

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

Unaudited Financial Statement Announcement for the 1st Half Year Ended 2020

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Change %
	2020 S\$'000	2019 S\$'000 Restated	
<u>Continuing Operations</u>			
Revenue	16,487	9,320	77%
Cost of sales and services	(13,543)	(8,484)	60%
Gross profit	2,944	836	252%
Other income	3,120	971	221%
Selling and distribution expenses	(122)	(165)	(26%)
Administrative expenses	(3,164)	(2,475)	28%
Other operating expenses	(2,503)	(2,342)	7%
Profit / (Loss) from operations	275	(3,175)	N/M
Finance costs	(521)	(375)	39%
Share of loss of associated companies	147	74	99%
Loss before income tax	(99)	(3,476)	(97%)
Income tax	87	7	N/M
Loss from continuing operations after tax	(12)	(3,469)	(100%)
<u>Discontinued operations #</u>			
Loss from discontinued operations after tax	(3,039)	(3,744)	(19%)
Loss after income tax	(3,051)	(7,213)	(58%)
Attributable to:			
Equity holders of the Company			
- Continuing Operations	82	(3,370)	N/M
- Discontinued Operations	(1,016)	(2,315)	(56%)
	(934)	(5,685)	(84%)
Non-controlling interests, net of income tax			
- Continuing Operations	(94)	(99)	(5%)
- Discontinued Operations	(2,023)	(1,429)	42%
	(2,117)	(1,528)	39%
	(3,051)	(7,213)	(58%)

Discontinued operations refer to the solar development business and modular construction business in respect of which the Company has been approached by interested parties.

Statement of Comprehensive Income

	Group		Change %
	2020 S\$'000	2019 S\$'000	
Loss after income tax	(3,051)	(7,213)	(58%)
<u>Other comprehensive (expense)/ income</u>			
Foreign currency translation	171	(69)	(348%)
	<u>171</u>	<u>(69)</u>	N/M
Total comprehensive loss	<u>(2,880)</u>	<u>(7,282)</u>	(60%)
Attributable to:			
Equity holders of the Company	(784)	(5,767)	(86%)
Non-controlling interests, net of income tax	(2,096)	(1,515)	38%
	<u>(2,880)</u>	<u>(7,282)</u>	(60%)

Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

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

	Note	Group		Change %
		2020 S\$'000	2019 S\$'000 Restated	
Other Income	1	2,971	641	364%
Dividend income		-	36	(100%)
Interest Income	2	146	122	20%
Interest on borrowings	3	(454)	(375)	21%
Depreciation of property, plant and equipments	4	(1,629)	(2,160)	(25%)
Depreciation of ROU assets	5	(166)	-	NM
(Loss)/gain on disposal of fixed assets	6	3	172	NM
Foreign exchange gain/(loss)	7	1,302	(218)	(697%)

- 1) The increase was mainly due to government support grant.
- 2) The increase in fixed deposit placement but with lower interest yield.
- 3) The increase was mainly due to interest on borrowing for office building and interest expenses in relation to lease liability.
- 4) The decrease was mainly due to more assets has been fully depreciated in current year.
- 5) This is relating to depreciation charge of ROU assets.
- 6) Gain on disposal assets was mainly derived from disposal of motor vehicle in prior year.
- 7) The increase in exchange gain mainly due to unrealized exchange gain from the appreciation of the US\$ as compared to last year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	46,643	48,373	63	74
Investment property	-	-	11,471	12,056
ROU Assets	4,687	4,847	1,605	1,686
Investment in subsidiary companies	-	-	43,847	43,747
Investments in associated companies	2,004	1,857	-	-
Other Financial Assets	22,618	23,563	22,463	22,463
Goodwill	16,850	16,850	-	-
Other receivable and prepayments	6,860	6,593	6,860	6,593
	<u>99,662</u>	<u>102,083</u>	<u>86,309</u>	<u>86,619</u>
Current Assets				
Inventories	3,447	3,009	-	-
Land held for development	4,760	4,760	-	-
Contract assets	8,912	7,523	-	-
Trade receivables	8,649	10,305	-	86
Amount due from subsidiaries	-	-	70,748	70,966
Other receivables and prepayments	4,192	4,713	79	66
amount due from an associated company	-	7	-	-
Fixed deposits	16,155	18,292	16,155	18,292
Cash and bank balances	19,927	12,800	9,585	6,828
	<u>66,042</u>	<u>61,409</u>	<u>96,567</u>	<u>96,238</u>
Assets held for sale	51,938	68,003	1,000	1,000
	<u>117,980</u>	<u>129,412</u>	<u>97,567</u>	<u>97,238</u>
Total Assets	217,642	231,495	183,876	183,857
LIABILITIES				
Current Liabilities				
Trade payables and accruals	5,671	5,466	278	331
Contract liabilities	1,504	1,028	-	-
Other payables	1,136	1,517	83	176
Amount due to related parties	-	-	131	39
Term loans	6,303	5,862	-	-
Other amounts due to bankers	3,723	1,775	-	-
Provision for taxation	534	565	-	-
	<u>18,871</u>	<u>16,213</u>	<u>492</u>	<u>546</u>
Liabilities directly associated with the assets held for sale	21,893	34,729	-	-
	<u>40,764</u>	<u>50,942</u>	<u>492</u>	<u>546</u>
Non-current Liabilities				
Term loans	11,137	11,751	-	-
Lease liabilities	4,871	4,974	1,672	1,732
Deferred taxation	2,922	2,992	1,802	1,802
	<u>18,930</u>	<u>19,717</u>	<u>3,474</u>	<u>3,534</u>
Total Liabilities	59,694	70,659	3,966	4,080
EQUITY				
Share capital	160,640	160,640	160,640	160,640
Treasury shares	(5,011)	(5,003)	(5,011)	(5,003)
Asset revaluation reserve	7,456	7,456	8,582	8,582
Foreign currency translation reserve	(581)	(740)	-	-
Other reserve	-	-	3,297	3,297
Fair Value reserve	(1,299)	(1,290)	(1,676)	(1,676)
Retained earnings	3,534	4,468	14,078	13,937
	<u>164,739</u>	<u>165,531</u>	<u>179,910</u>	<u>179,777</u>
Non-controlling interests	(6,791)	(4,695)	-	-
Total Equity	157,948	160,836	179,910	179,777
Total Liabilities and Equity	217,642	231,495	183,876	183,857

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30 Jun 20 S\$'000	31 Dec 19 S\$'000
Amount Repayable in one year or less, or on demand		
Secured	10,026	7,636
Unsecured	-	-
	<u>10,026</u>	<u>7,636</u>
Amount Repayable after one year, or on demand		
Secured	11,137	11,751
Unsecured	-	-
	<u>11,137</u>	<u>11,751</u>

Details of any collateral

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

- i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5, and a mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S\$41.10 million by the Company extended to Hetat Pte Ltd for banking facilities of approximately S\$23.68 million and US\$12.0 million;
- ii) A mortgage in-escrow and deed of assignment over industrial land together with a factory building to be erected held under title GM2485, Lot 1979, Mukim Jeram Batu. Daerah Pontian, Johor, Malaysia, corporate guarantee by the Company of S\$9.46 million and RM1.30 million for banking facility of approximately S\$3.99 million and RM5.30 million (including foreign exchange spot and forward);
- iii) A corporate guarantee for S\$5.75 million by the Company for banking facility extended to Sinenergy Holdings Pte Ltd of approximately S\$5.0 million; and
- iv) A corporate guarantee of US\$1.3 million for banking facilities extended to Aenergy Holdings Company Limited of approximately US\$5.2 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	6 months ended 30 June	
	2020	2019
	S\$'000	S\$'000
Cash Flows from Operating Activities		
Loss before income tax from continuing operations	(99)	(3,476)
Loss before income tax from discontinued operations	(3,039)	(3,643)
Loss before income tax, total	(3,138)	(7,119)
Adjustments for:		
Depreciation of property, plant and equipments	2,240	2,306
Depreciation of ROU assets	160	-
Property, plant and equipment written off	3	1
Amortisation of prepaid landlease	93	143
(Gain)/loss on disposal of property, plant and equipments	(3)	(172)
Interest on borrowings	588	618
Interest income	(146)	(122)
Share of (gain)/loss of associated companies	(147)	(74)
(Reversal)/ Allowance for doubtful debts	2	(9)
Write-back on allowance for inventory obsolescence	314	-
Dividend income	-	(36)
Inventories written back	(611)	(1)
Gain from discontinued operations	(692)	-
Net foreign currency translation adjustments	(669)	129
Operating cash flow before working capital changes	(2,006)	(4,336)
Changes in working capital		
Inventories	1,081	(7,762)
Receivables and contract assets	6,725	9,044
Payables and contract liabilities	(2,958)	2,914
Cash generated from /(used in) operations	2,842	(140)
Interest paid	(588)	(618)
Interest received	146	122
Income tax payment	(14)	(19)
Net cash generated from/(used in) operating activities	2,386	(655)
Cash Flows from Investing Activities		
Dividend received from other investment	-	36
Purchase of property, plant and equipment	(581)	(219)
Payment for lease liabilities	(255)	-
Reduction of other investment	936	96
Amount due from investor	(679)	-
Net cash inflow on disposal of subsidiary	988	-
Net cash generated from/(used in) investing activities	409	(87)
Cash Flows from Financing Activities		
Purchase of treasury shares	(8)	-
Fund repayment to hire purchase	-	(30)
(Repayment)/drawdown of term loan (net)	(172)	427
Drawdown/(repayment) of trusts receipts	1,947	(2,102)
Decrease in amount due to associate company	-	(135)
Net cash generated from/(used in) financing activities	1,767	(1,840)
Effects of exchange rate changes on the balance of cash held in foreign currencies	428	(11)
Net increase/(decrease) in cash and cash equivalents	4,990	(2,593)
Cash and cash equivalents at the beginning of the period	31,092	29,889
Cash and cash equivalents at the end of the period	36,082	27,296

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	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 S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Group										
Balance at 01 January 2020	160,640	(5,003)	7,456	-	(1,290)	(740)	4,468	165,531	(4,695)	160,836
Comprehensive income	-	-	-	-	(9)	159	(934)	(784)	(2,096)	(2,880)
Shares buy-back	-	(8)	-	-	-	-	-	(8)	-	(8)
Balance at 30 June 2020	160,640	(5,011)	7,456	-	(1,299)	(581)	3,534	164,739	(6,791)	157,948
Balance at 01 January 2019	160,637	(5,003)	7,456	-	(1,145)	(553)	26,910	188,302	(1,708)	186,594
Comprehensive income	-	-	-	-	-	(82)	(5,685)	(5,767)	(1,515)	(7,282)
Balance at 30 June 2019	160,637	(5,003)	7,456	-	(1,145)	(635)	21,225	182,535	(3,223)	179,312
Company										
Balance at 01 January 2020	160,640	(5,003)	8,582	3,297	(1,676)	-	13,937	179,777	-	179,777
Comprehensive income	-	-	-	-	-	-	141	141	-	141
Shares buy-back	-	(8)	-	-	-	-	-	(8)	-	(8)
Balance at 30 June 2020	160,640	(5,011)	8,582	3,297	(1,676)	-	14,078	179,910	-	179,910
Balance at 01 January 2019	160,637	(5,003)	8,582	3,297	(1,453)	-	30,517	196,577	-	196,577
Comprehensive income	-	-	-	-	-	-	(484)	(484)	-	(484)
Balance at 30 June 2019	160,637	(5,003)	8,582	3,297	(1,453)	-	30,033	196,093	-	196,093

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of the changes in the share capital of the Company are as follows: -

	2020		2019	
	Number of shares	S\$	Number of shares	S\$
Ordinary shares				
As at beginning of financial year	710,639,212	160,640,326	710,620,712	160,636,626
Exercise of warrants	-	-	18,500	3,700
As at 30 June	710,639,212	160,640,326	710,639,212	160,640,326
Treasury shares				
As at beginning of financial year	25,490,900	5,003,269	25,490,900	5,003,269
Share buy-back	50,000	8,147	-	-
As at 30 June	25,540,900	5,011,416	25,490,900	5,003,269
Total shares excluding treasury shares as at 30 June	685,098,312	155,628,910	685,148,312	155,637,057

There were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30 Jun 20	31 Dec 19
Total number of shares (including treasury shares)	710,639,212	710,639,212
Less treasury shares	(25,540,900)	(25,490,900)
Total number of shares (excluding treasury shares)	<u>685,098,312</u>	<u>685,148,312</u>

- 1(d)(iv) A statement showing all 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 treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings 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.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been reviewed nor audited by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report including any modification or emphasis of a matter

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

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 2020. 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.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	First Half Year Ended	
	2020	2019
		Restated
<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	0.01 cents	(0.49) cents
-Diluted	0.01 cents	(0.50) cents
Based on the weighted average number of shares (Basic)	685,115,166	685,129,812
Based on the weighted average number of shares (Diluted)	685,115,166	670,145,795

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset backing per ordinary share	24.05 cents	24.16 cents	26.26 cents	26.24 cents
Based on the number of shares in issue, excluding treasury shares	685,098,312	685,148,312	685,098,312	685,148,312

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

For the first half ended 30 June 2020 ("1H20"), the Group recorded a 77% increase in revenue to S\$16.5 million from S\$9.3 million and a net profit attributable to equity holders of S\$82,000 from a loss of S\$3.3 million a year ago.

As at 30 June 2020, the Group's total equity was S\$164.7 million from S\$165.5 million as at 31 December 2019. The Group has cash and cash equivalents balance of S\$36.1 million. The Group is in a net cash position with low debt-to-total equity ratio of 12.4%.

Revenue from Continuing Operations

S\$'000	1H20	1H19	Change
Corrosion Prevention ("CP")	6,723	6,696	0.4%
Engineering & Construction ("E&C")	7,636	2,148	255%
Solar Energy	1,842	143	NM
Others	286	333	-14%
Total	16,487	9,320	77%

The Group's revenue improved by 77% to S\$16.5 million in 1H20, compared with S\$9.3 million in the corresponding period last year. This was mainly due to increase in project revenue of E&C segment and Solar Energy segment in 1H20.

Corrosion Prevention ("CP") segment

With only less than 4 months of business activities, the CP segment managed to deliver comparable revenue with the six-month period for last year, largely driven by orders from plant operations and site operations for the first 3 months of FY2020. The CP segment did not record much revenue for the months from April to June as a result of the circuit breaker measures implemented by the Singapore government to combat the Covid-19 pandemic.

Engineering & Construction ("E&C") segment

Revenue for the E&C segment increased by 255% to S\$7.6 million in 1H20 from S\$2.1 million with the return of order books in steel engineering business. The higher revenue for E&C segment was mainly due to the progressive revenue recognition of projects for the first few months of FY2020. Similar to CP Segment, the E&C segment did not record much revenue for the months from April to June due to the circuit breaker measures implemented by the Singapore government.

Solar Energy segment

Revenue for the Solar Energy segment increased to S\$1.8 million in 1H20 from S\$143,000 in 1H19 as more focus on distribution solar inverter business in the first half of the year yielded encouraging results. While last year's revenue was affected by

a dearth of solar EPC works, the distribution of solar inverters for different geographical spread achieved a certain level of risk diversification for the period under review.

Gross Profit and Gross Profit Margin

Gross Profit from Continuing Operations

S\$'000	1H20	1H19	Change
CP	1,591	1,466	8.5%
E&C	1,137	(532)	N/M
Solar Energy	155	(189)	N/M
Others	61	91	-33.0%
Total	2,944	836	252.1%

The Group's gross profit increased by 252% from S\$0.8 million in FY19 to S\$2.9 million in FY20, in line with the increase in sales for the period and better GP margin for E&C segment.

CP segment

CP segment recorded its gross profit of S\$1.6 million in 1H20 with recorded revenue of S\$6.7 million comparable to 1H19.

E&C segment

Gross profit for E&C segment improved from a loss of S\$0.5 million in 1H19 to a profit of S\$1.1 million in 1H20. This is largely driven by several high value projects commenced in 1H20 which generated better margin as compared to the previous period.

Solar Energy segment

For 1H20, improvement in gross profit margin driven by the growing inverter distribution business.

Other Income

Other income increased by 221% year-on-year from S\$1.0 million in 1H19 to S\$3.1 million in 1H20 mainly due to the exchange gain on USD and government's Jobs Support Scheme offset with lower interest income earned due to lower interest rate for fixed deposits.

Selling, Distribution, Administrative and Other Operating Expenses

S\$'000	1H20	1H19	Change
Selling & Distribution	(122)	(165)	(26%)
Administrative	(3,164)	(2,475)	28%
Other OPEX	(2,503)	(2,342)	7%
Total OPEX	(5,789)	(4,982)	16%

Total OPEX in 1H20 was 16% higher.

Total OPEX increase year-on-year from S\$5.0 million in 1H19 to S\$5.8 million in 1H20.

Selling and distribution expenses decreased by 26% to S\$122,000 in 1H20 due to less travelling during Covid-19 pandemic time.

Administrative expenses increased by 28% to S\$3.2 million in 1H20 due to increase in head count especially for E&C segment for the ongoing projects increased activities.

Other operating expenses increased slightly by 7% mainly due to professional fees, and other costs indirect relates to business activities.

Finance Costs

Finance costs were higher at S\$0.5 million in 1H20 largely due to increase in usage of trust receipts for the E&C segment.

Share of Associates' Results

For 1H20, share of profit from associated companies was S\$147,000 against the profit of S\$74,000 reported in 1H19. The improvement was mainly due to the contribution from associated company Yokomori's improved result.

Financial Position and Cash Flow Analysis

Non-current assets decreased mainly due to depreciation of this half year for amount of S\$2.1 million offset by addition of assets of S\$370,000. The decrease in other financial assets mainly due to redemption of shares in EVIA of S\$945,000. The increase in non-current receivable was mainly due to favorable exchange of USD which indirectly increase in value for receivables.

Current assets decreased by S\$11.4 million from S\$129.4 million as at 31 December 2019 to S\$118.0 million as at 30 June 2020. This was largely attributed to:

- Increase in contract assets mainly due to increase in unbilled receivables in CP segment of S\$ 0.7 mil and Hetat segment of S\$1.3 million but decrease in solar segment of S\$ 0.6 mil;
- Offset by reduced in receivables mainly due to collection from customers in this half year;
- Increase in cash and cash equivalents derive from operating activities as mentioned above, return of investment from EVIA Korean fund, drawdown of trust receipts; and
- Decrease in assets held for sale mainly due to realization of sales of Ninh Thuan project.

Current liabilities of the Group decreased by S\$10.1million from S\$50.9 million as at 31 December 2019 to S\$40.8 million as at 30 June 2020. This was mainly due to:

- Decrease in liabilities directly associated with the assets held for sales of \$12.8 million mainly due to realization of contract liability and realization of sales of Ninh Thuan project. .
- Offset by increase in contract liabilities of S\$0.5 million, increase in usage of trust receipts of \$1.9 million and money market loan drawdown of S\$0.5 million largely from the E&C segment;

Non-current liabilities decreased mainly due to repayment of term loan of S\$0.7 million.

Shareholders' equity decreased by S\$2.9 million to S\$157.9 million as at 30 June 2020 from S\$160.8 million as at 31 December 2019. The decrease was largely attributed to the loss for the year.

During 1H20, the Group recorded a net cash inflow of S\$5.0 million due to:-

- a) Net cash generated from operating activities of S\$2.4 million with the changes in working capital of S\$2.8 million by E&C and CP segments.
- b) Net cash generated from investing activities amounted to S\$0.4million in 1H20 mainly due to the collection from EVIA Korean fund and collection from disposal of Ninh Thuan project as mentioned above but partially offset with capital expenditure in Bangladesh solar project.
- c) Net cash generated from financing activities in 1H20 was mainly to drawdown of money market loan of S\$0.5 million and trust receipts of S\$1.9 million offset with repayment of term loan of S\$0.7 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 2020 stood at a healthy sum of S\$36.1 million.

9. 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 2019.

10. 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.

From 7 Apr 2020, Singapore entered the circuit breaker period, in order to pre-empt escalating Covid-19 infections. Over the last few months, the Covid-19 pandemic has upended the way we live and work, with businesses and individuals having to deal with unprecedented challenges. With the economy moving into the deepest recession in recent history, our core businesses for the first half of the year have not been immune to the impact. Until a vaccine is found, the situation is unlikely to change for the next twelve months because of the global spread of the disease and its inability to control the spread, resulting in devastating economic activities around the world. Given the continued uncertainty surrounding the Covid-19 situation and rapidly changing government measures that could disrupt business activities, the global economic outlook appears fragile and unclear.

To better prepare for the anticipated impact of the Covid-19 pandemic, we implemented in July mitigating steps to significantly reduce our cost structure to better weather the expected disruption of our revenue flow. We implemented pay reductions of 10%-20% (depending on pay level) across the company including the Board of directors and the impact to the book can be seen in 2nd half of the year.

For the E&C segment, the steel engineering business was on track with its existing contracts on hand before the circuit breaker. Assuming there is no need for further circuit breaker or lockdowns in the coming quarters and our workers in the dormitories can resume work, our engineering steel business may be able to deliver results as we have secured significant order books on hand to last us this year and the next financial year. Nevertheless, budgeted project costs of ongoing projects are expected to increase due to delays in project schedules, the "slow and gradual" restarting of projects at a lower level of productivity due to government safety measures, and additional costs incurred to comply with the measures. As for the modular construction business segment comprising TLC Group, as earlier reported, we are working towards a comprehensive solution in the coming months to achieve a reasonable outcome to resolve the differences between the Company and stakeholders of TLC Group over management thereof and other management issues which led to continuing losses.

For the Solar Energy segment, the low business volumes for its roof-top solar projects in the current period is expected to see some improvements in next 12 months with more orders expected from overseas barring unforeseen circumstances and no further lockdown in other countries. As for solar development project, due to lockdown in Bangladesh from March until May, our Bangladesh solar project was unable to complete according to schedule and currently we have applied for a further extension from the relevant government bodies to complete the project by 30 October 2020.

For the CP segment, although we garnered more work orders from major shipyards in the marine and offshore sector in the beginning of the year, unless the uncertainty surrounding the Covid-19 situation, especially the deployment of our foreign workers can be timely resolved, we expect our CP business to be challenging in the second half of 2020. We will continue its cost rationalisation exercise and enhance productivity to maintain an efficient cost structure.

11. 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.

12. 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.

13. 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 no interested person transactions during the six-month ended 30 June 2020. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

14. 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 2020 financial statements to be false or misleading in any material respect.

15. 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
12 August 2020