Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: SHS Holdings Ltd.

Stock code: 566

Meeting details:
Date: 26 June 2020
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. In his statement (pages 6 and 7 of the annual report), the chairman discussed several important issues including how the group had been "laden with too many relatively gargantuan business development activities and complex projects" in quick succession. He also acknowledged that the group, through the joint venture partners, did not satisfactorily address issues as they happen and, in fact, the group's competencies to directly manage some of these demands were found lacking.

The group has moved quickly in the past two years to correct these missteps, which include the disposal of 50MW solar power plant project in Ninh Thuan Province, Vietnam, completing the Bangladesh 50MW solar power plant project, scaling down new direct investments into solar power plants and the possible disposal of the modular construction business.

(i) **With the benefit of hindsight, can the board help shareholders understand how it might have under-estimated the challenges of going into the new businesses, in terms of the demand on human and financial capital to drive all these new businesses at the same time?**

(ii) **In approving the group's strategic objectives then, were there sufficient robust debate and due diligence carried out to allow the directors to constructively challenge management and help develop proposals on its expansion strategy?**

(iii) **Going forward, has the board made any changes to the board processes, including how it approves major investments and material acquisitions?**

Q2. Can the board/management provide shareholders with better clarity on the following matters related to its continuing operations? Specifically:

(i) **Corrosion prevention ("CP"): Can management help shareholders understand how much of its revenue from CP was related to the marine and offshore sector? What are the opportunities in the other areas such as the construction and infrastructure industries?**

(ii) **Engineering & Construction ("E&C"): Would the group consider disclosing the order book for its steel engineering business? What is the estimated volume for the group to breakeven?**

(iii) **Solar energy: Did the group secure an exclusive distribution for the solar inverters? Can management disclose the brand(s) of solar inverters it distributes? For the 50MW solar power plant project in Bangladesh, what are the group's plans for the solar power plant after it achieves Commercial Operation by 30 June 2020?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q3. On 5 April 2020, the company announced that there are material differences between the unaudited results (first announced by the company on 27 February 2020) and the audited financial statements for FY2019 after the finalisation of audit.

After the finalisation of audit, loss after income tax increased by 84% from $(13.8) million to $(25.4) million. Cash from operating activities turned from an inflow of $3.6 million to an outflow of $(9.1) million. Total equity dropped from $ 172.4 million to $160.8 million.

For FY2016, FY2017, FY2018 and FY2019, the company has had to announce that there are discrepancies after the finalisation of audit in each of the past four years.

(i) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**

(ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**

(iii) **Is the company (and its officers) familiar with Singapore Financial Reporting Standards (International)?**

(iv) **Would the members of the AC help shareholders understand their personal recent and relevant accounting or related financial management expertise or experience that would make them appropriately qualified to discharge their responsibilities?**

(v) **What was the level of involvement by the AC in the preparation of the financial statements?**

(vi) **Can the AC update shareholders on the improvements made/to be made to the group's financial reporting systems and processes?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US