

**SHS HOLDINGS LTD.**  
(Company Registration No. 197502208Z)  
(Incorporated in the Republic of Singapore)

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**DIVESTMENT OF SINENERGY NINH THUAN POWER LLC (“PROJECT COMPANY”) AND  
SIGNING OF PPA**

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***DIVESTMENT OF SINERGY NINH THUAN POWER LLC***

**1. Introduction**

- 1.1 The Board of Directors (“**Board**”) of SHS Holdings Ltd. (“**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned Singapore-incorporated subsidiary, Sinenergy Holdings Pte. Ltd. (“**Sinenergy**”), has entered into an amended and restated investment agreement dated 26 December 2018 (“**SPA**”) with Solar NT Holdings Pte. Ltd. (“**Sing Holdco**”), Super Solar Energy Company Limited (“**SSE**”) and Super Energy Group (Hong Kong) Co., Ltd. (“**SEGHK**”) for the divestment of its interests in the solar power plant named Sinenergy Ninh Thuan I (“**Project**”) held by the Project Company to SEGHK, via the transfer by Sinenergy of all its shares in Sing Holdco (“**Sale Shares**”) to SEGHK (“**Divestment**”). The aggregate consideration for the Divestment is US\$5.5 million (the “**Consideration**”).
- 1.2 Post-completion of the Divestment, Sing Holdco and Project Company will cease to be subsidiaries of the Company and SEGHK would have acquired the entire issued and paid-up share capital of Sing Holdco.
- 1.3 For details on the relative figures in respect of the Divestment computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), please refer to Section 6 of this Announcement.

**2. INFORMATION ON THE PROJECT, THE PROJECT COMPANY AND SING HOLDCO**

- 2.1 The Project is a solar power plant combining hi-tech agriculture (the “**Plant**”) located at Phuoc Huu Commune, Ninh Phuoc District, Ninh Thuan Province, Vietnam. It occupies a land area of approximately 60 hectares and is currently in the developmental phase. The Plant is expected to have a capacity of 50MWp, with the self-service power at a minimum of 50kW and maximum of 130kW. The estimated annual production of the Plant is approximately 83.7 million kWh.
- 2.2 The Project Company is a special purpose vehicle incorporated for the Project and is currently 100%-owned by Sinenergy.
- 2.3 Sing Holdco is an investment-holding company incorporated in Singapore and a wholly-owned subsidiary of the Sinenergy.

**3. INFORMATION ON SEGHK AND SSE**

SEGHK and SSE are wholly-owned subsidiaries of Super Energy Corporation Public Co., Ltd, (“**Super Energy**”) a company listed on the Stock Exchange of Thailand and principally

engaged in generating and selling electricity using alternative energy, solar power, wind and bio-mass sources. Super Energy was founded in 1994 and headquartered in Bangkok, Thailand. SEGHK and SSE are special purpose vehicles.

#### 4. MATERIAL TERMS OF THE DIVESTMENT

##### Divestment

4.1 The Divestment is to take place in the following stages:

- (a) Sinenergy will transfer ownership of 100% of the charter capital of the Project Company to Sing Holdco ("**Internal Transfer**") by way of a capital transfer agreement ("**Capital Transfer Agreement**");
- (b) Sinenergy will enter into a conditional sale and purchase agreement ("**Initial CSPA**") for the transfer of 90% of the total issued shares of Sing Holdco ("**Initial Shares**") to SEGHK; and
- (c) one year after the commercial operation date of the Project or 30 June 2020, whichever is earlier, Sinenergy and SEGHK will enter into a subsequent conditional sale and purchase agreement ("**Subsequent CSPA**") in respect of the transfer of the remaining shares of Sing Holdco held by Sinenergy ("**Remaining Shares**") to SEGHK.

##### Initial Events

4.2 As soon as practicable after the signing of the SPA, the following events shall take place ("**Initial Events**"):

- (a) SEGHK and Sinenergy will enter into a deed of declaration of trust ("**Sinenergy Declaration of Trust**") pursuant to which Sinenergy will hold 90% of the registered and contributed charter capital of the Project Company on trust for SEGHK, and after the completion of the Internal Transfer, Sinenergy will hold 90% of the total issued shares of Sing Holdco on trust for SEGHK;
- (b) SEGHK and Sing HoldCo will enter into a deed of declaration of trust ("**Sing HoldCo Declaration of Trust**") and collectively with the Sinenergy Declaration of Trust, the "**Declaration of Trust**") pursuant to which, after the completion of the Internal Transfer, Sing Holdco will hold 90% of the registered and contributed charter capital of the Project Company on trust for SEGHK;
- (c) Sinenergy and SEGHK will enter into the Initial CSPA;
- (d) Sinenergy and SEGHK will enter into security documents with SEGHK as security recipient and Sinenergy as security provider, for the provision of security for the full performance and discharge of:
  - (i) the Project Company's obligations under the loan agreement entered into between SEGHK and the Project Company for the Project Company to part finance the testing, commissioning and operation of the Project and all other EPC-related works ("**EPC Loan Agreement**");

- (ii) the pledge by Sinenergy of 100% of the charter capital of Project Company in favour of SEGHK (“**Pledge of Charter Capital**”), and
  - (iii) the charge over the Initial Shares by Sinenergy in favour of SEGHK, which shall be effective after the completion of the Internal Transfer (“**Charge over Initial Shares**”, and together with the Pledge of Charter Capital, the “**Pledge Agreements**”); and
- (e) Sinenergy shall procure the appointment of certain persons designated by SEGHK as chairman, general director and legal representative of the Project Company (“**Designated Persons**”).

4.3 In addition:

- (a) Sinenergy shall procure that the Company enters into legal documentation in favour of SEGHK pursuant to which the Company will undertake to refund SEGHK (“**Refund Amount**”) the First Payment (as defined below) in the event of a continuing transfer failure under the SPA within ten (10) business days of demand by SEGHK following such continuing transfer failure, which undertaking terminates on the closing of the transfer of the Initial Shares under the Initial CSPA (“**Company Undertaking**”); and
- (b) SEGHK shall, and shall procure that Super Energy enters into a guarantee documentation (“**Super Undertaking**”) to undertake to pay to Sinenergy an amount equivalent to the payment for the Remaining Shares in the event, SEGHK fails to fully pay to Sinenergy such payment.

4.4 Consideration

The Consideration will be satisfied in the manner as set out in Sections 4.5 and 4.6, and was arrived at on a willing-buyer and willing-seller basis after taking into account the expected internal rate of return of the project.

Payment of Consideration

4.5 The Consideration for the Initial Shares shall be an aggregate amount of US\$4,125,000, which shall be paid as follows:

- (a) On or prior to the date falling ten (10) business days from the completion of the Initial Events and the signing of the Capital Transfer Agreement, the Company Undertaking, the Super Undertaking and the EPC Loan Agreement, SEGHK shall pay US\$3,093,750 of the Consideration for the Initial Shares to Sinenergy (“**First Payment**”); and
- (b) The remaining US\$1,031,250 of the Consideration for the Initial Shares shall be paid to Sinenergy within the earlier of ten (10) business days of the completion of the transfer of the Initial Shares under the Initial CSPA or 31 December 2019, unless a transfer failure under the SPA has occurred.

4.6 Payment of the Consideration for the Remaining Shares, being US\$1,375,000 (“**Exit Consideration**”), shall be made pursuant to the Subsequent CSPA, which in turn is to be signed on or before the earlier of the date falling 12 months after the commercial operation date of the Project and 30 June 2020.

#### Funding of Project Company

- 4.7 In addition to the Consideration, at any time after completion of the Initial Events, SEGHK shall also reimburse the capital and investment costs (amounting to the US\$ equivalent of VND31,190,764,000, or approximately US\$1,338,659 based on the agreed exchange rate of US\$1 : VND 23,300) that Sinenergy has incurred and/or funded for the Project (whether by way of loans to or capital contributions into the Project Company) ("**Reimbursed Amounts**").

#### Enforcement of the Pledge Agreements

- 4.8 Where there is a continuing transfer failure or Divestment has not completed, this will be a mandatory prepayment event under the EPC Loan Agreement and the security constituted by the Pledge Agreements shall become enforceable. Subsequent to such enforcement, SEGHK shall purchase all the Sing Holdco shares held by Sinenergy for the Exit Consideration and Sinenergy shall cease to be a shareholder of the Sing HoldCo. Following the taking of any steps for such enforcement and for so long as such steps are ongoing, SEGHK shall not take any steps to enforce its rights under the Company Undertaking and the Company shall not be required to pay to SEGHK the Refund Amount under the Company Undertaking.

#### Termination

- 4.9 Unless otherwise provided in the SPA, the SPA may be terminated by, amongst others, SEGHK in the event of a transfer failure, mutual agreement or non-performance and subsequent failure to remedy, of payment or other material obligations. Where the SPA is terminated before payment of the First Payment for any reason not attributable to the fraud, wilful default or wilful misconduct, gross negligence or breach by Sinenergy, Sing HoldCo or any of their affiliates, or any of such entities' respective shareholders, directors, officers or employees, SEGHK shall pay Sinenergy a termination payment of US\$500,000 within 15 days after a termination notice is issued to the relevant party.
- 4.10 Notwithstanding anything to the contrary in the SPA, following a transfer failure and upon refund of the First Payment to SEGHK by Sinenergy or the Company, whether pursuant to the Company Undertaking or otherwise, the parties shall procure that:
- (a) the Declaration of Trust, the CSPA, the Capital Transfer Agreement, the Pledge Agreements, the Company Undertaking and the Super Undertaking shall be promptly terminated. The EPC Loan Agreement will remain in force until the Project Company has repaid in full the loan provided by SEGHK to the Project Company under the EPC Loan Agreement plus interest at 8% per annum, for the avoidance of doubt, shall only accrue from the earliest to occur of:
    - (i) the date of transfer failure;
    - (ii) the date falling 12 months after the commercial operation date; and
    - (iii) 30 June 2020;
  - (b) upon full repayment of the loan under the EPC Loan Agreement and interest thereon, the security constituted by the Pledge Agreements shall be fully and unconditionally discharged and released, and for the avoidance of doubt, SEGHK shall not exercise its rights under the Pledge Agreements upon such refund of the First Payment; and
  - (c) the appointment of the Designated Persons be terminated.

## 5. RATIONALE AND BENEFITS OF THE DIVESTMENT

The Divestment is in line with the Group's ongoing strategic review and objective of streamlining its investment activities in its solar business. The Divestment increases the overall financial capacity and flexibility of the Group for further investments in solar and other business units.

## 6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE DIVESTMENT

6.1 For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual based on the unaudited consolidated financial statements of the Group for the nine-months financial period from 1 January 2018 and ended 30 September 2018 are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value.	3.28 <sup>(1)</sup>
(b)	Net profits attributable to the Sale Shares to be disposed of, compared with the Group's net profits	(0.99) <sup>(2)</sup>
(c)	Aggregate value of the Consideration to be received, compared with the Company's market capitalization of S\$129,490,000 based on the total number of issued shares excluding treasury shares	7.24 <sup>(3)</sup>
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

### Notes:

- (1) The net asset value of the Sale Shares as at 30 September 2018 was S\$6,500,000 while the net assets of the Group as at 30 September 2018 was S\$198,042,000.
- (2) The net loss attributable to the Sale Shares was S\$55,000 for the nine-months financial period up to 30 September 2018, while the net loss for the Group was S\$5,574,000 over the similar period
- (3) The aggregate value of the consideration for the purposes of this calculation comprises the Consideration and the Reimbursed Amounts. As per Rule 1002(5) of the Listing Manual, the Company's market capitalisation is computed based on multiplying the number of issued shares on 21 December 2018 of 685,129,812 shares by the weighted average price of such shares transacted on 21 December 2018 of S\$0.189 per share, being the market day preceding the date of the SPA.

- 6.2 As the relative figure under Rule 1006(c) above exceeds five per cent. but is not more than 20 per cent., the Divestment constitutes a “discloseable transaction” for the Company as defined in Chapter 10 of the Listing Manual. Rule 1007 of the Listing Manual however provides that if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, Chapter 10 of the Listing Manual may be applicable to the transaction at the discretion of the SGX-ST and issuers should consult the SGX-ST. As the relative figure computed on the basis set out in Rule 1006(b) of the Listing Manual is a negative figure, the Company will be consulting SGX Regco on the application of Chapter 10 of the Listing Manual for the Divestment.

## **7. FINANCIAL INFORMATION**

### **7.1 Value Attributable to the Sale Shares**

(a) Book Value

Based on the unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2018, the book value attributable to the Sale Shares as at 30 September 2018 is approximately S\$6,500,000.

(b) Net Tangible Assets (“NTA”)

Based on the unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2018, the NTA attributable to the Sale Shares as at 30 September 2018 is approximately S\$6,500,000.

(c) Latest Available Open Market Value

The open market value of the Sale Shares is not available as the Sale Shares are not publicly traded. No valuation of the Sale Shares was commissioned.

### **7.2 Excess of Proceeds over the Book Value and amount of any gain or loss on the Divestment**

Based on the unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2018, the completion of the Divestment is expected to result in a gain of approximately US\$1,100,000 (or approximately S\$1,507,000, based on an exchange rate of US\$1 to S\$1.37) to the Group.

### **7.3 Intended Use of Proceeds**

The Group intends to utilise the net proceeds for working capital requirements, general corporate purposes and reducing the external borrowings of the Group. This would further strengthen the Group’s balance sheet and enhance the Group’s financial flexibility.

## **8. FINANCIAL EFFECTS**

The financial effects of the Divestment on the Group are set out below. The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Divestment. In accordance with Rules 1010(8) and 1010(9) of the Listing Manual, the financial effects set out below have been calculated using the audited consolidated financial statements of the Group for FY2017.

### Share Capital

As the Divestment does not involve the issue and allotment of any new shares, the Divestment will not have any impact on the share capital of the Company.

### NTA

Assuming that the Divestment had been completed on 31 December 2017, the effect of the Divestment on the NTA per Share of the Group is as follows:

	Before the Divestment	After the Divestment
NTA (S\$'000)	185,757	187,264
Number of Shares ('000)	685,130	685,130
NTA per Share (S\$ cents)	27.11	27.33

### Earnings Per Share ("EPS")

Assuming that the Divestment had been effected on 1 January 2017, being the beginning of the most recently completed financial year, the effect of the Divestment on the EPS of the Group is as follows:

	Before the Divestment	After the Divestment
Net (loss)/profit attributable to Shareholders (S\$'000)	(20,052)	(18,545)
Weighted average number of Shares ('000)	685,128	685,128
EPS – basic (S\$ cents)	(2.93)	(2.71)

### Net Gearing Ratio

Assuming that the Divestment had been completed on 31 December 2017, the effect of the Divestment on the net gearing ratio of the Group is as follows:

	Before the Divestment	After the Divestment
Total borrowings (S\$'000)	19,960	19,960
Total equity ('000)	206,258	207,765
Gearing (%)	0.10	0.10

## 9. SIGNING OF PPA

The Board also wish to announce that the Project Company had, on 30 November 2018, entered into a power purchase agreement ("PPA") with Vietnam Electricity in respect of the purchase of electricity produced by the Project to Vietnam Electricity. Vietnam Electricity is Vietnam's state-owned power distribution company.

Under the PPA, Vietnam Electricity shall purchase all electricity output generated by the Project for a period of 20 years from its commercial operations date at approximately US\$9.35 cents per kWh.

As earlier mentioned above, the Plant is expected to have a capacity of 50MWp, with the self-service power at a minimum of 50kW and maximum of 130kW. The estimated annual production of the power plant is approximately 83.7 million kWh.

**10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company (other than in his capacity as director or shareholder of the Company) has any interest, direct or indirect, in the Divestment, the SPA, the PPA or any of the agreements proposed to be signed in relation thereto.

**11. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Divestment or the PPA. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**12. OTHER MATTERS**

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

By Order of the Board

Ng Han Kok, Henry  
Executive Director and Group Chief Executive Officer  
26 December 2018