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**Issuer:** SHS Holdings Ltd.

**Stock code:** 566

**Meeting details:**

Date: 29 May 2025

Time: 10.00 a.m.

Venue: 19 Tuas Avenue 20, Singapore 638830

**Q1.** Revenue for the financial year ended 31 December 2024 rose marginally from \$82.2 million to \$83.0 million. However, gross profit declined by 8.5% from \$12.9 million to \$11.8 million, mainly due to weaker profitability in the Engineering & construction (E&C) segment.

REVENUE BY BUSINESS SEGMENTS (Continuing Operations) (S\$'000)	FY2024	FY2023	FY2022	FY2021
Corrosion Prevention	14,539	16,679	16,368	15,952
Engineering & Construction	35,974	33,134	60,348	28,966
Solar Energy	23,095	18,865	10,506	10,281
Others	9,369	13,526	–	–

**SEGMENTAL RESULTS**

S\$'000	FY24	FY23	Change (%)
<b>Corrosion Prevention ("CP")</b>			
Revenue	14,539	16,680	(12.8)
Gross Profit	2,627	2,152	22.1
Gross Profit Margin	18.1%	12.9%	5.2pp
<b>Engineering &amp; Construction ("EC")</b>			
Revenue	35,974	33,134	8.6
Gross Profit	5,121	7,719	(33.7)
Gross Profit Margin	14.2%	23.3%	(9.1)pp

S\$'000	FY24	FY23	Change (%)
<b>Solar Energy ("SE")</b>			
Revenue	23,095	18,864	22.4 ↑↑
Gross Profit	3,916	2,902	35.0 ↑↑↑↑
Gross Profit Margin	17.0%	23.3%	(6.3)pp ↓↓↓
<b>T Trading of Commodities ("TC")</b>			
Revenue	9,369	13,526	(30.7)
Gross Profit	174	161	8.1
Gross Profit Margin	1.9	1.2	0.7pp

(Adapted from company annual report; emphasis added)

- (i) **Corrosion prevention (CP):** It was disclosed that revenue in the CP segment declined due to a more selective approach to order acceptance, driven by inflationary pressures and price volatility in site and blasting jobs. **Is this recalibrated level of activity and revenue likely to represent a new baseline for the CP segment? What is the growth potential in this segment?**
- (ii) **Engineering & construction (E&C):** Despite revenue increasing by 8.6%, gross profit in the E&C segment fell significantly to \$5.12 million. **What were the main factors contributing to the decrease in profitability and how is management working to maintain or increase profit margin? What are the strategic opportunities in the structural steel and facade (SSF) and Prefabricated Prefinished Volumetric Construction (PPVC) sub-segments over the next 18-24 months, and how competitively positioned is the group to capture these opportunities?**

- (iii) **Solar energy (SE):** The CEO's operational and financial review stated that SE revenue increased by 22.4%, with gross profit rising more than proportionately by 34.9%. Yet, management also reported a 6.3% decline in gross margin to 17.0%. **Could management reconcile this contradiction, and explain how such an error, if confirmed, was not flagged during the internal review and board approval process?**

**Q2.** As announced on 4 September 2024, the group is proposing to acquire Guangxi Tidal Precision Technology Co., Ltd and Nanning Tidal Aluminium Co., Ltd to diversify into precision aluminium manufacturing and recycling for the automotive electric vehicle (EV) industry. The target companies' main customers operate in the EV battery market, which is expected to grow significantly in line with China's expanding EV market.

The aggregate purchase consideration is RMB205.26 million, being the RMB equivalent of \$39.0 million. This represents 67% of the company's market capitalisation based on Rule 1006 of the SGX Listing Manual.

- (i) **How was this acquisition sourced, and can the board help shareholders better understand if there is any synergy with the group's existing businesses?**
- (ii) **What are the key risks identified by the board in relation to the proposed acquisition?**
- (iii) **Has there been any delay in completing the transaction? How are the target companies currently impacted by macro risks such as global trade tensions, including tariffs?**
- (iv) **How is the acquisition structured to safeguard shareholder interests, given that the target companies only commenced revenue-generating trial production in 1H2024? Specifically, are there earn-outs, profit guarantees, deferred payments, or clawback clauses?**

**Q3.** On 31 October 2023, the CEO disposed of 1.5 million shares for \$208,500 via an off-market transaction<sup>1</sup>. On 7 November 2023, the CEO sold an additional 3.53 million shares for \$441,250 via another off-market transaction<sup>2</sup>.

Separately, on 8 August 2023, the executive chairman, Mr Teng Choon Kiat, entered into a conditional sale and purchase agreement to sell his entire stake of 160,967,600 shares to Tidal New Energy Investment Pte. Ltd<sup>3</sup>. However, on 20 January 2025, the company announced that due to the default in the sale & purchase agreement, the shares were “*transferred back to Teng Choon Kiat at zero value.*”<sup>4</sup>

#### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 28 April 2025)

	Direct Interest	%	Deemed Interest	%
Tidal New Energy Investment Pte. Ltd.	–	–	160,967,600 <sup>(1)</sup>	26.37
Teng Choon Kiat	–	–	160,967,600 <sup>(2)</sup>	26.37
Ng Han Kok	21,537,700	3.53	94,146,953 <sup>(3)</sup>	15.42
Stone Robert Alexander	31,801,000	5.21	19,720,000 <sup>(4)</sup>	3.23
Lim Peng Chuan Terence	–	–	31,030,700 <sup>(5)</sup>	5.08
Khoo Thomas Clive	33,709,000	5.52	–	–

Notes:

- (1) Tidal New Energy Investment Pte. Ltd. (“Tidal”) is deemed interested in the 160,967,600 shares registered under CGS International Securities Singapore Pte. Ltd. (formerly known as CGS-CIMB Securities (Singapore) Pte. Ltd.) and held on behalf of Tidal.
- (2) Teng Choon Kiat holds not less than 20% of the voting rights of Tidal. Accordingly, Teng Choon Kiat is deemed to be interested in the 160,967,600 shares held by Tidal in the Company.

(Source: company annual report)

- (i) **Can the director/company clarify if shareholding structure above (as shown on page 151 of the annual report) is accurate given that the announcement stated that the shares have been “*transferred back to Teng Choon Kiat*”?**
- (ii) **Does Tidal New Energy Investment Pte. Ltd. currently hold any shares in the company? How does this affect the company’s proposed acquisition given that in the 4 September 2024 announcement, Jiang Haiyong was said to hold 60% shareholding interest in Tidal New Energy Investment Pte. Ltd. and 95% shareholding interest in Synertech?**

<sup>1</sup> [https://links.sgx.com/FileOpen/\\_eFORM1V2\\_NHK\\_finalised.ashx?App=Announcement&FileID=776666](https://links.sgx.com/FileOpen/_eFORM1V2_NHK_finalised.ashx?App=Announcement&FileID=776666)

<sup>2</sup> [https://links.sgx.com/FileOpen/\\_eFORM1V2\\_NHK\\_finalised.ashx?App=Announcement&FileID=777394](https://links.sgx.com/FileOpen/_eFORM1V2_NHK_finalised.ashx?App=Announcement&FileID=777394)

<sup>3</sup>

[https://links.sgx.com/FileOpen/\\_eFORM1V2%20Teng%20Choon%20Kiat.ashx?App=Announcement&FileID=768261](https://links.sgx.com/FileOpen/_eFORM1V2%20Teng%20Choon%20Kiat.ashx?App=Announcement&FileID=768261)

<sup>4</sup>

[https://links.sgx.com/FileOpen/\\_eFORM1V2\\_Teng%20Choon%20Kiat.ashx?App=Announcement&FileID=830947](https://links.sgx.com/FileOpen/_eFORM1V2_Teng%20Choon%20Kiat.ashx?App=Announcement&FileID=830947)

- (iii) **What role did the executive chairman play in the proposed acquisition, and is he considered an interested person? Are there other related corporate actions involving Tidal New Energy Investments Pte. Ltd. and Synertech Group Co., Pte. Ltd.? If so, what safeguards will the independent directors implement to protect the company and minority shareholders' interests?**

Separately, Mr Teng Choon Kiat will be retiring at the forthcoming annual general meeting and will be seeking his re-appointment.

- (iv) **Would the director affirm his long-term commitment to the group given that he entered into a sale and purchase agreement to divest his entire shareholding? Would the attempted divestment, and the sale of shares by the CEO, signal a lack of alignment with or confidence in the group's long-term prospects?**

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

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