

APPENDIX DATED 10 APRIL 2015

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to shareholders of SHS Holdings Ltd. (the “**Company**”) together with the Company’s Annual Report for its financial year ended 31 December 2014 (the “**Annual Report**”). Its purpose is to provide shareholders of the Company with information relating to the proposed renewal of the share buyback mandate to be tabled at the Annual General Meeting of the Company to be held on Monday, 27 April 2015 at 81 Tuas South Street 5 Singapore 637651 at 10.00 a.m.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your ordinary shares in the capital of the Company, you should immediately forward the Annual Report which contains, *inter alia*, the Notice of Annual General Meeting and the Proxy Form and 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 Annual General Meeting. The Notice of Annual General Meeting and the Proxy Form are contained in the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



SHS HOLDINGS LTD.
(formerly known as See Hup Seng Limited)

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

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

This page has been intentionally left blank.

CONTENTS

	Page
DEFINITIONS	2
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	4
2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE	4
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	18
4. ANNUAL GENERAL MEETING	20
5. ACTION TO BE TAKEN BY SHAREHOLDERS	20
6. DIRECTORS' RECOMMENDATION	20
7. DIRECTORS' RESPONSIBILITY STATEMENT	21

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 Monday, 27 April 2015 at 81 Tuas South Street 5 Singapore 637651 at 10.00 a.m.
“Annual Report”	:	The annual report of the Company for the financial year ended 31 December 2014
“Appendix”	:	This Appendix dated 10 April 2015
“Board”	:	The board of Directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	SHS Holdings Ltd. (formerly known as See Hup Seng Limited)
“Directors”	:	The Directors of the Company for the time being
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Appendix, being 31 March 2015
“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
“Notice of AGM”	:	The notice of AGM dated 10 April 2015
“NTA”	:	Net tangible assets
“Relevant Period”	:	The period commencing from the date of the AGM and thereafter, 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, after the date on which the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate is passed
“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
“subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“treasury shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in 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
“%” or “per cent.”	:	Per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act 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.

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 in tables included in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SHS HOLDINGS LTD.
(formerly known as See Hup Seng Limited)
(Company Registration Number 197502208Z)
(Incorporated in the Republic of Singapore)

Directors:

Lim Siok Kwee, Thomas (*Executive Chairman*)
Ng Han Kok, Henry (*Group Chief Executive Officer*)
Goh Koon Seng (*Executive Director*)
Chew Hoe Soon (*Non-Executive Director*)
Teo Choon Kow, William (*Independent Director*)
Lee Kuo Chuen, David (*Independent Director*)
Oh Eng Bin, Kenneth (*Independent Director*)

Registered Office:

81 Tuas South Street 5
Singapore 637651

Date: 10 April 2015

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 27 April 2015 for the proposed renewal of the Share Buyback Mandate.

The Company refers to the Notice of AGM accompanying the Annual Report for the financial year ended 31 December 2014 and Resolution 10 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 action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

The Share Buyback Mandate was originally approved by Shareholders at an extraordinary general meeting of the Company held on 26 April 2012 and was renewed at subsequent extraordinary general meetings of the Company held respectively on 29 April 2013 and 29 April 2014.

The Share Buyback Mandate, renewed at the extraordinary general meeting of the Company held on 29 April 2014, will expire on 27 April 2015, being the date of the forthcoming AGM.

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 Memorandum and Articles of Association 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 ten per cent. (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 ten per cent. (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 ten per cent. (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 limits of the Share Buyback Mandate, if renewed at the AGM, are the same as were first approved by Shareholders at the extraordinary general meeting of the Company held on 26 April 2012. The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate 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 that may be purchased or acquired by the Company is limited to that number of Shares representing not more than ten per cent. (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), unless the Company has effected a reduction of its 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 (excluding any treasury shares that may be held by the Company from time to time). For purposes of calculating the percentage of issued Shares above, any Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, on the basis of 608,461,678 issued Shares (excluding 17,100,000 treasury shares held by the Company) as at the Latest Practicable Date, and assuming that between the Latest Practicable Date and the date of the AGM (i) no new Shares are issued and (ii) no Shares are repurchased by the Company and cancelled or held as treasury shares, not more than 60,846,167 Shares (representing ten per cent. (10%) of the issued Shares of the Company as at that date excluding treasury shares) 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 the Share Buybacks are carried out to the full extent mandated; and
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in general meeting.

2.3.3 *Manner of Purchase*

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

- (a) on-market purchases transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**") and/or

- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an “equal access scheme” as defined in Section 76C of the Companies Act (**“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 Memorandum and Articles of Association 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 for the purchase or acquisition of shares 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 be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
 - (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 person 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 purchase or acquisition of Shares;
- (iv) the consequences, if any, of the purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether by way of 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 or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and

- (vii) whether the Shares purchased or acquired by the Company would be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, 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, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and fifteen per cent. (115%) of the Average Closing Price,

(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 over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST 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 after the relevant five-day period.

“**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 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 (other than treasury shares held 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. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum Holdings

- (a) The Company, if having only one class of shares, shall not hold treasury shares exceeding ten per cent. (10%) of the total number of issued shares of the Company at any time; or
- (b) The Company, if having more than one class of shares, shall not hold treasury shares of that class exceeding ten per cent. (10%) of the total number of issued shares in that class at any time.

In the event that the number of treasury shares held by the Company is more than ten per cent. (10%) of the total number of issued shares in any class of its shares, the Company shall dispose of or cancel the excess treasury shares within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and Other Rights

The Company cannot exercise any rights in respect of treasury shares. 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 dividend 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 for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such purposes as may be prescribed by the Minister of Finance.

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 and the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the 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.

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;
- (b) in the case of an off-market purchase under an equal access scheme, on the second 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. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information 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 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:

- (a) the company is able to pay its debts in full at the time of the payment of the purchase or acquisition of its shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of payment of the purchase or acquisition of its shares; and
- (b) the value of the company's assets exceeds 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 and/or external borrowings 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.

The Company intends to use internal sources of funds to finance its purchases or acquisitions of Shares pursuant to the Share Buyback Mandate.

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 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 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 (excluding brokerage, commission, applicable goods and services tax and other related expenses) 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 effected 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 2014, are based on the assumptions as 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	0.231	45,456,167 ⁽²⁾	7.5%
1(B)	Capital	Market Purchase	Cancelled	0.231	60,846,167 ⁽³⁾	10.0%
1(C)	Capital	Off-Market Purchase	Held as treasury shares	0.253	45,456,167 ⁽²⁾	7.5%
1(D)	Capital	Off-Market Purchase	Cancelled	0.253	60,846,167 ⁽³⁾	10.0%
2(A)	Profits	Market Purchase	Held as treasury shares	0.231	45,456,167 ⁽²⁾	7.5%
2(B)	Profits	Market Purchase	Cancelled	0.231	60,846,167 ⁽³⁾	10.0%
2(C)	Profits	Off-Market Purchase	Held as treasury shares	0.253	45,456,167 ⁽²⁾	7.5%
2(D)	Profits	Off-Market Purchase	Cancelled	0.253	60,846,167 ⁽³⁾	10.0%

Notes:

- (1) Based on 608,461,678 issued Shares (excluding 17,100,000 treasury shares) 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 625,561,678 Shares (including 17,100,000 treasury shares currently held by the Company), the Company is permitted under the Companies Act to hold up to 62,556,167 Shares as treasury shares. As such, the Company is able to purchase or acquire a further 45,456,167 Shares and hold them as treasury shares (after taking into account 17,100,000 treasury shares currently held by the Company and assuming that the Company continues to hold the said number of Shares as treasury shares).
- (3) Being the maximum number of Shares which the Company may purchase or acquire under the Share Buyback Mandate based on 608,461,678 issued Shares (excluding 17,100,000 treasury shares) 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 2014 (S\$'000)	As per the consolidated financial statements of the Company	Pro-forma financial effects as at 31 December 2014 for Scenario as per the table set out above			
		1(A)	1(B)	1(C)	1(D)
Share capital	143,625	143,625	129,570	143,625	128,231
Foreign currency translation reserve	1,172	1,172	1,172	1,172	1,172
Asset revaluation reserve	2,508	2,508	2,508	2,508	2,508
Other reserve	(16,687)	(16,687)	(16,687)	(16,687)	(16,687)
Revenue reserve	23,358	23,358	23,358	23,358	23,358
Treasury shares	(3,226)	(13,726)	(3,226)	(14,726)	(3,226)
Total Shareholders' equity	150,750	140,250	136,695	139,250	135,356
Net asset value	150,750	140,250	136,695	139,250	135,356
Current assets	153,201	142,701	139,146	141,701	137,807
Current liabilities	98,166	98,166	98,166	98,166	98,166
External borrowings	61,748	61,748	61,748	61,748	61,748
Cash and cash equivalents	39,128	28,628	25,073	27,628	23,734
Number of Shares excluding treasury shares ('000)	608,461	563,005	547,615	563,005	547,615
Financial Ratios					
Net asset value per Share (cents)	24.78	24.91	24.96	24.73	24.72
Basic earnings per Share (cents)	2.58	2.78	2.86	2.78	2.86
Gross Gearing (%)	41.0	44.0	45.2	44.3	45.6
Net Gearing (%)	15.0	23.6	26.8	24.5	28.1
Current ratio (times)	1.6	1.5	1.4	1.4	1.4

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

As at 31 December 2014 (S\$'000)	As per the consolidated financial statements of the Company	Pro-forma financial effects as at 31 December 2014 for Scenario as per the table set out above			
		2(A)	2(B)	2(C)	2(D)
Share capital	143,625	143,625	143,625	143,625	143,625
Foreign currency translation reserve	1,172	1,172	1,172	1,172	1,172
Asset revaluation reserve	2,508	2,508	2,508	2,508	2,508
Other reserve	(16,687)	(16,687)	(16,687)	(16,687)	(16,687)
Revenue reserve	23,358	23,358	9,303	23,358	7,964
Treasury shares	(3,226)	(13,726)	(3,226)	(14,726)	(3,226)
Total Shareholders' equity	150,750	140,250	136,695	139,250	135,356
Net asset value	150,750	140,250	136,695	139,250	135,356
Current assets	153,201	142,701	139,146	141,701	137,807
Current liabilities	98,166	98,166	98,166	98,166	98,166
External borrowings	61,748	61,748	61,748	61,748	61,748
Cash and cash equivalents	39,128	28,628	25,073	27,628	23,734
Number of Shares excluding treasury shares ('000)	608,461	563,005	547,615	563,005	547,615
Financial Ratios					
Net asset value per Share (cents)	24.78	24.91	24.96	24.73	24.72
Basic earnings per Share (cents)	2.58	2.78	2.86	2.78	2.86
Gross Gearing (%)	41.0	44.0	45.2	44.3	45.6
Net Gearing (%)	15.0	23.6	26.8	24.5	28.1
Current ratio (times)	1.56	1.5	1.4	1.4	1.4

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 2014 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 ten per cent. (10%) of the total number of issued Shares (excluding treasury shares) 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 for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director 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;
- (b) a company with any of its directors, together with their close relatives, related trusts and any 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 and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, 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 and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

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 Shares, the voting rights of such Directors and persons acting in concert with them would increase to thirty per cent. (30%) or more, or in the event that such Directors and persons acting in concert with them hold between thirty per cent. (30%) and fifty per cent. (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 one per cent. (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 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 thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

2.10.4 Application of the Take-over Code

As at the Latest Practicable Date, none of the Directors or substantial shareholders of the Company will become obliged to make a mandatory take-over offer for the Company by reason only of Share Buybacks under the Share Buyback Mandate even if the Company purchases or acquires the maximum number of its issued Shares as permitted under the

Share Buyback Mandate. Further details of the interests of the Directors and substantial shareholders of the Company in the Shares as at the Latest Practicable Date are set out in paragraph 3.1 of this Appendix.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer in the event that the Company purchases or acquires the maximum number of Shares as permitted under the Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council 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 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:

- (a) two (2) weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of the financial year; and
- (b) one (1) month immediately preceding the announcement of the Company’s full year results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (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 listed company or its subsidiary companies, as well as the associates of such persons.

As at the Latest Practicable Date, 411,313,050 Shares, representing approximately 67.6% 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 ten per cent. (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 350,466,883 Shares, representing approximately 64.0% 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 ten per cent. (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 during the twelve (12) month period immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 17,100,000 Shares are being held by the Company as treasury shares of which an aggregate of 12,790,000 Shares were purchased or acquired by the Company during the period from 28 June 2012 to 26 December 2012 and the balance 4,310,000 Shares were acquired by the Company during the period from 17 October 2008 to 24 October 2008.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Interests in Shares

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 the maximum limit of ten per cent. (10%) of the total number of issued Shares (excluding Shares held as treasury shares) 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:

	Before Share Buyback (Number of Shares)			Before Share Buyback	After Share Buyback
	Direct Interest	Deemed Interest	Total Interest	% ⁽¹⁾	% ⁽²⁾
Directors					
Lim Siok Kwee, Thomas ⁽³⁾	3,470,575	350,000	3,820,575	0.63	0.70
Ng Han Kok, Henry ⁽⁴⁾	23,042,526	65,844,527	88,887,053	14.61	16.23
Goh Koon Seng	130,000	–	130,000	0.02	0.02
Chew Hoe Soon ⁽⁵⁾	14,989,000	19,020,000	34,009,000	5.59	6.21
Teo Choon Kow, William	–	–	–	–	–
Lee Kuo Chuen, David	–	–	–	–	–
Oh Eng Bin, Kenneth	–	–	–	–	–
Substantial shareholders					
Ng Han Kok, Henry ⁽⁴⁾	23,042,526	65,844,527	88,887,053	14.61	16.23
Chew Hoe Soon ⁽⁵⁾	14,989,000	19,020,000	34,009,000	5.59	6.21
Teng Choon Kiat ⁽⁶⁾	27,718,000	7,647,000	35,365,000	5.81	6.46
Lim Peng Chuan, Terence ⁽⁷⁾	33,004,000	1,933,000	34,937,000	5.74	6.38

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 608,461,678 Shares (excluding 17,100,000 treasury shares) as at the Latest Practicable Date.
- (2) As a percentage of the issued share capital of the Company comprising 547,615,511 Shares (assuming that the Company purchased or acquired the maximum number of 60,846,167 Shares as permitted under the Share Buyback Mandate).
- (3) Mr Lim Siok Kwee, Thomas is deemed interested in 350,000 Shares held by Maybank Kim Eng Securities Pte Ltd.
- (4) Mr Ng Han Kok, Henry is deemed interested in 21,259,527 Shares held by the escrow agent, CIMB Securities (Singapore) Pte Ltd, 30,000,000 Shares held by Citibank Nominees Singapore Pte Ltd, 14,035,000 Shares held by Phillip Securities Pte Ltd, 300,000 Shares held by OCBC Securities Private Limited and 250,000 Shares held by his spouse, Mdm Ong Woo.
- (5) Mr Chew Hoe Soon is deemed interested in 13,680,000 Shares held by Singaport Cleanseas Pte Ltd, 5,040,000 held by OCBC Securities Private Limited and 300,000 Shares held by his spouse, Mdm Ng Guat Hoon.
- (6) Mr Teng Choon Kiat is deemed interested in 2,647,000 Shares held by Entraco Venture Corporation Pte Ltd and 5,000,000 Shares held by McPec Marine and Offshore Engineering Pte Ltd.
- (7) Mr Lim Peng Chuan, Terence is deemed interested in 1,933,000 Shares held by his spouse, Mdm Cheok Lay Leng.

3.2 Interests in warrants under the deed poll dated 27 November 2014

The interests of the Directors and substantial shareholders of the Company in the warrants of the Company as at the Latest Practicable Date, as recorded in the Register of Warrantheolders maintained under the provisions of the Deed Poll dated 27 November 2014 constituting the warrants, were as follows:

	Direct Interest		Deemed Interest	
	No. of warrants	% ⁽¹⁾	No. of warrants	% ⁽¹⁾
Directors				
Lim Siok Kwee, Thomas ⁽²⁾	1,735,287	0.57	175,000	0.06
Ng Han Kok, Henry ⁽³⁾	37,151,026	12.24	7,292,500	2.40
Goh Koon Seng	65,000	0.02	—	—
Chew Hoe Soon ⁽⁴⁾	7,494,500	2.47	9,510,000	3.13
Teo Choon Kow, William	—	—	—	—
Lee Kuo Chuen, David	—	—	—	—
Oh Eng Bin, Kenneth	—	—	—	—
Substantial shareholders				
Ng Han Kok, Henry ⁽³⁾	37,151,026	12.24	7,292,500	2.40
Chew Hoe Soon ⁽⁴⁾	7,494,500	2.47	9,510,000	3.13
Teng Choon Kiat ⁽⁵⁾	13,859,000	4.56	3,823,500	1.26
Lim Peng Chuan, Terence ⁽⁶⁾	16,502,000	5.43	966,500	0.32

Notes:

- (1) As a percentage of the total number of issued warrants of 303,641,086 warrants as at the Latest Practicable Date.
- (2) Mr Lim Siok Kwee, Thomas is deemed interested in 175,000 warrants held by Maybank Kim Eng Securities Pte Ltd.
- (3) Mr Ng Han Kok, Henry is deemed interested in 7,017,500 warrants held by Phillip Securities Pte Ltd, 150,000 warrants held by OCBC Securities Private Limited and 125,000 warrants held by his spouse, Mdm Ong Woo.
- (4) Mr Chew Hoe Soon is deemed interested in 6,840,000 warrants held by Singaport Cleanseas Pte Ltd, 2,520,000 warrants held by OCBC Securities Private Limited and 150,000 warrants held by his spouse, Mdm Ng Guat Hoon.
- (5) Mr Teng Choon Kiat is deemed interested in 1,323,500 warrants held by Entraco Venture Corporation Pte Ltd and 2,500,000 warrants held by McPec Marine and Offshore Engineering Pte Ltd.
- (6) Mr Lim Peng Chuan, Terence is deemed interested in 966,500 warrants held by his spouse, Mdm Cheok Lay Leng.

4. ANNUAL GENERAL MEETING

The AGM, notice of which is contained in the Annual Report of the Company, will be held at 81 Tuas South Street 5 Singapore 637651 on Monday, 27 April 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, Resolution 10 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 to attend on their behalf are requested to complete, sign and return the proxy form contained in the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 81 Tuas South Street 5 Singapore 637651 not less than 48 hours before the time appointed for holding the AGM. The completion and lodgment of the proxy form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to 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 on the Depository Register at least 48 hours before the time appointed for holding 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. They accordingly recommend that Shareholders vote in favour of Resolution 10 relating to the proposed renewal of the Share Buyback Mandate at the 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.

Lim Siok Kwee, Thomas
Executive Chairman

