Construction	56,542	57,015
Others	68,760	80,796
Total segment assets	<u>166,001</u>	<u>176,348</u>
Consolidated assets	<u>166,001</u>	<u>176,348</u>
Segment liabilities		
Corrosion prevention	4,414	4,978
Solar Energy	3,302	1,750
Engineering & Construction	26,432	28,330
Others	784	905
Total segment liabilities	<u>34,932</u>	<u>35,963</u>
Unallocated liabilities		
- Provision for taxation	529	363
- Deferred income tax	1,749	1,729
Consolidated liabilities	<u>37,210</u>	<u>38,055</u>

3.3 Geographical information

The Group's continuing operations is primarily carried out in Singapore. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical locations are detailed below.

	Group's revenue from external customers		Group's non-current assets (i)	
	1H 2022	1H 2021	30 Jun 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	38,784	22,258	51,550	53,551
Rest of South East Asia (ii)	2,074	1,063	3,691	3,821
People of Republic China	-	-	22	28
Others (iii)	57	1,856	-	-
	<u>40,915</u>	<u>25,177</u>	<u>55,263</u>	<u>57,400</u>

(i) Non-current assets exclude other financial assets

(ii) Rest of South East Asia includes Malaysia, Vietnam and Indonesia

(iii) Others include Japan and Europe

3 Segmental reporting (cont'd)

3.4 Disaggregation of revenue from contracts with customers

The Group's revenue is disaggregated by principal geographical areas, major products and service lines and timing of revenue recognition as follows:

	Group	
	1H 2022 S\$'000	1H 2021 S\$'000
<u>Principal geographical market</u>		
<i>Singapore</i>		
- Engineering & construction services	26,820	12,453
- Services rendered – grit blasting and painting	7,785	5,903
- Solar power installation service	1,585	2,640
- Sale of blasting equipment goods	948	1,058
- Sale of solar power equipment goods	1,646	203
- Storage and leasing income	-	1
	38,784	22,258
 <i>Rest of South East Asia⁽ⁱ⁾</i>		
- Sale of solar power equipment goods	1,030	485
- Sale of blasting equipment goods	1,044	578
	2,074	1,063
 <i>Others⁽ⁱⁱ⁾</i>		
- Sale of solar power equipment goods	-	1,837
- Sale of blasting equipment goods	57	19
	57	1,856
	40,915	25,177
 <u>Major products or service lines and time of revenue recognition</u>		
<i>At a point in time</i>		
- Sale of solar power equipment goods	2,733	2,525
- Sale of blasting equipment goods	1,992	1,655
	4,725	4,180
 <i>Over time</i>		
- Engineering & construction services	26,820	12,453
- Services rendered – grit blasting and painting	7,785	5,903
- Solar power installation service	1,585	2,640
- Storage and leasing income	-	1
	38,190	20,997
	40,915	25,177

(i) Rest of South East Asia includes Malaysia, Vietnam and Indonesia

(ii) Others include Japan and Europe

4 Profit/(loss) from Continuing Operations

Profit/(loss) from continuing operations is arrived at after (charging)/crediting the following:

	Group	
	<u>1H 2022</u> S\$'000	<u>1H 2021</u> S\$'000
Other Income	980	1,215
Interest Income	143	29
Interest on borrowings	(315)	(564)
Depreciation of property, plant and equipments	(2,226)	(2,526)
Depreciation of ROU assets	(181)	(247)
Foreign exchange gain/(loss)	206	577

5 Income Tax

	Group	
	<u>1H 2022</u> S\$'000	<u>1H 2021</u> S\$'000
Current income tax:		
- Current year	179	-
- Under/(over) provision in respect of prior year	138	(6)
	317	(6)
Deferred tax:		
- Deferred tax relating to the reversal of temporary differences	(4)	(5)
- Underprovision in respect of prior year	24	-
	20	(5)
	<u>337</u>	<u>(11)</u>

The corporate income tax applicable to the Company and other Singapore incorporated entities of the Group is 17% (1H2021: 17%).

6 Earnings per share

Earnings per share based on the net profit of the Group attributable to the shareholders:

	Group	
	<u>First Half Year Ended</u> <u>2022</u>	<u>2021</u>
<u>Continuing Operations</u>		
Profit/(loss) per ordinary share for the financial year based on consolidated profit/ (loss) attributable to members of the Company (Basic and diluted)		
- Basic	0.22 cents	(0.06) cents
-Diluted	0.22 cents	(0.06) cents
Based on the weighted average number of shares (Basic)	644,407,096	685,090,029
Based on the weighted average number of shares (Diluted)	644,407,096	685,090,029

7 Dividend

There is no dividend recommended for the period ended 30 June 2022 (30 June 2021: Nil).

8 Net Asset Value

	GROUP		COMPANY	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset backing per ordinary share	21.04 cents	20.27 cents	21.51 cents	20.94 cents
Based on the number of shares in issue, excluding treasury shares	612,423,412	682,637,312	612,423,412	682,637,312

9 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$548,000 (30 June 2021: \$345,000).

Management had not performed a revaluation of the Group's leasehold buildings as in their opinion the carrying amounts did not differ materially from that which would be determined using the fair value at the end of the reporting period. The Group's leasehold buildings at 81 Tuas South Street 5 and 19 Tuas Avenue 20 were professionally valued by an independent valuer based on open market value in the year 2020; an independent review was also done in the year 2021 concluded that there are no material differences in terms of their value, and are mortgaged to secure the credit facilities of the Group.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of an asset or group of assets is assessed as the higher of its fair value less costs of disposal and its value in use.

Management has concluded that there was no impairment in respect of the property, plant and equipment at the reporting period.

10 Investment Property

	Company	
	<u>30 Jun</u> <u>2022</u> S\$'000	<u>31 Dec</u> <u>2021</u> S\$'000
<u>At cost</u>		
At beginning of the reporting period	14,400	14,400
<u>Accumulated depreciation</u>		
At beginning of the reporting period	4,686	3,515
Depreciation charge	586	1,171
At end of the reporting period	5,272	4,686
<u>Net book value</u>		
At end of the reporting period	9,128	9,714

10 Investment Property (cont'd)

The Group's leasehold building at 81 Tuas South Street 5 is leased to certain subsidiaries of the Group to earn leasing revenue. Accordingly, the leasehold building is classified as an investment property on the statement of financial position of the Company. Investment property held for long-term rental yields and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The fair value of the investment property disclosed below is measured using valuation inputs categorised as Level 3 in the Fair Value Hierarchy as follows:

	<u>Level 1</u> S\$'000	<u>Level 2</u> S\$'000	<u>Level 3</u> S\$'000	<u>Total</u> S\$'000
<u>30 Jun 2022</u>				
Investment property	-	-	14,600	14,600
<u>31 Dec 2021</u>				
Investment property	-	-	14,600	14,600

The fair value of the investment property is determined based on a valuation by an independent professional valuer at the end of 31 Dec 2021. In determining the fair value, the valuer has used the direct comparison method by referring to market evidence of recent transactions for similar properties.

11 Contract balances

	Group	
	<u>30 Jun</u> <u>2022</u> S\$'000	<u>31 Dec</u> <u>2021</u> S\$'000
<u>Contract assets</u> – current		
Contracts work in progress ⁽ⁱ⁾	1,054	6,558
Amount due from customers ⁽ⁱⁱ⁾	4,743	4,552
	<u>5,797</u>	<u>11,110</u>
<u>Contract liabilities</u> – current		
Amount due to customers	<u>2,170</u>	<u>356</u>

(i) Contracts work in progress represents costs recognised that relate to future activity and have not been used in contract performance at the reporting date.

(ii) Amount due from customers represents the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

12 Trade Receivables

	Group	
	<u>30 June</u>	<u>31 Dec</u>
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Trade receivables:		
- third parties	15,731	10,012
- retention sums on construction contracts	6,453	3,831
	<u>22,184</u>	<u>13,843</u>
Less: Loss allowance	(1,946)	(1,848)
	<u><u>20,238</u></u>	<u><u>11,995</u></u>

The credit period for trade receivables ranges from 30 to 90 days (2021: 30 to 90 days). No interest is charged on the outstanding balances of trade receivables.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The Group has recognised a loss allowance of 100% against all trade receivables over 1 year and 9 months past due (credit-impaired) because historical experience has indicated that these trade receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

13 Bank Borrowings

	30 Jun 2022	31 Dec 2021
	S\$'000	S\$'000
Amount Repayable in one year or less, or on demand		
Secured	11,434	9,920
Unsecured	-	-
	<u>11,434</u>	<u>9,920</u>
Amount Repayable after one year, or on demand		
Secured	8,114	9,520
Unsecured	-	-
	<u>8,114</u>	<u>9,520</u>

The credit facilities of the Group were secured by the following:

- first legal mortgage over 81 Tuas South Street 5, Singapore 637651;
- first legal mortgage over 19 Tuas Avenue 20, Singapore 638830;
- first deed of debenture duly executed, incorporating a fixed and floating charge over the present and future undertaking, assets, revenues and rights of a subsidiary of the Group; and
- corporate guarantee from the Company for a total of S\$70.1 million (2021: S\$70.1 million).

14 Share Capital

Issued and paid-up Capital

	Group and Company	
	30 June	31 Dec
	2022	2021
	S\$'000	S\$'000
Issued and fully paid, with no par value:		
At beginning of the reporting period		
710,639,212 (2021: 710,639,212) ordinary shares	160,640	160,640
Share buy-back during the period		
27,500,000 (2021: Nil)	(4,275)	-
At end of the reporting period		
683,139,212 (2021: 710,639,212) ordinary shares	<u>156,365</u>	<u>160,640</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction, except for treasury shares, at general meetings of the Company and rank equally with regards to the Company's residual assets.

There were no subsidiary holdings as at 30 June 2022 and 31 December 2021.

Treasury Shares

	Group and Company	
	30 June	31 Dec
	2022	2021
	S\$'000	S\$'000
At beginning of the reporting period		
28,001,900 (2021: 25,540,900) treasury shares	(5,395)	(5,011)
Shares buy-back during the period/year		
42,713,900 (2021: 2,461,000) ordinary shares	(6,641)	(384)
At end of the reporting period		
70,715,800 (2021: 28,001,900) treasury shares	<u>(12,036)</u>	<u>(5,395)</u>

Number of issued shares (excluding Treasury Shares) as at 30 June 2022 is 612,423,412 (31 December 2021: 682,637,312).

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on. There are no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

15 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into transactions with related parties during the financial period, on terms agreed between the parties, as shown below.

	Group	
	<u>1H 2022</u>	<u>1H 2021</u>
	S\$'000	S\$'000
(a) Professional fees paid to a firm in which a director is a partner of the firm	10	146
(b) Sales to a related party	2	4
(c) Purchase of services from a related party	19	-
(d) Purchase of services from an associate	198	-
(e) Service income received from an associate	-	7
(f) Manpower supply to an associate	-	35
(g) Key Management personnel compensation	823	867

16 Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial period.

17 Subsequent events

There are no known material subsequent events which have resulted in adjustments to this set of interim financial statements.

(F) Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of SHS Holdings Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

2. Review of performance of the Group

Overview

For the first half ended 30 June 2022 (“1H21”), the Group recorded a 63% increase in revenue to S\$40.9 million from S\$25.2 million and a net profit attributable to equity holders of S\$1.4 million from a loss of S\$439,000 a year ago.

As at 30 June 2022, the Group's total equity was S\$128.8 million from S\$138.3 million as at 31 December 2021. The Group has cash and cash equivalents balance of S\$58.1 million. The Group is in a net cash position with low debt-to-total equity ratio of 12.9%.

Condensed Consolidated Statement of Profit or Loss

Revenue from Continuing Operations

S\$'000	1H22	1H21	Change
Corrosion Prevention (“CP”)	9,833	7,558	30%
Engineering & Construction (“E&C”)	26,820	12,453	115%
Solar Energy	4,262	5,165	(18%)
Others	-	1	NM
Total	40,915	25,177	63%

The Group's revenue improved by 63% to S\$40.9 million in 1H22, compared with S\$25.2 million in the corresponding period last year. This was mainly due to increase in project revenue from E&C segment and Corrosion Prevention segment in 1H22.

Corrosion Prevention (“CP”) segment

Revenue for the CP segment increased by 30% to S\$9.8 million in 1H22 from S\$7.6 million. The CP segment revenue in the previous corresponding period was impacted by labour shortage as the result of the Covid-19 pandemic to perform the jobs on site.

Engineering & Construction (“E&C”) segment

Similar to CP Segment, the E&C segment did not record much revenue in last corresponding period due to the Covid-19 pandemic. As a result, revenue for the E&C segment increased by 115% to S\$26.8 million in 1H22 from S\$12.5 million in 1H21 with the progressive lifting of the Covid-19 restrictions for the Group to execute our secured order books in the steel engineering business. The higher revenue for E&C segment was mainly due to the progressive revenue recognition of projects.

Solar Energy segment

Revenue for the Solar Energy segment decreased to S\$4.3 million in 1H22 from S\$5.2 million in 1H21 due to lower EPC progressive revenue.

Gross Profit and Gross Profit Margin

Gross Profit from Continuing Operations

S\$'000	1H22	1H21	Change
CP	3,656	2,369	55%
E&C	4,198	1,418	196%
Solar Energy	585	1,053	(45%)
Others	(15)	(241)	(94%)
Total	8,424	4,599	83%

The Group's gross profit increased by 83% from S\$4.6 million in 1H21 to S\$8.4 million in 1H22, in line with the increase in sales for the period and better GP margin for E&C segment.

CP segment

CP segment recorded a 55% increase in gross profit to S\$3.7 million in 1H22 on the back of the higher revenue of S\$9.8 million and 6% increase in gross profit margin from 31% to 37%. The improvement was mainly due to more focus on module blasting work where the fixed operating costs are lower as compared to plant blasting work.

E&C segment

Gross profit for E&C segment improved from S\$1.4 million in 1H21 to S\$4.2 million in 1H22 and gross profit margin increased from 11% to 15%. This was largely driven by several high value projects commenced in 1H22 which generated better margin as compared to the previous period.

Solar Energy segment

For 1H22, decrease in gross profit from S\$1.1 million to S\$0.6 million was driven by lesser EPC works being carried out during the period and lesser overseas inverter distribution business. The gross margin decreased slightly by 6% from 20% in 1H21 to 14% in 1H22.

Other Income

Other income decreased by 30% year-on-year from S\$1.9 million in 1H21 to S\$1.3 million in 1H22 mainly due to lower scrap income, lower exchange gain and absence of rental income but offset by the increase in interest income.

Selling, Distribution, Administrative and Other Operating Expenses

S\$'000	1H22	1H21	Change
Selling & Distribution	(208)	(436)	(52%)
Administrative	(3,691)	(3,172)	16%
Other OPEX	(3,482)	(2,739)	27%
Total OPEX	(7,381)	(6,347)	16%

Total OPEX in 1H22 was 16% higher than the corresponding period in the previous year.

Total OPEX increase year-on-year from S\$6.3 million in 1H21 to S\$7.4 million in 1H22.

Selling and distribution expenses decreased to S\$208,000 in 1H22 due to the absence of commission payments from inverter trading and distribution business.

Administrative expenses increased by 16% to S\$3.7 million from S\$3.2 million mainly due to higher staff-related expenses in line with the increase business activities as the result of the progressive lifting of the Covid-19 restrictions.

Other operating expenses increased significantly by 27% mainly due to professional fees, depreciation of revalued property, plant and equipment and other indirect costs related to business activities.

Finance Costs

Finance costs were lower at S\$0.3 million in 1H22 largely due to decrease in interest rate of term loan.

Share of Associates' Results

For 1H22, share of loss from associated companies was S\$256,000 as compared to a loss of S\$119,000. The increase was due to fewer business activities carried out by associated companies.

Condensed Consolidated Statement of Financial Position

Non-current assets decreased by S\$2.1 million mainly due to depreciation amounting to S\$2.2 million and offset by the addition of assets of S\$0.5 million. The increase in non-current receivable was mainly due to the favorable movement of USD.

Current assets decreased by S\$8.2 million from S\$105 million as at 31 Dec 2021 to S\$96.8 million as at 30 June 2022. This was largely attributed to:

- Decrease in contract assets mainly due to lesser unbilled recognized in June 2022 by E&C and solar segments.
- Increase in receivables mainly due to the higher sales in June 2022 by E&C segment and slow collection by solar segment.
- Decrease in cash and bank balances mainly due to share buyback of S\$10.9 million, loan to investee company of S\$0.6 million and collection from other receivables for the land deposit of S\$3.7 million.

- Decrease in other receivables of approximately S\$3.8 million was mainly due to collection from customer for the land deposit.

Current liabilities of the Group increased to S\$23 million from S\$22.6 million as at 31 Dec 2021. This was largely attributed to:

- Decrease in trade payables and accruals mainly due to repayment using trade financing which indirectly increase in amount due to bankers.
- Decrease in term loan due to reclassification from non-current to current of S\$1.4 million and repayment of S\$1.6 million.
- Increase in contract liabilities mainly due to recognition of deferred revenue for project in E&C.

Non-current liabilities decreased mainly due to reclassification of term loan.

Shareholders' equity decreased by S\$9.5 million to S\$128.9 million as at 30 June 2022 from S\$138.4 million as at 31 December 2021. The decrease was largely attributed to the share buy-back of S\$10.9 million but offset by the profit for the year.

Condensed Consolidated Statement of Cash Flows

During 1H22, the Group recorded a net cash outflow of S\$9.5 million due to:-

- a) Net cash generate from operating activities of S\$2.7 million with the changes in working capital of S\$2.9 million.
- b) Net cash used in investing activities amounted to S\$1.2 million in 1H22 mainly due to loan to investee company and capital expenditure for the Group.
- c) Net cash used in financing activities in 1H22 was mainly to share buyback of S\$10.9 million, repayment of term loan of S\$1.6 million and offset by the increase in usage of trust receipts of S\$1.8 million.

After taking into account the above net cash flows and net foreign currency translation adjustments, the Group's cash and cash equivalents as at 30 June 2022 stood at a healthy sum of S\$58.1 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the year ended 31 December 2021.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Global economic growth is projected to ease from an estimated 6.1% in 2021 to 3.6% in 2022. Geopolitical tensions, uncertainties from the COVID-19 pandemic, and inflationary pressures are likely to contribute to the slowdown in the global economy.

According to the Ministry of Trade and Industry Singapore advanced estimates released on 14 July 2022, Singapore's construction sector grew by 3.8% year-on-year in the second quarter of 2022 and 1.9% over the first quarter of 2022, in part due to the relaxation of border restrictions on inbound migrant workers. However, the performance of the construction sector is still below that of its pre-pandemic level, as the inflow of migrant workers has not been sufficient to meet industry demand and along with rising construction material costs is expected to add pressure to construction industries to complete the existing project.

For the E&C segment, the steel engineering business is on track with its existing contracts on hand, our engineering steel business may be able to deliver some results as significant construction progress will be completed in the next 12 months.

For the Solar Energy segment, our roof-top solar projects and distribution of solar panels together with its peripherals are expected to see some improvements in the next 12 months with more orders expected in Singapore and Indonesia. Singapore's wholesale electricity market has seen higher price volatility for sustained periods, as a result, it leads to an increase in demand for solar systems for substitution. As for the solar development project, we erred on the side of caution and have not committed to any new projects though we are actively looking at prospects.

For the CP segment, with the returning to a more orderly Covid-19 controlled routine, and increase in numbers of foreign workers, we will be able to strengthen our business activities and competitive advantage to secure more orders in the next 12 months.

The Group expects to continue to generate positive results in the second half of the year although it remains cautious as the result of the global economic challenges, ongoing geopolitical developments and the continuing impact of the Covid-19 pandemic. The Group will continue to exercise caution when exploring any business opportunities in the region for sustainable growth.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

6. If no dividend has been declared/recommended, a Statement to that effect and the reason(s) for the decision.

It is not the Company's policy to declare interim dividends and will only declare dividends at year end subject to company's performance as well as its cash requirements.

7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect,

There were four interested person transactions during the six-month ended 30 June 2022 with aggregate value of S\$21,000. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

8. Confirmation Pursuant to Rule 705(5) of the Listing Manual

We, Ng Han Kok, Henry and Teng Choon Kiat being two directors of SHS Holdings Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half year ended 30 June 2022 condensed interim financial statements to be false or misleading in any material respect.

9. Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO
5 August 2022