

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

**ENTRY INTO POWER PURCHASE AGREEMENT AND IMPLEMENTATION AGREEMENT –
SOLAR POWER PLANT OF 50MW CAPACITY TO BE OWNED BY HDFC SINPOWER LIMITED,
A SUBSIDIARY OF THE COMPANY, AT SUTIAKHALI, MYMENSINGH DISTRICT,
BANGLADESH**

1. Introduction

The Board of Directors ("**Board**") of SHS Holdings Ltd. ("**Company**") refers to the circular to the shareholders of the Company dated 10 May 2016 ("**Circular**") and its announcement on 26 May 2016 in relation to the passing of the resolutions in relation to, among others, the proposed design, construction, operation and maintenance of a 50MW capacity solar power plant ("**Solar Power Plant**") at Sutiakhali, Mymensingh District, Bangladesh ("**Solar Project**") at the extraordinary general meeting of the Company held on the same date ("**Shareholder Approval**"). Unless specifically defined, all capitalised terms used herein shall have the same meanings ascribed to them in the Circular.

In connection with the Shareholder Approval of the Solar Project, the Board is pleased to announce that, further to the LOI, HDFC SinPower Limited ("**HDFC**"), a subsidiary of the Company, has on 19 October 2016 entered into the: (a) power purchase agreement ("**PPA**") with the Bangladesh Power Development Board ("**BPDB**"); and (b) implementation agreement ("**Implementation Agreement**") with the Government of the People's Republic of Bangladesh represented by the Ministry of Power, Energy and Mineral Resources and the Power Grid Company of Bangladesh Ltd. ("**PGCB**").

2. PPA and Implementation Agreement

As stated in the Circular, under the PPA, HDFC shall supply to BPDB electric energy generated by the Solar Power Plant, and BPDB shall pay to HDFC a fixed tariff for all electric energy purchased, at a rate of US\$0.17/kWh on a no electricity no payment basis for the term of the PPA, which is for 20 years unless otherwise extended by mutual agreement or terminated in accordance with the provisions therein. The term of the Implementation Agreement shall be the same as that of the PPA.

Pursuant to the terms of the PPA, the construction of the Solar Power Plant is to be completed within 18 months (unless otherwise extended) of the date of the execution of the PPA and the Implementation Agreement ("**Commercial Operations Date**").

Prior to signing of the PPA, HDFC has provided the Security Deposit, which shall be released no later than 30 days after the Commercial Operations Date (as defined below), and an additional security deposit amounting to two (2) months of tariff payment at a fixed monthly energy rate will be furnished after Commercial Operation Date.

The Proposal Security of US\$250,000 paid as security fee to BPDB under the terms of the LOI will be discharged following the execution of the PPA and the Implementation Agreement.

3. Financial Effects

There are no net profits attributable to or consideration received by HDFC for its entry into the PPA or the Implementation Agreement until the Solar Power Plant is subsequently constructed and commences full commercial operation on the Commercial Operation Date. As stated in the Circular, the project cost of the Solar Power Plant is anticipated to be approximately US\$70 million to US\$80 million, and funding from financial institutions is expected to be sought for approximately 70% of such cost and the balance through internal funding of HDFC. Similar, as stated in the Circular, the Company is of the view that the Solar Project is anticipated to be profitable.

4. Interests of Directors and Substantial 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 PPA or the Implementation Agreement.

5. Other Matters

A copy of each of the PPA and the Implementation Agreement are available for inspection at the registered office of the Company at 81 Tuas South Street 5, Singapore 637651 during normal business hours for three (3) months from the date of this announcement.

The Company will provide further updates on the Solar Project at the appropriate juncture.

By Order of the Board

Ng Han Kok, Henry
Executive Director and Group Chief Executive Officer
19 October 2016