

CIRCULAR DATED 13 JULY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by TSH Corporation Limited (“**Company**”).

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your ordinary shares in the capital of the Company, please forward this Circular, the notice of the extraordinary general meeting (“**EGM**”) of the Company and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms Tan Pei Woon (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.



TSH CORPORATION LIMITED

Company Registration No.: 200003865N
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED DISPOSAL OF THE COMPANY’S ENTIRE SHAREHOLDING IN WOW TECHNOLOGIES (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES AS A MAJOR TRANSACTION (“PROPOSED WOW DISPOSAL”);**
- (2) **THE PROPOSED DISPOSAL OF STARMO INTERNATIONAL PTE. LTD.’S ENTIRE SHAREHOLDING IN EXPLOMO TECHNICAL SERVICES PTE LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION (“PROPOSED EXPLOMO DISPOSAL”); AND**
- (3) **THE PROPOSED DISPOSAL OF THE COMPANY’S FREEHOLD INDUSTRIAL LAND AND BUILDING AS A MAJOR TRANSACTION (“PROPOSED PROPERTY DISPOSAL”).**

(COLLECTIVELY, the “PROPOSED DISPOSALS”)

*Independent Financial Adviser to the Independent Directors in respect
of the Proposed Explomo Disposal*



PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	26 July 2016 at 3.30 p.m.
Date and time of Extraordinary General Meeting	:	28 July 2016 at 3.30 p.m.
Place of Extraordinary General Meeting	:	62 Burn Road #06-01 Singapore 369976

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

- “Act”** : The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
- “Anthony”** : Mr. Lye Chee Fei Anthony, the Group Chief Executive Officer, executive Director and the Controlling Shareholder of the Company
- “Associate”** : (a) In relation to any Director, chief executive officer, the Substantial Shareholder or the Controlling Shareholder (being an individual) means:
- (i) his Immediate Family;
 - (ii) the trustee of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company
- “Board”** : The board of directors of the Company for the time being
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- “Catalist”** : The sponsored-supervised board of the SGX-ST
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to the Shareholders dated 13 July 2016 in relation to the Proposed Disposals
- “Company”** : TSH Corporation Limited, a company incorporated in the Republic of Singapore and having its registered office at 62 Burn Road #06-01 Singapore 369976

“Controlling Shareholder”	: a person who:
	(a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
	(b) in fact exercises control over the Company
“Directors”	: The directors of the Company for the time being
“EGM”	: The extraordinary general meeting of the Company to be convened on 28 July 2016, notice of which is set out on page 52 of this Circular
“Entity at Risk”	: the Company;
	(a) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or
	(b) an Associated Company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the Associated Company
“EPS”	: Earnings per Share
“Exact Solution”	: Exact Solution Management Ltd.
“Explomo”	: Explomo Technical Services Pte Ltd, a wholly-owned subsidiary of Starmo and an indirect wholly-owned subsidiary of the Company
“Explomo Completion”	: Has the meaning ascribed to it in paragraph 4.1 of this Circular
“Explomo Consideration”	: Has the meaning ascribed to it in paragraph 4.1 of this Circular
“Explomo SPA”	: Has the meaning ascribed to it in paragraph 2.1.2 of this Circular
“Explomo Valuation Reports”	: Has the meaning ascribed to it in paragraph 4.1 of this Circular
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries
“IFA”	: Provenance Capital Pte. Ltd., being the independent financial adviser to the Independent Directors in respect of the Proposed Explomo Disposal
“Immediate Family”	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Directors”	: Mr. Wong Weng Foo John, Mr. Tan Dah Ching and Mr. Teo Kok Woon, who are considered independent in relation to the Proposed Explomo Disposal

“Interested Person”	: Means:
	(a) A Director, chief executive officer, or Controlling Shareholder of the Company; or
	(b) An Associate of any such Director, chief executive officer or Controlling Shareholder
“Interested Person Transaction”	: Means a transaction between the Entity at Risk and an Interested Person
“Independent Shareholders”	: The Shareholders other than Anthony and his Associates
“JLL”	: Jones Lang LaSalle Property Consultants Pte Ltd
“Latest Practicable Date”	: 7 July 2016, being the latest practicable date prior to the printing of this Circular
“MAS”	: Monetary Authority of Singapore
“NAV”	: Net assets value
“NTA”	: Net tangible assets
“Property”	: The freehold light industrial building located at 62 Burn Road Singapore 369976, comprised in the whole of Land Lot No. 99837K of Mukim 24
“Property Completion”	: Has the meaning ascribed to it in paragraph 5.1(b) of this Circular
“Property Completion Date”	: Has the meaning ascribed to it in paragraph 5.2 of this Circular
“Property SPA”	: Has the meaning ascribed to it in paragraph 2.1.3 of this Circular
“Proposed Businesses Disposals”	: The Proposed Explomo Disposal and the Proposed Wow Disposal
“Proposed Disposals”	: The Proposed Explomo Disposal, the Proposed Wow Disposal and the Proposed Property Disposal
“Proposed Explomo Disposal”	: Has the meaning ascribed to it in paragraph 2.1.2 of this Circular
“Proposed Property Disposal”	: Has the meaning ascribed to it in paragraph 2.1.3 of this Circular
“Proposed Starmo Disposal”	: Has the meaning ascribed to it in paragraph 2.1.1(ii) of this Circular
“Property Valuation Report”	: Has the meaning ascribed to it in paragraph 5.1 of this Circular
“Proposed Wow Disposal”	: Has the meaning ascribed to it in paragraph 2.1.1(i) of this Circular
“Securities Account”	: Securities account maintained by a Depositor with CDP
“Securities and Futures Act”	: Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shares”	: Ordinary shares in the capital of the Company

“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose direct securities accounts maintained with CDP are credited with the Shares and any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Sponsor”	: SAC Capital Private Limited
“Starmo”	: Starmo International Pte. Ltd., a wholly-owned subsidiary of the Company
“Substantial Shareholder”	: A person (including a corporation) who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares of the Company
“Valuer”	: AVA Associates Limited
“Wow Completion”	: Has the meaning ascribed to it in paragraph 3.1(b) of this Circular
“Wow SPA”	: Has the meaning ascribed to it in paragraph 2.1.1(i) of this Circular
“Wow Technologies”	: Wow Technologies (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company

Currencies, Units and Others

“S\$”	: Singapore dollars, being the lawful currency of the Republic of Singapore
“US\$”	: United States dollars, being the lawful currency of the United States of America
“%”	: Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act. The term “subsidiary” shall have the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, Securities and Futures Act, the Catalist Rules or any modification thereof and used in this Circular shall have the same meaning assigned to it under the Act, Securities and Futures Act, the Catalist Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

TSH CORPORATION LIMITED

Company Registration No.: 200003865N
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

Board of Directors:

Lye Chee Fei Anthony (Chief Executive Officer and Executive Director)
Wong Weng Foo John (Non-Executive Chairman and Independent Director)
Tan Dah Ching (Non-Executive and Independent Director)
Teo Kok Woon (Non-Executive Director)

Registered office:

62 Burn Road
#06-01
Singapore 369976

13 July 2016

To: The Shareholders of TSH Corporation Limited

Dear Sir/Madam

- (1) **THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN WOW TECHNOLOGIES (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES AS A MAJOR TRANSACTION**
- (2) **THE PROPOSED DISPOSAL OF STARMO INTERNATIONAL PTE. LTD.'S ENTIRE SHAREHOLDING IN EXPLOMO TECHNICAL SERVICES PTE LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION**
- (3) **THE PROPOSED DISPOSAL OF THE COMPANY'S FREEHOLD INDUSTRIAL LAND AND BUILDING AS A MAJOR TRANSACTION**

(COLLECTIVELY, THE "PROPOSED DISPOSALS")

1. INTRODUCTION

The Board is convening the EGM to seek the approval of Shareholders in relation to the following:

- (a) The Proposed Wow Disposal as a major transaction pursuant to Chapter 10 of the Catalist Rules;
- (b) The Proposed Explomo Disposal as an Interested Person Transaction and a major transaction pursuant to Chapter 9 and Chapter 10 of the Catalist Rules, respectively; and
- (c) The Proposed Property Disposal as a major transaction pursuant to Chapter 10 of the Catalist Rules.

The purpose of this Circular is to provide Shareholders with relevant information relating to and the rationale for each of the Proposed Disposals, to convey to Shareholders the advice of the IFA (as set out in Appendix 1 of this Circular), as well as to seek the Shareholders' approval at the EGM. Each of the Proposed Disposals will be subject to the approval of the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, as ordinary resolutions.

2. THE PROPOSED DISPOSALS

2.1 Background on the Proposed Disposals

2.1.1 On 28 April 2016, the Company made an announcement (“**April Announcement**”) that it had entered into the following:

- (i) sale and purchase agreement (“**Wow SPA**”) with Exact Solution, pursuant to which the Company has agreed to dispose of its entire shareholding interest in Wow Technologies together with its subsidiaries (“**Wow Group**”) to Exact Solution for a cash consideration of US\$2.40 million (approximately S\$3.24 million based on an exchange rate of US\$1.00: S\$1.3491 as at 27 April 2016, being the date prior to the April Announcement (“**Exchange Rate**”)) (“**Proposed Wow Disposal**”); and
- (ii) non-binding term sheet (“**Term Sheet**”) with Anthony, pursuant to which the Company will dispose of its entire shareholding interest (“**Starmo Shares**”) in Starmo together with its subsidiaries (“**Starmo Group**”) to Anthony for a cash consideration to be agreed by the Company and Anthony and which shall be subject to a valuation report to be prepared and issued by an independent valuer. The Term Sheet is subject to Anthony and the Company entering into a definitive sale and purchase agreement (“**Proposed Starmo Disposal**”).

2.1.2 On 13 June 2016, the Company made an announcement that Starmo had entered into a sale and purchase agreement with Anthony (“**Explomo SPA**”) to dispose of its entire shareholding interest in Explomo to Anthony for a cash consideration of S\$3.012 million (“**Proposed Explomo Disposal**”).

The Proposed Explomo Disposal has replaced the intended Proposed Starmo Disposal. Starmo is an investment holding company which, as at the Latest Practicable Date, holds 100% shareholding interest in Explomo, Explomo Magic Pte Ltd (“**Explomo Magic**”) and TechnoPlus Pte Ltd (“**TechnoPlus**”) respectively. Explomo is the only operating entity of the Company’s homeland security services business, while Explomo Magic and TechnoPlus are dormant. It is the intention of the Company to wind up or strike off Starmo, Explomo Magic and TechnoPlus after the completion of the Proposed Explomo Disposal. Therefore, there will not be any material differences between the Proposed Starmo Disposal and the Proposed Explomo Disposal.

2.1.3 On 7 July 2016, the Company made an announcement that the Company had entered into a sale and purchase agreement (“**Property SPA**”) with Singapore Shenguan Pte. Ltd. (“**Shenguan**”) to dispose of the Property to Shenguan for a cash consideration of S\$16.10 million (“**Proposed Property Disposal**”).

2.1.4 The Company had first mentioned its intention to dispose of the Property in its unaudited full year financial results announcement for FY2015 (“**Results Announcement**”) and had accordingly classified the Property under “Asset held for Sale” in the Results Announcement and later the audited consolidated financial statements of the Group for FY2015.

2.1.5 If the Company has not acquired any land or property for its property business or any other businesses before the completion of the Proposed Businesses Disposals, the Company will cease to have any operating business and its assets would comprise substantially cash. Accordingly, the Company will be deemed as a cash company under Rule 1017 of the Catalist Rules. The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the Shares.

2.1.6 The Proposed Wow Disposal, the Proposed Explomo Disposal and the Proposed Property Disposal are three (3) separate transactions and are not inter-conditional.

2.2 Information of the Wow Group, Explomo and the Property

2.2.1 The Wow Group

The consumer electronic products business of the Company is operated by the Wow Group.

Wow Technologies, the wholly-owned subsidiary of the Company, was incorporated in Singapore on 26 March 2010 with an issued and paid-up capital of S\$2,000,000 consisting of 2,000,000 ordinary shares, and its principal business activities are investment holding, the design, development and trading of consumer electronic products.

Wow Technologies has three (3) wholly-owned direct and indirect subsidiaries (“**Wow Subsidiaries**”) as below:

Name	Number of issued shares
Tracker Shine Limited	50,000
Aegis Acoustics, Inc.	1,000
Vigorhood Photoelectric Shenzhen Co., Ltd (held through Tracker Shine Limited)	30,000,000

As at the Latest Practicable Date, the Wow Subsidiaries do not have any operations and Wow Technologies is the only operating entity of the consumer electronic products business of the Company.

Based on the audited consolidated financial statements of the Group for FY2015, the NAV and NTA value attributable to the Wow Group as at 31 December 2015 amounted to approximately S\$3.59 million and S\$3.38 million respectively. The net loss attributable to the Wow Group for FY2015 was approximately S\$2.73 million.

2.2.2 Explomo

Explomo was incorporated in Singapore on 2 December 1988 with an issued and paid-up capital of S\$1,500,000 consisting of 1,500,000 ordinary shares and carries out the following businesses:

- (a) Defence related materials disposal and recycling services;
- (b) Land remediation services;
- (c) Security consultancy services;
- (d) Civil defence shelter services; and
- (e) Supply and choreography of pyrotechnic and firework displays.

Based on the audited consolidated financial statements of the Group for FY2015, the NAV and NTA value attributable to Explomo as at 31 December 2015 amounted to approximately S\$5.25 million. The net profit attributable to Explomo for FY2015 was approximately S\$0.40 million.

2.2.3 The Property

The Property is a 7-storey freehold light industrial building with a site area of approximately 987 square meters and a gross floor area of approximately 2,202 square meters. It is used to headquarter the Company’s offices and business operations. The Group currently occupies one floor of the Property and part of the ground floor while the rest of the floor space are either leased out to third parties or are not occupied.

Based on the audited consolidated financial statements of the Group for FY2015, the book value attributable to the Property as at 31 December 2015 amounted to approximately S\$8.72 million and the net profit attributable to the Property for FY2015 was approximately S\$0.21 million (being the net rental income (less related expenses including interest expense on the mortgage loan for the Property) of the Property).

2.3 Information on Exact Solution, Anthony and Shenguan

Information on Exact Solution

Exact Solution is a company incorporated in the British Virgin Islands (“BVI”) and having its registered office at Morgan & Morgan Property, P.O. Box 958, Pasea Estate, Road Town, Tortola, BVI. Exact Solution is primarily engaged in the business of product sales, management, development, distribution and marketing, and is an unrelated third party to the Company.

The Company, its subsidiaries, the Directors and Controlling Shareholders are not related to Exact Solution.

Information on Anthony

Anthony is the Group Chief Executive Officer, executive Director and Controlling Shareholder of the Company. As at the Latest Practicable Date, he holds in aggregate 16.6% (direct and deemed) shareholding interest in the Company. Accordingly, Anthony is considered as an Interested Person as defined under Chapter 9 of the Catalist Rules. Please see paragraph 9 below for further details on the Proposed Explomo Disposal as an Interested Person Transaction.

Information on Shenguan

Shenguan is a company incorporated in Singapore and having its registered office at 9 Temasek Boulevard #14-01, Suntec Tower Two Singapore 038989. Shenguan is primarily engaged in the manufacturing of pharmaceutical intermediates and fine chemicals for human use, and general wholesale trade. It is an unrelated third party to the Company.

The Company, its subsidiaries, the Directors and Controlling Shareholders are not related to Shenguan.

3. INFORMATION ON THE PROPOSED WOW DISPOSAL

3.1 Consideration for the Proposed Wow Disposal

The consideration (“**Wow Consideration**”) for the Proposed Wow Disposal shall be at the sum of US\$2.40 million (approximately S\$3.24 million based on the Exchange Rate), which shall be satisfied in cash as follows:

- (a) the sum of US\$0.48 million on the date of signing of the Wow SPA; and
- (b) the sum of US\$1.92 million on the date of completion of the Proposed Wow Disposal (“**Wow Completion**”).

There has not been any valuation commissioned on the Wow Group and the Wow Consideration was negotiated on an arm’s length basis with Exact Solution, and arrived at on a willing-buyer, willing-seller basis, taking into consideration the unaudited NAV of the Wow Group as at 31 March 2016 of US\$2.40 million (approximately S\$3.24 million based on the Exchange Rate).

3.2 Salient Terms of the Wow SPA

The Wow Completion shall be conditional upon the following occurring on or being confirmed, fulfilled or procured (as the case may be) by the Company and/or Exact Solution (as the case may be) on or before the date of Wow Completion:

- (a) if necessary, the approval of the Shareholders being obtained at the EGM for the Proposed Wow Disposal;

- (b) all necessary approvals, consents and waivers of the SGX-ST and all relevant governmental and regulatory authorities or bodies required to complete the Wow SPA and all transactions contemplated under the Wow SPA, in relation to the Proposed Wow Disposal, being obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect the Company or Exact Solution, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before the Wow Completion, such conditions being fulfilled before the Wow Completion; and
- (c) the warranties of the Company and Exact Solution remaining true and correct at all times from execution of the Wow SPA until (and including at) the Wow Completion.

4. INFORMATION ON THE PROPOSED EXPLOMO DISPOSAL

4.1 Consideration for the Proposed Explomo Disposal

The consideration for the Proposed Explomo Disposal shall be at the sum of S\$3.012 million (“**Explomo Consideration**”), payable in cash on the date of the completion of the Proposed Explomo Disposal (“**Explomo Completion**”).

The Explomo Consideration was arrived at after arm’s length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the Explomo Valuations (as defined herein) and the unaudited NAV of Explomo as at 1 April 2016 of S\$2.97 million, which has reflected the dividend declared by Explomo to Starmo on 1 April 2016.

The Company has commissioned the Valuer to carry out valuation on Explomo and certain machinery and equipment belonging to Explomo (“**Equipment**”). The income approach and cost approach were adopted by the Valuer for the valuation of Explomo and the Equipment respectively. Based on the valuation reports prepared by the Valuer on Explomo and the Equipment (“**Explomo Valuation Reports**”), the value of Explomo and the fair value of Equipment as at 1 April 2016 were S\$3.012 million and zero respectively (“**Explomo Valuations**”).

4.2 Salient Terms of the Explomo SPA

The Explomo Completion shall be conditional upon the following occurring on or being confirmed, fulfilled or procured (as the case may be) by Starmo and/or Anthony (as the case may be) on or before the date of the Explomo Completion:

- (a) if necessary, the approval of the Shareholders being obtained at an EGM for the Proposed Explomo Disposal;
- (b) all necessary approvals, consents and waivers of the SGX-ST and all relevant governmental and regulatory authorities or bodies required to complete the Explomo SPA and all transactions contemplated under the Explomo SPA, in relation to the Proposed Explomo Disposal, being obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect either Starmo or Anthony, such conditions being acceptable to either Starmo or Anthony, and if such conditions are required to be fulfilled before the Explomo Completion, such conditions being fulfilled before the Explomo Completion; and
- (c) the warranties of Starmo and Anthony remaining true and correct at all times from execution of the Explomo SPA until (and including at) the Explomo Completion.

4.3 Interested Person Transaction

As at the Latest Practicable Date, Anthony holds in aggregate 16.6% (direct and deemed) shareholding interest in the Company. Accordingly, he is considered as an Interested Person as defined under Chapter 9 of the Catalist Rules and the Proposed Explomo Disposal is defined as an Interested Person Transaction. Please see paragraph 9 below for further details on the Proposed Explomo Disposal as an Interested Person Transaction.

5. INFORMATION ON THE PROPOSED PROPERTY DISPOSAL

5.1 Consideration for the Proposed Property Disposal

The consideration for the Proposed Property Disposal shall be for the sum of S\$16,100,000.00 (“**Property Consideration**”), exclusive of Goods and Services Tax (“**GST**”), which shall be satisfied in cash as follows:

- (a) A deposit of S\$805,000.00 (equivalent to 5.0% of the Property Consideration) (“**Deposit**”) shall be paid by Shenguan to the Company in the following manner:
 - i. A sum of S\$154,205.61 and GST thereon shall be paid via cheque, cashier’s order(s) or telegraphic transfer on or prior to the signing of the Property SPA; and
 - ii. The balance sum of S\$650,794.39 and GST thereon to be paid via cashier’s order(s) drawn on a local bank licensed and operating in Singapore or telegraphic transfer within two (2) weeks from the signing of the Property SPA.
- (b) The balance of the Property Consideration of S\$15,295,000 and GST thereon shall be paid by Shenguan to the Company upon completion of the Proposed Property Disposal (“**Property Completion**”) pursuant to the terms and conditions of the Property SPA.

The Property Consideration was arrived at after arm’s length negotiations on a willing buyer-willing seller basis, after taking into account, *inter alia*, the Property Valuation (as defined herein).

The Company has commissioned JLL to carry out a valuation on the Property. The valuation was based on direct comparison with recent transactions of comparable properties within the vicinity. Based on the valuation report prepared by JLL on the Property (“**Property Valuation Report**”), the market value of the Property as at 3 May 2016 was S\$16.00 million (“**Property Valuation**”).

5.2 Property Completion

The Proposed Property Disposal shall be completed at the office of the Company’s solicitors within four (4) weeks after the Shareholders’ approval has been obtained by the Company (the “**Property Completion Date**”).

5.3 Salient Terms of the Property SPA

- (a) The Proposed Property Disposal is subject to, *inter alia*, the Company obtaining the Shareholders’ approval at the EGM within twelve (12) weeks of the date of the Property SPA (“**Target Date**”) or such other dates as the Company and Shenguan may agree in writing.
- (b) Without prejudice to any other provisions in the Property SPA, in the event that the Company does not obtain the Shareholders’ approval by the Target Date, either the Company or Shenguan may, but shall not be obliged to, rescind the Property SPA by giving written notice to the other party, and upon such rescission:
 - (i) the Deposit shall be refunded to Shenguan without interest, and Shenguan shall forthwith return to the Company or the Company’s solicitors all title, deeds and documents in respect of the Property without any claim or lien whatsoever, and Shenguan shall at its own costs and expenses withdraw any caveat(s) and cancel any entries relating to the Property lodged with the Singapore Land Authority by Shenguan or any person claiming under Shenguan; and
 - (ii) the Company and Shenguan shall bear its own legal costs and expenses in the matter, and save for the refund of the Deposit and in respect of any antecedent breach of the Property SPA, neither the Company or Shenguan shall have any claim or demand against the other party for damages, costs or otherwise arising out of or in connection with the Property SPA.

- (c) Shenguan shall on the Property Completion lease to the Company the floor space of a storey and part of the ground floor of the Property, representing the floor space that are currently occupied by the Group, upon the Property Completion for a term of three (3) months or shorter period commencing on the Property Completion Date, subject to and on the terms and conditions of the lease agreement to be entered into between Shenguan (as landlord) and the Company (as tenant) in the agreed form set out in the Property SPA.

6. RATIONALE FOR THE PROPOSED DISPOSALS

6.1 Rationale For the Proposed Businesses Disposals

(a) Declining Financial Performance

The Directors are of the view that the projected rate of returns of investment in the consumer electronic products business has not materialised. This has arisen due to factors such as unfavourable market conditions as well as intense competition in the United States of America, which is the core market of its consumer electronic products business. The consumer electronic products business has been deteriorating in the past two (2) financial years with lower profitability over the years. The business reported declining revenues of S\$31.84 million, S\$14.89 million and S\$7.66 million, and profit before taxation of S\$2.29 million, S\$0.19 million and loss before taxation of S\$1.64 million (after eliminating intercompany loan adjustment) for the past three (3) financial years from FY2013 to FY2015 respectively. As such, the Directors are of the view that it will be in the interests of the Company and the Shareholders that the Proposed Wow Disposal is carried out.

The Directors are also of the view that the projected rate of returns of investment in the homeland security services business has not materialised. The revenue and profitability of the homeland security services business had shown a declining trend from FY2013 to FY2015. The revenue of the business for the past three (3) financial years from FY2013 to FY2015 were S\$18.11 million, S\$7.72 million and S\$7.08 million respectively, while the profit before taxation were S\$1.20 million, S\$0.56 million and S\$0.36 million respectively, amidst the absence of significant local projects and an inability to secure major overseas projects. In addition, the Directors consider the Explomo Consideration, which represents a premium of 1.6% above the unaudited NAV of Explomo as at 1 April 2016, to be reasonable. As such, the Directors are also of the view that it will be in the interests of the Shareholders that the Proposed Explomo Disposal is carried out.

(b) Low Trading Activity

In addition, the trading liquidity of the Company's Shares was low, with an average daily trading volume of approximately 0.21 million Shares, or 0.09% of the total issued share capital of the Company, for the period from 1 April 2015 to 31 March 2016 (being the 12 months before the April Announcement was made). The Board has also taken into consideration the historical trading performance of the Company's Shares on the SGX-ST and believes that the Proposed Businesses Disposals would give the Shareholders an opportunity to realise the fair value of the Company's existing businesses at a higher value than the Company's weighted average share price of between S\$0.0594 and S\$0.0903 for the period from 1 April 2015 to 31 March 2016.

(c) Opportunity for New Business

Having regards to the terms and timing of the Proposed Businesses Disposals, the Board is of the view that the Company would benefit from the Proposed Businesses Disposals as it is an opportune and appropriate time for the Company to dispose of its existing businesses for a satisfactory consideration and to consider new operating businesses with good growth potential. Such new businesses and/or assets could potentially enable the Company to increase its market capitalisation and widen the investor base for its shares, thereby leading to an overall increase in investor interest and improve trading liquidity, ultimately enhancing the Shareholders' value moving ahead.

6.2 Rationale for the Proposed Property Disposal

Realising Value

The Company has, in its Results Announcement, its announcement in response to trading query by the SGX-ST dated 1 April 2016, and the April Announcement, highlighted its intention to dispose of the Property, and has classified the Property as “Assets Held For Sale” under current assets in the Results Announcement and its audited consolidated financial statements of the Group for FY2015. The Board considers the Property Consideration, which is at a slight premium above the Property Valuation, to be attractive, given the current outlook of the property market in Singapore. The Board is of the view that the Proposed Property Disposal is opportune and will unlock its value in the Group’s balance sheet given that the Property is currently carried at cost less accumulated depreciation.

- 6.3 In light of the above reasons, the Directors are of the view that it will be in the best interests of the Shareholders that the Proposed Disposals be carried out.

7. USE OF PROCEEDS

- 7.1 The net proceeds from the Proposed Wow Disposal (“**Net Wow Proceeds**”), the Proposed Explomo Disposal (“**Net Explomo Proceeds**”) and the Proposed Property Disposal (“**Net Property Proceeds**”), after deducting fees and expenses, are approximately S\$3.22 million, S\$2.78 million and S\$15.90 million respectively (collectively, the “**Net Disposals Proceeds**”).

- 7.2 The loss on the Proposed Wow Disposal and the deficit of the Net Wow Proceeds over the book value of the Wow Group as at 31 December 2015 are approximately S\$0.37 million. The loss on the Proposed Wow Disposal and deficit of the Net Wow Proceeds over the book value of the Wow Group as at 31 March 2016 are approximately S\$0.02 million.

- 7.3 Based on the NAV of Explomo as at 31 December 2015 and after taking into consideration the goodwill arising from the investment in Explomo, the loss on the Proposed Explomo Disposal is approximately S\$4.23 million. The deficit of the Net Explomo Proceeds over the NAV of Explomo as at 31 December 2015 is approximately S\$2.47 million. Based on the NAV of Explomo as at 1 April 2016 and after taking into consideration the goodwill arising from the investment in Explomo, the loss on the Proposed Explomo Disposal is approximately S\$1.94 million. The deficit of the Net Explomo Proceeds over the NAV of Explomo as at 1 April 2016 is approximately S\$0.18 million.

- 7.4 Based on the book value of the Property of S\$8.72 million as at 31 December 2015 and 31 March 2016, the gain on the Proposed Property Disposal and excess of the Net Property Proceeds over the book value of the Property is approximately S\$7.18 million.

- 7.5 It is the present intention of the Board to distribute the Net Wow Proceeds and Net Explomo Proceeds by way of a cash distribution (“**Cash Distribution**”) via a proposed capital reduction exercise (“**Proposed Capital Reduction**”). Prior to the Proposed Capital Reduction, the Company will seek the necessary approvals (including approval of the Shareholders and approval of relevant regulatory authorities) in accordance with the applicable laws and regulations.

- 7.6 The Board intends to use part of the Net Property Proceeds as follows:

- (a) approximately S\$7.50 million towards the repayment of an existing bank loan; and
- (b) approximately S\$4.50 million towards the discharge of the mortgage on the Property.

The remaining Net Property Proceeds upon the repayment of the existing bank loan and the discharge of the mortgage on the Property will amount to approximately S\$3.90 million (“**Remaining Net Property Proceeds**”). The Board is still considering and finalising the specific uses for the Remaining Net Property Proceeds and no specific usage has been envisaged by the Company.

- 7.7 Subject to the Shareholders' approval for the Proposed Disposals, in the event that the Company is unable to obtain the necessary approvals (including the approval of the Shareholders and approval of relevant regulatory authorities) in accordance with the applicable laws and regulations for the Cash Distribution and the Proposed Capital Reduction, the Company will consider other uses for the Net Disposals Proceeds and the Company may assess its options available and seek opportunities to acquire new assets and businesses to satisfy the SGX-ST listing requirements (subject to the requirements under Rule 1017 of the Catalist Rules) and use the Net Disposals Proceeds for operating expenses.
- 7.8 The Company will make the necessary announcements when there are updates to the Cash Distribution, the Proposed Capital Reduction or other uses of the Net Disposals Proceeds.

8. THE PROPOSED DISPOSALS AS MAJOR TRANSACTIONS

8.1 The Proposed Businesses Disposals

In determining whether a transaction falls within which category of Rule 1004 of the Catalist Rules, Rule 1005 of the Catalist Rules states that the Sponsor may aggregate separate transactions completed within the last twelve (12) months and treat them as if they were one (1) transaction.

Pursuant to Rule 1005 of the Catalist Rules, the Explomo Disposal is aggregated with the Wow Disposal for the purposes of determining the relative figures under Rule 1006 of the Catalist Rules. The relative figures for the Proposed Businesses Disposals computed on the bases set out in Rule 1006 of the Catalist Rules and based on the latest audited consolidated financial statements of the Group for FY2015 are as follows:

Bases of Calculation	The Proposed Businesses Disposals (S\$'000)	The Group (S\$'000)	Size of Relative Figures (%)
Rule 1006(a) The NAV of the assets to be disposed of, compared with the Group's NAV.	8,835	39,908	22.1
Rule 1006(b) The net loss attributable to the assets disposed of, compared with the Group's net loss.	(2,374)	(204) ⁽¹⁾	1,161.3
Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	6,250 ⁽²⁾	28,853 ⁽³⁾	21.7
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable. No equities securities were issued.	Not Applicable. No equities securities were issued.	Not Applicable. No equities securities were issued.

Bases of Calculation	The Proposed Businesses Disposals (S\$'000)	The Group (S\$'000)	Size of Relative Figures (%)
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved 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. The Proposed Businesses Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Businesses Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Businesses Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) The net loss of the Group for FY2015 has excluded the exceptional items of approximately S\$6.86 million.
- (2) Includes the Wow Consideration of S\$3.24 million based on the Exchange Rate.
- (3) Based on the Company's market capitalisation of S\$28.85 million (determined by multiplying the number of Company's issued ordinary share capital of 240,443,565 Shares and the volume weighted average price of the Shares of S\$0.12 on 10 June 2016, being the last market day preceding the date of the Explomo SPA, on which the Shares were traded on the SGX-ST).

As the relative figure for the Proposed Businesses Disposals calculated under Rule 1006(b) of the Catalist Rules exceeds 50%, the Proposed Businesses Disposals are considered as major transactions under Rule 1014 of the Catalist Rules, and are therefore subject to the Shareholders' approval at the EGM.

8.2 The Proposed Property Disposal

The relative figures for the Proposed Property Disposal computed on the bases set out in Rule 1006 of the Catalist Rules and based on the latest audited consolidated financial statements of the Group for FY2015 are as follows:

Bases of Calculation	The Proposed Property Disposal (S\$'000)	The Group (S\$'000)	Size of Relative Figures (%)
Rule 1006(a) The NAV of the assets to be disposed of, compared with the Group's NAV.	8,718	39,908	21.8
Rule 1006(b) The net profit attributable to the assets disposed of, compared with the Group's net loss.	214 ⁽¹⁾	(204) ⁽²⁾	(104.5)
Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	16,100	28,685 ⁽³⁾	56.1

Bases of Calculation	The Proposed Property Disposal (S\$'000)	The Group (S\$'000)	Size of Relative Figures (%)
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable. No equities securities were issued.	Not Applicable. No equities securities were issued.	Not Applicable. No equities securities were issued.
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved 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. The Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) This represents the net rental income (less related expenses including interest expense on the mortgage loan for the Property) of the Property.
- (2) The net loss of the Group for FY2015 has excluded the exceptional items of approximately S\$6.86 million.
- (3) Based on the Company's market capitalisation of S\$28.68 million (determined by multiplying the number of Company's issued ordinary share capital of 240,443,565 shares and the volume weighted average price of the Company's Shares of S\$0.1193 on 5 July 2016, being the last market day preceding the date of the Property SPA, on which the Shares of the Company were traded on the SGX-ST).

As the relative figure calculated under Rule 1006(c) of the Catalist Rules for the Proposed Property Disposal exceeds 50%, the Proposed Property Disposal is considered a major transaction under Chapter 10 of the Catalist Rules, and is therefore subject to the Shareholders' approval at the EGM pursuant to the Act.

8.3 The Proposed Disposals

The Proposed Disposals would constitute disposals of the whole or substantially the whole of the Company's property or undertaking under section 160 of the Act. Accordingly, the Proposed Disposals are subject to the approval of the Shareholders by ordinary resolution at the EGM.

9. THE PROPOSED EXPLOMO DISPOSAL AS AN INTERESTED PERSON TRANSACTION

- 9.1** Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or Associated Companies (known as an "**Entity at Risk**") enters into or proposes to enter into with a party who is an Interested Person of the listed company. The objective of Chapter 9 (as stated in Rule 901 of the Catalist Rules) is to guard against the risk that Interested Persons could influence a listed company, its subsidiaries or Associated Companies to enter into transactions with Interested Persons that may adversely affect the interest of the listed company or its shareholders.

- 9.2** Pursuant to the Proposed Explomo Disposal, Starmo, a wholly-owned subsidiary of the Company, is an Entity at Risk while Anthony is an Interested Person as defined under Chapter 9 of the Catalist Rules in view that Anthony is the Group Chief Executive Officer, executive Director and Controlling Shareholder of the Company. As at the Latest Practicable Date, he holds in aggregate 16.6% (direct and deemed) shareholding interest in the Company. Accordingly, the Proposed Explomo Disposal constitutes an Interested Person Transaction pursuant to Chapter 9 of the Catalist Rules.
- 9.3** In accordance with Rule 906 and 918 of the Catalist Rules, where the value of an Interested Person Transaction, or when aggregate with other transactions entered into with the same Interested Person during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of the Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction, as the case may be.
- 9.4** The Explomo Consideration represents approximately 7.9% of the latest audited NTA of the Group of S\$37.95 million as at 31 December 2015 (the "**2015 Group NTA**"). As the value of the Proposed Explomo Disposal is more than 5% of the 2015 Group NTA, the approval of the Independent Shareholders is required for the Proposed Explomo Disposal pursuant to Rule 906(1)(a) of the Catalist Rules.
- 9.5** Save for the Proposed Explomo Disposal, the Group has not entered into any other Interested Person Transactions (as defined in Chapter 9 of the Catalist Rules) with Anthony and/or his Associates and there are no other Interested Person Transactions entered into by the Company from the period from 1 January 2016 up to the date of this Circular.

10. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Catalist Rules, Anthony and his Associates will abstain from voting in respect of the resolution relating to the Proposed Explomo Disposal. In addition, they will decline to accept nominations to act as proxy for any Independent Shareholder at the EGM unless the Independent Shareholder appointing them has given specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolution relating to the Proposed Explomo Disposal.

Khoo Bee Leng Joanna ("**Joanna**") is the spouse of Anthony. As at the Latest Practicable Date, Joanna is a Controlling Shareholder of the Company holding a direct shareholding interest of 11.2% in the Company and is deemed to be interested in the direct shareholding interest of 5.4% in the Company held by Anthony. Anthony and Joanna, collectively hold 16.6% shareholding interest in the Company as at the Latest Practicable Date. Accordingly, Joanna will abstain from voting in respect of the resolution on the Proposed Explomo Disposal and will also decline to accept nominations to act as proxy for any Independent Shareholder at the EGM unless specific instructions as to voting are given.

11. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS

The *pro forma* financial effects of the Proposed Wow Disposal, the Proposed Explomo Disposal, the Proposed Property Disposal and the Proposed Disposals on the NTA per share and EPS of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2015.

The *pro forma* financial effects of the Proposed Disposals do not necessarily reflect the actual future financial performance and position of the Group immediately after the completion of the Proposed Disposals.

11.1 The Proposed Wow Disposal

NTA

For illustrative purposes, the financial effects of the Proposed Wow Disposal on the NTA per share of the Group as at 31 December 2015, assuming that the Proposed Wow Disposal had been effected on 31 December 2015, are summarized below:

	Before the Proposed Wow Disposal	After the Proposed Wow Disposal
NTA (S\$'000)	37,945	37,780
Number of issued Shares	240,443,565	240,443,565
NTA per Share (Cents)	15.78	15.71

EPS

For illustrative purposes, the financial effects of the Proposed Wow Disposal on the EPS of the Group for FY2015, assuming that the Proposed Wow Disposal had been effected on 1 January 2015, are summarized below:

	Before the Proposed Wow Disposal	After the Proposed Wow Disposal
Loss attributable to the Shareholders (S\$'000)	(6,299)	(3,564) ⁽¹⁾
Weighted average number of Shares	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(1.48)

Note:

- (1) The loss attributable to the Shareholders does not take into consideration the loss on the Proposed Wow Disposal.

11.2 The Proposed Explomo Disposal

NTA

For illustrative purposes, the financial effects of the Proposed Explomo Disposal on the NTA per share of the Group as at 31 December 2015, assuming that the Proposed Explomo Disposal had been effected on 31 December 2015, are summarized below:

	Before the Proposed Explomo Disposal	After the Proposed Explomo Disposal
NTA (S\$'000)	37,945	35,478
Number of issued Shares	240,443,565	240,443,565
NTA per Share (Cents)	15.78	14.76

EPS

For illustrative purposes, the financial effects of the Proposed Explomo Disposal on the EPS of the Group for FY2015, assuming that the Proposed Explomo Disposal had been effected on 1 January 2015, are summarized below:

	Before the Proposed Explomo Disposal	After the Proposed Explomo Disposal
Loss attributable to the Shareholders (S\$'000)	(6,299)	(6,703) ⁽¹⁾
Weighted average number of Shares	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(2.79)

Note:

- (1) The loss attributable to the Shareholders does not take into consideration the loss on the Proposed Explomo Disposal.

11.3 The Proposed Property Disposal

NTA

For illustrative purposes, the financial effects of the Proposed Property Disposal on the NTA per share of the Group as at 31 December 2015, assuming that the Proposed Property Disposal had been effected on 31 December 2015, are summarized below:

	Before the Proposed Property Disposal	After the Proposed Property Disposal
NTA (S\$'000)	37,945	45,127
Number of issued Shares	240,443,565	240,443,565
NTA per Share (Cents)	15.78	18.77

EPS

For illustrative purposes, the financial effects of the Proposed Property Disposal on the EPS of the Group for FY2015, assuming that the Proposed Property Disposal had been effected on 1 January 2015, are summarized below:

	Before the Proposed Property Disposal	After the Proposed Property Disposal
Loss attributable to the Shareholders (S\$'000)	(6,299)	(6,513) ⁽¹⁾
Weighted average number of Shares	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(2.71)

Note:

- (1) The loss attributable to the Shareholders does not take into consideration the gain on the Proposed Property Disposal.

11.4 The Proposed Disposals

NTA

For illustrative purposes, the financial effects of the Proposed Disposals on the NTA per share of the Group as at 31 December 2015, assuming that each of the Proposed Disposals had been effected on 31 December 2015, are summarized below:

	Before the Proposed Disposals	After the Proposed Disposals
NTA (S\$'000)	37,945	42,494
Number of issued Shares	240,443,565	240,443,565
NTA per Share (Cents)	15.78	17.67

EPS

For illustrative purposes, the financial effects of the Proposed Disposals on the EPS of the Group for FY2015, assuming that the Proposed Disposals had been effected on 1 January 2015, are summarized below:

	Before the Proposed Disposals	After the Proposed Disposals
Loss attributable to the Shareholders (S\$'000)	(6,299)	(4,182) ⁽¹⁾
Weighted average number of Shares	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(1.74)

Note:

- (1) The loss attributable to the Shareholders does not take into consideration the net gain on the Proposed Disposals.

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

12.1 The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, based on the information in the Register of Directors and Substantial Shareholders as maintained by the Company, were as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Teo Kok Woon	–	–	68,250,728 ⁽¹⁾	28.39	68,250,728	28.39
Wong Weng Foo John	–	–	7,771,666 ⁽²⁾	3.23	7,771,666	3.23
Cockpit International Pte Ltd	60,567,262	25.19	–	–	60,567,262	25.19
Yeo Gek Lang Susie	–	–	60,567,262 ⁽³⁾	25.19	60,567,262	25.19
Goodearth Realty Pte Ltd	–	–	60,567,262 ⁽³⁾	25.19	60,567,262	25.19
Anthony	13,082,400	5.44	26,846,400 ⁽⁴⁾	11.17	39,928,800	16.61
Joanna	26,846,400	11.17	13,082,400 ⁽⁵⁾	5.44	39,928,800	16.61

Notes:

- (1) Teo Kok Woon is deemed to be interested in 60,567,262 Shares held by Cockpit International Pte Ltd and 7,683,466 Shares held by UOB Kay Hian Private Limited as nominee of Teo Kok Woon.
- (2) Wong Weng Foo John is deemed to be interested in 7,771,666 Shares held by Maybank Kim Eng Securities Pte Ltd as nominee of Wong Weng Foo John.
- (3) 60,567,262 Shares were held in the name of Cockpit International Pte Ltd in which Yeo Gek Lang Susie and Goodearth Realty Pte Ltd are deemed to be interested.
- (4) Anthony is deemed to be interested in 26,846,400 Shares held by Joanna, the spouse of Anthony.
- (5) Joanna is deemed to be interested in 13,082,400 Shares held by Anthony, the spouse of Joanna.

12.2 Save for Anthony, being an Interested Person in the Proposed Explomo Disposal, and Joanna, being the spouse of Anthony, none of the other Directors and Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposals, other than through their respective shareholdings in the Company.

13. THE OPINION OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

Provenance Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors on whether the Proposed Explomo Disposal is on normal commercial terms and whether it is prejudicial to the interests of the Company and the Independent Shareholders. A copy of the IFA letter (“**IFA Letter**”) is set out in its entirety in **Appendix 1** to this Circular. The Shareholders are advised to read the IFA Letter carefully.

In arriving at the opinion in respect of the Proposed Explomo Disposal, the IFA has reviewed and examined all factors which it considers to be pertinent in its assessment, including the following key considerations:

- (a) Rationale for the Proposed Explomo Disposal;

- (b) Assessment of the Explomo Consideration;
- (c) Financial effects of the Proposed Explomo Disposal; and
- (d) Other relevant considerations.

Overall, having considered the above and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Explomo Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

The opinion of the IFA as above, which has also been disclosed in the IFA Letter, is based solely on publicly available information and information provided by the Directors and the management of the Company and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Explomo Disposal. In addition, the opinion of the IFA is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to its views on the Proposed Explomo Disposal.

14. AUDIT COMMITTEE'S STATEMENT

Having reviewed, *inter alia*, the rationale and terms of the Proposed Explomo Disposal and the various factors as set out in the IFA Letter as well as the advice of the IFA in the IFA Letter, the Audit Committee, which comprises Mr. Wong Weng Foo John, Mr. Tan Dah Ching and Mr. Teo Kok Woon, is of the view that the Proposed Explomo Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

The Audit Committee further recommends that any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser and strongly advises Shareholders to read paragraph 4 of this Circular in relation to the Proposed Explomo Disposal carefully.

15. STATUS AS A CASH COMPANY – COMPLIANCE WITH RULE 1017 OF THE CATALIST RULES

15.1 Cash Company

If the Company has not acquired any land or property for its property business or any other businesses before the completion of the Proposed Businesses Disposals, the Company will cease to have any operating business upon completion and will be deemed a cash company under Rule 1017 of the Catalist Rules.

15.2 Rule 1017 of the Catalist Rules

Pursuant to Rules 1017(1) of the Catalist Rules, the Shares would normally be suspended from trading until the Company has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced.

Upon completion of the Proposed Businesses Disposals, the Company will be required to:

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the Company) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS ("**Escrow Account**"). The amount that is placed in the Escrow Account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by the Shareholders and pro-rata distributions to the Shareholders; and
- (b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET.

Taking into account compliance with Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules and pursuant to Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules, the SGX-ST may allow the continued trading in the Shares on a case-by-case basis, subject to:

- (a) contractual undertakings from the Directors, Controlling Shareholders, chief executive officer and their Associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the Shares; and
- (b) the period of the moratorium commencing from date of the EGM, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing,

(collectively, the “**Rule 1017 Moratorium Undertakings**”).

15.3 Continued Trading

The Company intends to maintain its listing status and to continue the trading of the Shares on Catalist and in compliance with Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules, each of the following parties had provided the Company the Rule 1017 Moratorium Undertakings on 8 July 2016:

Directors

- (a) Anthony;
- (b) Wong Weng Foo John; and
- (c) Teo Kok Woon.

Controlling Shareholders

- (a) Joanna;
- (b) Yeo Gek Lang Susie;
- (c) Goodearth Realty Pte Ltd; and
- (d) Cockpit International Pte Ltd.

Pursuant to their respective Rule 1017 Moratorium Undertakings, each of the aforementioned party has undertaken that for the period commencing from the date of the EGM up to and including the completion date of the Company's acquisition of a new business which satisfies the SGX-ST's requirements for a new listing, they shall not, *inter alia*, directly or indirectly, sell, transfer or otherwise dispose of any part of their interests in the Shares.

Tan Dah Ching, a Non-executive and Independent Director of the Company, has not provided a Rule 1017 Moratorium Undertaking as he does not have any direct or indirect interests in any Share as at the Latest Practicable Date.

The Company will, through the Sponsor, submit an application to the SGX-ST for consent for the continued trading of the Shares on Catalist upon completion of the Proposed Disposals. The Company will make further announcements on the outcome of the said application to SGX-ST at the appropriate time.

15.4 Rule 1017 Escrow Requirements

If the Company has not acquired any land or property for its property business or any other businesses before the completion of the Proposed Businesses Disposals, the Company will cease to have any operating business upon completion and will be deemed a cash company under Rule 1017 of the Catalist Rules. On the assumption that the Proposed Disposals are approved at the EGM, the Company will take the necessary steps to comply with the Rule 1017 escrow requirements.

15.5 Prospects of the Company

Apart from the Cash Distribution and the Proposed Capital Reduction, the Company is currently considering all options available after it becomes a cash company. Shareholders will be informed in due course once a definitive decision has been made.

Shareholders should note that pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may, through the Sponsor, apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension shall be subject to the Company providing information to Shareholders on its progress in meeting key milestones in the transaction. In the event that the Company is unable to meet its milestones or complete the relevant acquisition despite the extension granted, no further extension shall be granted and the Company shall be required to delist and a cash exit offer shall be made to Shareholders within six (6) months.

16. DIRECTORS' RECOMMENDATIONS

16.1 The Proposed Wow Disposal

Having fully considered, *inter alia*, the terms of the Proposed Wow Disposal set out in paragraph 3 of this Circular and the rationale for the Proposed Wow Disposal set out in paragraph 6 of this Circular, the Directors are of the opinion that the Proposed Wow Disposal is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Resolution 1 on the Proposed Wow Disposal as set out in the Notice of EGM.

16.2 The Proposed Explomo Disposal

Having fully considered, *inter alia*, the terms of the Proposed Explomo Disposal set out in paragraph 4 of this Circular, the rationale for the Proposed Explomo Disposal set out in paragraph 6 of this Circular, the advice given by the IFA and the views of the Audit Committee as set out in paragraph 14 of this Circular, the Independent Directors are of the opinion that the Proposed Explomo Disposal is in the best interests of the Company, is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the Resolution 2 on the Proposed Explomo Disposal as set out in the Notice of EGM.

16.3 The Proposed Property Disposal

Having fully considered, *inter alia*, the terms of the Proposed Property Disposal set out in paragraph 5 of this Circular and the rationale for the Proposed Property Disposal set out in paragraph 6 of this Circular, the Directors are of the opinion that the Proposed Property Disposal is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Resolution 3 on the Proposed Property Disposal as set out in the Notice of EGM.

17. SERVICE CONTRACTS

There are no directors proposed to be appointed to the Company in connection with each of the Proposed Disposals. Accordingly, there are no service contracts proposed to be entered into between the Company and any such persons.

18. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 52 to 53 of this Circular, will be held at 62 Burn Road #06-01 Singapore 369976 on 28 July 2016 at 3.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

- 19.1** The Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find the Proxy Form attached to this Circular, which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 62 Burn Road #06-01 Singapore 369976 not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he wishes to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.
- 19.2** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the time fixed for the EGM.

20. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

21. CONSENTS

- 21.1** The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which they are included in this Circular.
- 21.2** The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they are included in this Circular.
- 21.3** JLL has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they are included in this Circular.

22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the Shareholders at the registered office of the Company at 62 Burn Road #06-01 Singapore 369976 during normal business hours from the date of this Circular up to 7 October 2016, which is a date falling three (3) months from the date of the announcement in relation to the Proposed Property Disposal:

- (a) the Constitution of the Company;
- (b) the Company's annual report for FY2015;
- (c) the Wow SPA;
- (d) the Explomo SPA;
- (e) the Property SPA;

- (f) the Explomo Valuation Reports;
- (g) the Property Valuation Report;
- (h) the consent letter from the IFA;
- (i) the consent letter from the Valuer;
- (j) the consent letter from JLL;
- (k) Rule 1017 Moratorium Undertakings; and
- (l) IFA Letter.

APPENDIX 1 - LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF TSH CORPORATION LIMITED IN RESPECT OF THE PROPOSED EXPLOMO DISPOSAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

13 July 2016

To: The Independent Directors of TSH Corporation Limited
(deemed to be independent in respect of the Interested Person Transaction)

Mr Wong Weng Foo John	(Independent Non-Executive Chairman)
Mr Tan Dah Ching	(Independent Non-Executive Director)
Mr Teo Kok Woon	(Non-Executive Director)

Dear Sirs,

THE PROPOSED DISPOSAL OF THE ENTIRE SHAREHOLDING INTEREST IN EXPLOMO TECHNICAL SERVICES PTE LTD TO MR LYE CHEE FEI ANTHONY AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the TSH Corporation Limited (“Shareholders”) dated 13 July 2016 (“Circular”).

1. INTRODUCTION

On 28 April 2016 (“**Announcement Date**”), TSH Corporation Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced, *inter alia*, that the Company had entered into a non-binding term sheet (“**Term Sheet**”) with Mr Lye Chee Fei Anthony (“**Anthony Lye**” or “**Purchaser**”), pursuant to which the Group will dispose of its entire 100% shareholding interest in its subsidiary, Starmo International Pte Ltd (“**Starmo**”), to Anthony Lye for a cash consideration to be agreed upon by the Company and Anthony Lye and which shall be subject to an independent valuation report. The Term Sheet is subject to Anthony Lye and the Company entering into a definitive sale and purchase agreement.

On 13 June 2016, the Company announced that Starmo had entered into the conditional sale and purchase agreement (“**SPA**”) with Anthony Lye, pursuant to which it will sell its entire 100% shareholding interest in Explomo Technical Services Pte Ltd (“**Explomo**”), which is a wholly-owned subsidiary of Starmo, for a cash consideration of S\$3,012,000 (“**Consideration**”) (“**Proposed Explomo Disposal**”). The Consideration is at the valuation amount based on the independent market valuation of 100% of the equity interest of Explomo as determined by AVA Associates Limited.

Explomo is principally engaged in the provision of defence-related materials disposal and recycling, land remediation services, and the supply and choreography of pyrotechnics and firework displays. Explomo is the main and only operating subsidiary of Starmo, which is an investment holding company. Starmo also has two other wholly-owned subsidiaries which are dormant. The Company had decided to dispose of Explomo instead of Starmo as announced earlier on 28 April 2016 as Explomo is the only operating subsidiary and it is the Company’s intention to wind up or strike off Starmo and the two remaining dormant subsidiaries following the Proposed Explomo Disposal. Hence, the Company is of the view that there is no material difference between the Proposed Explomo Disposal as compared to the earlier proposed disposal of Starmo.

Anthony Lye is the Group’s Chief Executive Officer, Executive Director and controlling Shareholder of the Company, holding an aggregate direct and deemed interest in 39,928,800 shares of the Company (“**Shares**”), representing approximately 16.61% of the total issued share capital of the Company comprising 240,443,565 Shares. As such, Anthony Lye is deemed an interested person (“**Interested Person**”) as defined under Chapter 9 of the Catalyst

Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Proposed Explomo Disposal is deemed an interested person transaction (“**Interested Person Transaction**”).

In accordance with Rule 906 of the Catalist Rules, Shareholders’ approval must be obtained for any Interested Person Transaction of a value equal to or more than 5.0% of the Group’s latest audited net tangible assets (“**NTA**”) or when aggregated with other Interested Person Transactions with the same Interested Person during the same financial period, the value is equal to or more than 5.0% of the Group’s latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Catalist Rules, the Interested Person and its associates are required to abstain from voting on the resolution approving the Interested Person Transaction.

Based on the Group’s latest audited accounts for the financial year ended 31 December 2015 (“**FY2015**”), the Group’s audited NTA was approximately S\$37.9 million. As the Consideration for the Proposed Explomo Disposal represents 7.9% of the Group’s latest audited NTA, pursuant to Rule 906 of the Catalist Rules, the Proposed Explomo Disposal is subject to the approval of the Company’s Shareholders who are deemed independent in respect of the Proposed Explomo Disposal (“**Independent Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened. The Proposed Explomo Disposal as an Interested Person Transaction is also subject to the opinion of an independent financial adviser (“**IFA**”).

Anthony Lye and his associates will abstain from voting on the ordinary resolution pertaining to the Proposed Explomo Disposal at the EGM in respect of their entire shareholding interests in the Company.

Provenance Capital Pte. Ltd. (“**Provenance Capital**”) has been appointed as the IFA to render an opinion on whether the Proposed Explomo Disposal, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

As an Interested Person, Anthony Lye will abstain from deliberating and making any recommendation on the Proposed Explomo Disposal as a Director of the Company. The remaining Directors, namely, Mr Wong Weng Foo John, Mr Tan Dah Ching and Mr Teo Kok Woon are deemed to be independent for the purpose of the Proposed Explomo Disposal (“**Independent Directors**”).

This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the Proposed Explomo Disposal. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Explomo Disposal as an Interested Person Transaction and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed Explomo Disposal as an Interested Person Transaction. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Explomo Disposal nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Explomo Disposal, and we do not, by this Letter, warrant the merits of the Proposed Explomo Disposal other than to express an opinion on whether the Proposed Explomo Disposal as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Explomo Disposal or to compare their relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such

comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and beliefs, all material information available to them in connection with the Proposed Explomo Disposal, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Explomo Disposal, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed Explomo Disposal have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Explomo Disposal, the Company and the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 7 July 2016, being the Latest Practicable Date as referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Explomo Disposal. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the Proposed Explomo Disposal or if the Proposed Explomo Disposal is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of Explomo, the Company and/or the Group (including without limitation, property, plant and equipment). In connection with the Proposed Explomo Disposal, the Company had commissioned the independent valuer, AVA Associates Limited (“**Valuer**”) to carry out (a) a valuation of the 100% equity interest in Explomo (“**Business Valuation**”); and (b) a valuation of certain machinery and equipment related to the containerized thermal disposal plant with off-gas treatment plant (“**Equipment**”) that are owned by Explomo (“**Equipment Valuation**”).

We have been furnished with the reports on the Business Valuation and the Equipment Valuation dated 9 June 2016 (“**Valuation Reports**”). The summary of the Valuation Reports is attached as Appendix 2 to the Circular.

We are not experts in the evaluation or appraisal of the assets or business concerned and we have placed sole reliance on the Valuation Reports for such asset appraisals and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of Explomo, the Company and/or the Group. We have not been furnished with any such evaluation or appraisal. We have not relied on any financial projections or forecasts in respect of the Group for the purpose of our evaluation of the Proposed Explomo Disposal.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Proposed Explomo Disposal which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of the Independent Shareholders. As each Independent Shareholder may have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of the Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders’ resolution in relation to the Proposed Explomo Disposal as an Interested Person Transaction at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Explomo Disposal as an Interested Person Transaction and their advice to the Independent Shareholders arising thereof. The recommendations made to the

Independent Shareholders in relation to the Proposed Explomo Disposal as an Interested Person Transaction remain the sole responsibility of the Independent Directors.

Our opinion in relation to the Proposed Explomo Disposal should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the SGX-ST.

As disclosed in the Company's annual report for FY2015, the Group had several main operations including (a) homeland security services business, (b) consumer electronic products business, (c) property business and (d) financial assets held for trading.

The homeland security services business is held under Starmo which comprise the main operating subsidiary, Explomo, and two other dormant subsidiaries, namely Explomo Magic Pte Ltd and TechnoPlus Pte Ltd ("**Starmo Group**"). The consumer electronic products business is held under the 100%-owned subsidiary, Wow Technologies (Singapore) Pte. Ltd., and its subsidiaries ("**Wow Group**"). The Group had sold all their properties held for development during FY2015. The Company also disclosed that it will not be taking an active approach for the property business in the near future and does not expect any contribution from this business in the near term. The main financial asset is the investment in the shares of Hibiscus Petroleum Berhad ("**Hibiscus**") which is listed on the Main Board of the Bursa Malaysia Securities Berhad ("**Bursa**") and principally engaged in oil and gas exploration, and production.

On 28 April 2016, the Company had announced the disposal of the Wow Group to a third party for a cash consideration of US\$2.4 million (S\$3.24 million). The disposal of the Wow Group is subject to the approval of Shareholders at an EGM as the disposal of the Wow Group is deemed a major transaction under Rule 1014 of the Catalist Rules.

On 28 April 2016, the Company also announced the proposed disposal of the Starmo Group, which has been amended to the proposed disposal of Explomo as announced on 13 June 2016. The disposal of Explomo is an Interested Person Transaction and when aggregated with the disposal of the Wow Group, will be deemed as a major transaction under Rule 1014 of the Catalist Rules.

In the event that both the disposal of the Wow Group and Explomo take place and are successfully completed, and if the Company has not acquired any land or property for its property business or any other business before the completion of the above disposals, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1017 of the Catalist Rules. The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the Shares.

In the announcement on 28 April 2016, the Company had provided an update on the intention to dispose of other assets of the Company. These include the disposal of (i) the Company's freehold industrial land and building ("**Property**") which also houses the headquarter of the Company's offices and business operations, (ii) its 26.5% shareholding interest in Unilink Development Limited which had not generated any income or cash for the past few years; and (iii) the disposal of Hibiscus via the open market of Bursa or off-market transactions.

The Company's announcement on 28 April 2016 also detailed the rationale for the disposal of the Wow Group and the Starmo Group, which essentially relates to the lower than expected projected rate of returns on the Company's investments in these businesses. As such, the Directors are of the view that the proposed disposals of the Wow Group and the Starmo Group are in the interest of the Shareholders and will give Shareholders an opportunity to realise the fair value of these investments.

On 7 July 2016, the Company announced that it had entered into a sale and purchase agreement with Singapore Shenguan Pte Ltd to dispose of the Property for a cash consideration of S\$16.1 million. The sale and purchase of the Property is expected to be completed within four weeks after obtaining Shareholders' approval at the EGM to be convened.

The Directors are also of the view that it is an opportune and appropriate time for the Company to dispose of these existing businesses for satisfactory consideration and to consider new operating businesses with good growth potential which could potentially enable the Company to increase its market capitalisation and widen the investor base for its Shares. This will lead to an overall increase in investor interest and improve trading liquidity, which ultimately will enhance shareholder value moving ahead.

The Directors have also expressed their intentions to distribute part of the net proceeds of the above disposals by Shareholders by way of cash distributions via a capital reduction exercise(s). The Company will seek the necessary approvals (including Shareholders' approval and relevant regulatory approvals) in accordance with the applicable laws and regulations. Shareholders should note that the disposals and capital reduction exercises are subject to the fulfilment of various conditions which may be protracted. There is therefore no certainty or assurance as at the Latest Practicable Date that these intended corporate exercises will materialise within the expected time frame.

The Company has also disclosed in Section 7.7 of the Circular that in the event that it is unable to obtain the necessary approvals for the cash distribution and capital reduction exercise(s), the Company will consider, *inter alia*, other uses for the net proceeds from the Proposed Wow Disposal, Proposed Explomo Disposal and/or the Proposed Property Disposal.

Each of the Proposed Wow Disposal, Proposed Explomo Disposal and the Proposed Property Disposal are separate transactions and will be subject to Shareholders' approval at the EGM to be convened, but Shareholders' approval for each of these transactions are not inter-conditional upon each other.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 240,443,565 Shares. Based on the last transacted Share price of S\$0.132 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company is approximately S\$31.74 million.

4. SALIENT TERMS OF THE PROPOSED EXPLOMO DISPOSAL

Details of the Proposed Explomo Disposal are set out in Section 4 of the Circular. Salient terms of the Proposed Explomo Disposal are set out below:

4.1 Proposed Explomo Disposal

Pursuant to the SPA, the Proposed Explomo Disposal involves the disposal of the Group's entire 100% interests in Explomo to Anthony Lye.

Upon completion of the Proposed Explomo Disposal, Explomo will cease to be a subsidiary of Starmo and of the Group.

4.2 Consideration for the Proposed Explomo Disposal

The Consideration for the Proposed Explomo Disposal is S\$3,012,000 in cash. The Consideration was arrived at after arm's length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the Business Valuation, the Equipment Valuation and the net asset value of Explomo as at 1 April 2016.

The Consideration is the same as the Business Valuation and hence represents no premium or discount to the Business Valuation.

4.3 Conditions Precedent

Completion of the Proposed Explomo Disposal is subject to, *inter alia*, the approval of the Independent Shareholders at the EGM for the Proposed Explomo Disposal as an Interested Person Transaction.

5. INFORMATION ON EXPLOMO

5.1 Explomo is a private limited liability company incorporated in Singapore. Explomo is wholly-owned by Starmo, which in turn is wholly-owned by the Company.

The principal activities of Explomo include the provision of defence related materials disposal and recycling, land remediation services, and the supply and choreography of pyrotechnic and firework displays.

5.2 Financial Performance of Explomo

Set out below is the summary of the audited statement of financial performance of Explomo for the financial years ended 31 December 2013 (“FY2013”), 31 December 2014 (“FY2014”) and 31 December 2015 (“FY2015”) and the unaudited results of the first quarter ended 31 March 2015 (“1Q2015”) and 31 March 2016 (“1Q2016”).

S\$'000	Audited			Unaudited	
	FY2013	FY2014	FY2015	1Q2015	1Q2016
Revenue	15,281	7,716	7,083	1,503	1,345
Gross profit	3,056	2,151	2,144	456	155
Other income	93	131	164	93	119
Total expenses	(2,294)	(1,735)	(1,942)	(211)	(500)
Profit/(loss) before taxation	855	547	366	338	(227)
Profit/(loss) after taxation	817	595	404	340	(199)

Source: Audited accounts of Explomo for FY2014 and FY2015 and unaudited management accounts for 1Q2016 as provided by the Company

The revenue and profits of Explomo had been declining over the past three financial years from FY2013 to FY2015 and up to 1Q2016.

FY2013 to FY2014

Explomo recorded a decrease in revenue of S\$7.6 million for FY2014 as compared to FY2013. The main cause of the decrease in revenue of 49.5% from S\$15.3 million to S\$7.7 million was due to the absence of a major project to replace the completed project in Taiwan. The gross profit also decreased by 29.6% from S\$3.1 million to S\$2.2 million in line with the lower revenue generated for FY2014. Total expenses decreased due mainly to the absence of interest expense on loan from the ultimate holding company and bank borrowings. Nonetheless, Explomo reported lower profit after taxation of S\$0.6 million due mainly to lower revenue and gross profit achieved during FY2014.

FY2014 to FY2015

The revenue decreased slightly by 8.2% from S\$7.7 million to S\$7.1 million from FY2014 to FY2015 as a result of the absence of major overseas projects but was mitigated by an increase in local projects. The gross profit had remained fairly stable but profit after tax decreased by 32.1% from S\$0.6 million to S\$0.4 million. This was due mainly to the increase in selling and

marketing expenses relating to travelling and overseas development as Explomo was sourcing for overseas projects. Other income was due mainly to the various grants from the Singapore Government.

1Q2015 to 1Q2016

Revenue decreased slightly by 10.5% for the quarter year-on-year from S\$1.5 million to S\$1.3 million, but gross profits decreased significantly by 66.0% from S\$0.5 million to S\$0.2 million. This was due mainly to the lower gross profit margin on the projects in 1Q2016.

Total expenses increased in 1Q2016 compared to 1Q2015 due mainly to the apportionment of management fees from the Group which were charged to Explomo and the significant foreign exchange gain in 1Q2015 due to the holdings of cash in US\$ which was not repeated in 1Q2016.

As a result, Explomo reported a loss of S\$0.2 million in 1Q2016 as compared to a profit after tax of S\$0.3 million in 1Q2015.

Historical price-earnings ratio (“PER”) implied by the Consideration

PER illustrates the valuation benchmark of Explomo based on the earnings approach. The PER could be affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

Based on the Consideration of S\$3,012,000, Explomo is valued at the PER of 7.45 times its profit after taxation for FY2015.

However, Explomo incurred losses for 1Q2016. Based on the trailing 12-months (“T12M”) results to 1Q2016, Explomo would incur a loss of S\$135,000. As such, valuation benchmark based on the PER approach cannot be meaningfully applied for Explomo.

Business Valuation of Explomo

In connection with the Proposed Explomo Disposal, the Company had commissioned the Valuer to carry out an independent Business Valuation of Explomo as at 1 April 2016, being the Valuation Date. The summary of the valuation pertaining to the Business Valuation is attached as Appendix 2 to the Circular.

The Valuer had used the premise of Market Value which they had defined as “*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*”

The Valuer had estimated the value of the 100% equity interest of Explomo on the premise of continued use based on the following formula:

$\text{Market value of the equity interest} = \text{enterprise value} - \text{debt} + \text{cash} + \text{non-operating assets}/(\text{liabilities})$

Enterprise value is a measure of a company’s value or business to its stakeholders, namely debt holders and equity owners.

The Valuer had considered the income approach, market approach and cost approach in the Business Valuation. The market approach was not deemed appropriate as Explomo is considered a relatively small business providing a very niched service and the Valuer was unable to identify a directly comparable listed company, in terms of size and business segments. The on-going nature of Explomo highlights the existence of various operating assets, both

tangible and intangible, that continue to create future economic benefits. A cost approach would have overlooked such assets. As such, the Valuer is of the view that the cost approach is unsuitable as well.

Hence, the Valuer had derived the Business Valuation by calculating the enterprise value using the income approach based on the historical operating records, development plans and financial projections provided by Explomo. Based on these information, the Valuer utilized a discounted cash flow methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to both equity and debt holders of the Target Business. This enabled the Valuer to derive the enterprise value of Explomo. The market value of debt, cash and non-operating assets/liabilities were then assessed based on their respective book values as at the valuation date.

Based on the above, the Valuer had estimated the Business Valuation of Explomo as at 1 April 2016 to be as follows:

S\$	As at 1 April 2016
Enterprise value of Explomo	1,530,853
Add : Excess cash	1,481,526
Value of 100% equity interest in Explomo	3,012,379

5.3 Statements of Financial Position of Explomo

The unaudited statements of financial position of Explomo as at 31 March 2016 and 1 April 2016 are set out below:

S\$'000	Unaudited as at 31 March 2016	Unaudited as at 1 April 2016
<u>Non-current asset</u>		
Property, plant and equipment	1,474	1,474
<u>Current assets</u>		
Inventories (including net work-in-progress)	441	441
Trade receivables	914	914
Other receivables	2,043	1,225
Cash and bank balances	1,482	1,482
Total assets	6,354	5,536
<u>Current liabilities</u>		
Trade payables	469	469
Other payables	684	1,951
Provision for taxation	(28)	(28)
<u>Non-current liability</u>		
Deferred tax liability	178	178
Total liabilities	1,303	2,570
<u>Equity</u>		
Share capital	1,500	1,500
Retained earnings	3,551	1,466

S\$'000	Unaudited as at 31 March 2016	Unaudited as at 1 April 2016
Total equity / net asset value ("NAV") / net tangible asset ("NTA")	5,051	2,966

Source: *The Company*

As at 31 March 2016, the total assets of Explomo of approximately S\$6.35 million comprised mainly other receivables of S\$2.04 million (32.2% of total assets) (of which S\$1.85 million were receivables due from the Company), cash and bank balances of S\$1.48 million (23.3% of total assets) and plant and equipment of S\$1.47 million (23.2% of total assets). Explomo's total liabilities of S\$1.30 million consisted substantially of other payables of S\$0.68 million (52.5% of total liabilities) and trade payables of S\$0.47 million (36.0% of total liabilities).

Explomo had declared a dividend distribution of S\$2.085 million to Starmo on 1 April 2016 and is reflected accordingly in the unaudited statement of financial position as at 1 April 2016. The dividend distribution was partially netted off against the intercompany amount due from the Company of approximately S\$0.82 million. The balance of S\$1.27 million resulted in the increase of other payables from 31 March 2016 to 1 April 2016. The dividend was distributed from retained earnings, representing about 41.2% of the NAV of Explomo as at 31 March 2016. Following the declaration of dividend distribution to the Group on 1 April 2016, Explomo's NAV and NTA as at 1 April 2016 became S\$2.97 million.

Classified under other receivables and other payables include amounts due to and due from the Group. The net amount due to the Group is approximately S\$0.6 million as at 1 April 2016. The Management has confirmed that the Explomo has fully settled and repaid the net amount due to the Group as at 30 June 2016.

Equipment Valuation

Explomo does not own any buildings or property. As at 1 April 2016, the plant and equipment amounted to S\$1.47 million, of which S\$1.23 million pertained to the Equipment, comprising a containerised thermal disposal plant with off-gas treatment, furnace and popping ovens. As the Equipment is the most significant fixed asset of Explomo, in connection with the Proposed Explomo Disposal, the Company had commissioned the Valuer to carry out a valuation of the Equipment as at 1 April 2016, being the Valuation Date. The summary of the valuation pertaining to the Equipment Valuation is attached as Appendix 2 to the Circular.

The Valuer had valued the Equipment based on the premise of fair value which they had defined as *"the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

The Valuer had considered the three different approaches to value the Equipment, namely the income approach, market approach and cost approach. The Valuer had excluded the income approach due to the lack of financial data from the sole operation of the Equipment. Due to the specialized nature of the Equipment, the limited and non-transparent used market meant that the market approach was also deemed inappropriate for the appraisal.

The Valuer had therefore relied on the cost approach to arrive at the valuation of the Equipment. The cost approach establishes value based on the cost of reproducing or replacing the equipment, less depreciation from physical deterioration, and functional and economic/external obsolescence.

The Valuer had noted that the operation of the Equipment had ceased since 2012 and that it might cost around Euro 1 million (S\$1.53 million) to refurbish the entire system before it could be placed into operation. The original cost of investment in the Equipment between 2001 and 2003 totalled S\$4.72 million and the net book value of the Equipment as at the Valuation Date was S\$1.23 million.

Under the cost approach, the "cost of reproduction new" is estimated to be S\$4.93 million. The underlying value of the Equipment after taking into consideration physical depreciation is

approximately S\$1.48 million. However, after deducting estimated refurbishment cost of Euro 1 million (S\$1.53 million), the value of the Equipment becomes a negative S\$52,600. The customized and specialized nature of the Equipment meant that adaptation for another industry other than explosive disposal would be unlikely and cost inefficient. Even though Explomo might be able to obtain the necessary licences and permits to operate the Equipment in another country, however, given the cheaper option of open-land disposal, together with the comparatively high refurbishment cost, the reconditioning of the Equipment would appear to be an unlikely event.

Taking the refurbishment cost and external factor into consideration, the Valuer had assessed that the fair value of the Equipment is estimated to be zero.

The implied fair value of the Equipment signifies that the Equipment could be scrapped for material content. Based on the scrap metal price of between S\$200 and S\$300 per ton, and the estimated weight of the Equipment of approximately 66 tons (inclusive of the container's weight), the Equipment may be scrapped for S\$13,200 to S\$19,800. The average scrap value of the Equipment is therefore \$16,500.

Save for the above, the Management and Directors had confirmed that there are no other tangible assets of Explomo which should be valued at an amount that is materially different from that which were recorded in the books of Explomo as at 1 April 2016.

NTA and RNTA of Explomo

Explomo's NAV as at 31 March 2016 was S\$5.05 million. As there are no intangible assets, the NTA of Explomo is equivalent to the NAV of Explomo of S\$5.05 million.

Following the declaration of dividend distribution of S\$2.085 million to the Group on 1 April 2016, Explomo's NAV and NTA as at 1 April 2016 became S\$2.97 million.

Following the Equipment Valuation as described above, the Equipment with the net book value of S\$1.23 million would be revalued downwards to its scrap value. Management had confirmed to us that there is unlikely to have any significant potential tax credit on the revaluation deficit on the Equipment if the Equipment were to be sold at the scrap value. However, a potential tax credit may arise from the reversal of deferred tax liabilities in relation to the Equipment.

Accordingly, the revalued NTA ("**RNTA**") of Explomo as at 1 April 2016 would be as follows:

S\$'000	As at 1 April 2016
NTA of Explomo	2,966
Less: net book value of the Equipment	(1,232)
Add: average scrap value of the Equipment	17
RNTA of Explomo	1,751

Price-to-NTA ("**P/NTA**") ratio and price-to-RNTA ("**P/RNTA**") ratio implied by the Consideration

The Consideration for the Proposed Explomo Disposal of S\$3,012,000 represents a premium of 1.6% above the NTA of Explomo as at 1 April 2016 and a significant premium of 72.0% above the RNTA of Explomo as at 1 April 2016.

The P/NTA or P/RNTA is a valuation benchmark based on the assets backing. The NTA based valuation provides an estimate of the value of a company assuming the hypothetical sale of its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realize or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings based valuation.

As the PER approach cannot be meaningfully applied for Explomo given its losses for the T12M period, we have used the P/NTA and P/RNTA ratio in the comparison of the valuation ratios of comparable peers in Section 6.2.2 of this Letter.

6. EVALUATION OF THE PROPOSED EXPLOMO DISPOSAL

In our evaluation of the Proposed Explomo Disposal, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Explomo Disposal;
- (b) assessment of the Consideration for the Proposed Explomo Disposal;
- (c) financial effects of the Proposed Explomo Disposal; and
- (d) other relevant considerations.

6.1 Rationale for the Proposed Explomo Disposal

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Explomo Disposal or the future prospects of the Group after the Proposed Explomo Disposal. Nevertheless, we have reviewed the rationale for the Proposed Explomo Disposal as set out in Section 6.1 of the Circular which details the rationale for both the Proposed Wow Disposal and Proposed Explomo Disposal. Please refer to Section 6.1 of the Circular for details on the rationale for the Proposed Businesses Disposals.

The Proposed Explomo Disposal is part of the overall plan and intention of the Group to dispose of its assets in view of the lower than expected rate of returns on the investments and to distribute the net proceeds from Proposed Explomo Disposal to Shareholders by way of cash distributions via a capital reduction exercise(s).

It is relevant to note that in the event that both the disposal of the Wow Group and Explomo take place and are successfully completed, and if the Company has not acquired any land or property for its property business or any other business before the completion of the above disposals, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1017 of the Catalist Rules. The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the Shares.

6.2 Assessment of the Consideration for the Proposed Explomo Disposal

In assessing the Consideration for the Proposed Explomo Disposal, we have considered the following:

- (i) Financial information of Explomo, taking into consideration the Business Valuation and Equipment Valuation; and
- (ii) Comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to Explomo.

6.2.1 Financial information of Explomo

We have analysed the financial performance and the financial position of Explomo in Sections 5.2 and 5.3 of this Letter.

Explomo is valued at the PER of **7.45 times** its profit after taxation for FY2015 as implied by the Consideration of S\$3,012,000. However, Explomo incurred losses for 1Q2016 which resulted in a loss of S\$135,000 for T12M. As such, valuation benchmark based on the PER approach cannot be meaningfully applied for Explomo.

In connection with the Proposed Explomo Disposal, the Company had commissioned the Business Valuation of Explomo and the Consideration is at the valuation amount. Hence, the Consideration for the Proposed Explomo Disposal is supported by the Business Valuation.

The unaudited NTA of Explomo as at 1 April 2016 was S\$2.97 million. The Consideration represents a premium of 1.6% above the NTA of Explomo as at 1 April 2016 or a P/NTA ratio of **1.02 times**.

After taking into consideration the Equipment Valuation, the RNTA of Explomo as at 1 April 2016 is S\$1.75 million. The Consideration represents a premium of 72.0% above the RNTA of Explomo as at 1 April 2016 or a P/RNTA ratio of **1.72 times**.

6.2.2 Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with Explomo

For the purpose of assessing the Proposed Explomo Disposal, we have also considered the comparison of valuation ratios of selected companies listed on the SGX-ST whose businesses are broadly comparable to Explomo, that is, the provider of defence related materials disposal and recycling, land remediation services, and the supply and choreography of pyrotechnic and firework displays. In this regard, we had discussions with the Management about the suitability and appropriateness of companies listed on the SGX-ST which are comparable with Explomo ("**Comparable Companies**").

There are no direct Comparable Companies. In addition, Explomo is relatively a small company and hence, is not meaningful to compare Explomo against the listed Comparable Companies, if any, as they are generally much larger in size in terms of revenue, asset size and/or market capitalisation. Nonetheless, for the purpose of our analysis, we have considered Fabchem China Limited ("**Fabchem**") as a broad proxy to Explomo. Fabchem is listed on the SGX-ST and is engaged in the manufacturing of explosives.

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of Fabchem. We made no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. Fabchem's accounting policies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of Explomo.

We wish to highlight that Fabchem is the only Comparable Company for this purpose but may not be directly comparable to Explomo in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and any comparison made serves only as an illustrative guide.

A brief description of Fabchem is set out below:

Comparable Company	Principal business
Fabchem	Fabchem manufactures explosives and produces explosive devices, initiators and detonators for the mining, energy exploration, and construction industries.

Source: Bloomberg L.P.

For the purpose of our evaluation and for illustration, we have made comparison between Explomo and Fabchem using the following bases:

- (i) The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and

- (ii) The P/NTA ratio or NTA approach is used to show the extent the value of each share is backed by its net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

Company name	Last financial year end	Market capitalisation as at the date prior to the Announcement Date (S\$million)	Historical PER ⁽¹⁾ (times)	Historical P/NTA ratio ⁽²⁾ (times)
Fabchem	31 Mar 2016	9.83	n.m. ⁽³⁾	0.12
Explomo (implied by the Consideration)	31 Dec 2015	3.01	7.45 (FY2015) n.m.⁽³⁾ (T12M)	1.02 (NTA) 1.72 (RNTA)

Source: Bloomberg L.P., annual reports and latest publicly available financial information on Fabchem

Notes:

- (1) the historical PER of the Comparable Company is computed based on its latest published full year earnings or trailing 12 months earnings, where applicable, as at the date prior to the Announcement Date;
- (2) the P/NTA ratio of the Comparable Company is computed based on its NTA values as set out in their latest published financial statements as at the date prior to the Announcement Date; and
- (3) n.m. denotes not meaningful if the Comparable Company is loss making.

Based on the above, we note that:

- (a) the historical PER of Fabchem is not meaningful due to the losses incurred for the trailing 12 months and cannot be compared with the PER of **7.45 times** of Explomo based on Explomo's profit after taxation for FY2015. Explomo's PER is also not meaningful based on its T12M results; and
- (b) the P/NTA and P/RNTA ratios of the Group of 1.02 times and 1.72 times respectively as implied by the Consideration are above Fabchem's historical P/NTA ratio.

6.3 Financial Effects of the Proposed Explomo Disposal

Details on the financial effects of the Proposed Explomo Disposal on the Group are set out in Section 11.2 of the Circular and are based on the latest audited consolidated financial statements of the Group for FY2015.

As Explomo incurred a loss in 1Q2016 and declared a significant dividend distribution on 1 April 2016, we have also considered that it is more relevant to show the financial effects on the Group arising from the Proposed Explomo Disposal for 1Q2016 and as at 1 April 2016.

In summary, the Proposed Explomo Disposal would result in the following financial effects for the Group:

- (a) *Earnings*

The Group recognised the carrying cost of the investment in Explomo at S\$4.73 million, including goodwill of S\$1.76 million, as at 1 April 2016. The goodwill arose from the two-step acquisition of Explomo in 2004, when 40% of Explomo was first acquired, and in 2006, when the remaining 60% of Explomo was acquired.

Based on the Consideration of S\$3.012 million, the Company will recognise a loss of approximately S\$1.72 million on the Proposed Explomo Disposal. Further taking into account the estimated expenses of S\$230,000, the Group will recognise a loss of approximately S\$1.94 million.

If the Proposed Explomo Disposal had been effected on 1 January 2016, the Group would have recorded a lower loss in the *pro forma* statements as it would have avoided the loss of S\$199,000 incurred by Explomo during 1Q2016.

Please also refer to Section 7.3 of the Circular for additional details.

(b) *NTA*

The NTA of the Group and Explomo as at 31 Dec 2015 is S\$37.95 million and S\$5.25 million respectively. Given the net proceeds of the Proposed Explomo Disposal is S\$2.782 million, the NTA of the Group would decrease by S\$2.5 million to S\$35.5 million as mentioned in Section 11.2 in the Circular.

As Explomo incurred a loss of S\$199,000 during 1Q2016, the NTA of Explomo decreased to S\$5.051 million as at 31 March 2016. Following the dividend distribution of S\$2.085 million by Explomo to the Group on 1 April 2016, the NTA of Explomo decreased further to S\$2.97 million. Given the net proceeds of the Proposed Explomo Disposal is S\$2.782 million, the Proposed Explomo Disposal will result in a loss on disposal of S\$1.94 million, comprising the deficit of S\$0.2 million (net proceeds from the Proposed Explomo Disposal being below the NTA of Explomo) and the reversal of goodwill of S\$1.76 million at the Group level. Accordingly, the NTA of the Group would decrease by \$1.94 million following the Proposed Explomo Disposal.

The Company had mentioned that it intends to distribute the proceeds from the Proposed Explomo Disposal to Shareholders by way of a capital reduction exercise. Such capital reduction exercise will reduce the NTA of the Group and are subject to various approvals including approvals from Shareholders and relevant regulatory authorities. Shareholders should therefore take note of any announcements relevant to these matters which may be released by the Company after the Latest Practicable Date.

(c) *Gearing*

The Group is in a net cash position as at 1 April 2016. The net cash position of the Group will improve further immediately after the Proposed Explomo Disposal as the Consideration will be paid in cash.

In addition, the Management has confirmed that Explomo has fully settled and repaid the net amount due to the Group as at 30 June 2016.

6.4 Other Relevant Considerations

6.4.1 No other offers for Explomo

The Company had approached selected buyers for Explomo in the past but none of the approaches resulted in any serious negotiations. As at the Latest Practicable Date, the Company also has not received any other offers from third parties for Explomo, other than Anthony Lye.

6.4.2 Cash company

We have pointed out in Sections 3 and 6.1 of this Letter that if the Company has not acquired any land or property for its property business or any other business before the completion of the Proposed Explomo Disposal and the disposal of the Wow Group, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1017 of the

Catalist Rules. The Company will be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the Shares.

The Directors are of the view that it is an opportune and appropriate time for the Company to dispose of these businesses for satisfactory consideration and to consider new operating businesses with good growth potential which could potentially enable the Company to increase its market capitalisation and widen the investor base for its Shares. This will lead to an overall increase in investor interest and improve trading liquidity, which ultimately will enhance shareholder value moving ahead.

7. OUR OPINION

In arriving at our opinion in respect of the Proposed Explomo Disposal, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (a) rationale for the Proposed Explomo Disposal;
- (b) assessment of the Consideration for the Proposed Explomo Disposal;
- (c) financial effects of the Proposed Explomo Disposal; and
- (d) other relevant considerations.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Explomo Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the Completion of the Proposed Explomo Disposal. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Explomo Disposal.

This Letter is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed Explomo Disposal. The recommendation to be made by the Independent Directors to the Independent Shareholders shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Proposed Explomo Disposal, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

PROVENANCE CAPITAL PTE. LTD.

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APPENDIX 2 - EXPLOMO VALUATION REPORTS



VALUATION & ADVISORY

9 June 2016

Hong Kong:

AVA Associates Limited
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

Singapore:

Asia Valuation & Advisory Services Pte Ltd
138 Cecil Street
#08-03 Cecil Court
Singapore 069538

To
The Board of Directors
TSH Corporation Limited
62 Burn Road
Singapore 369976

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed an analysis pertaining to the Market Value of the 100% equity interest in Explomo Technical Services Pte Ltd (“ETS” or the “Target Business”), and Fair Value of certain machinery and equipment related to a containerized thermal disposal plant with off-gas treatment plant (the “Equipment”) belonging to ETS. The valuation date for this exercise is 1 April 2016 (the “Valuation Date”). Our valuation is to assist TSH Corporation Limited (“TSH Corp” or the “Company”) for internal reference and inclusion into a shareholders’ circular in relation to a proposed disposal of the Target Business. No other use, direct or indirect, of our analysis is intended or inferred or shall be relied upon by TSH Corp and its independent financial adviser other than explicitly specified in the engagement letter herein.

Definition of Value

In estimating the 100% equity interest in ETS (“Equity Interest”), our efforts were based on the following premise of value:

Market Value - “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market. Unless otherwise noted, in estimating the market value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

In estimating the value of the Equipment, our efforts were based on the following premise of value:

Fair Value – “the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

Scope of Work

Equity Interest

For this exercise, we estimated the value of the Equity Interest of ETS as a going-concern. The Target Business, a 100% subsidiary of TSH Corp, is principally engaged in the provision of defence-related materials disposal and recycling, land remediation services, and supply and choreography of pyrotechnic and firework displays.

The Market Value of Equity Interest is derived based on the following formula:

$$\text{Market Value of Equity Interest} = \text{Enterprise Value} - \text{Debt} + \text{Cash} + \text{Non-Operating Assets}/(\text{Liabilities})$$

Enterprise Value is a measure of a company's value or business to its stakeholders, namely debt holders and equity owners. It is generally defined with the following formula:

$$\text{Enterprise Value} = \text{Value of Equity Interest} + \text{Debt} - \text{Cash} - \text{Non-Operating Assets}/(\text{Liabilities})$$

Our valuation and report is prepared in accordance with the International Valuation Standards (2011 edition) as published by the International Valuation Standard Committee.

Equipment

TSH Corp also mandated AVA to estimate the value of the Equipment, comprising a containerized thermal disposal plant with off-gas treatment, furnace and popping ovens. The purpose of the valuation is to assist the Company and its professional parties in their evaluation of the Target Business's net asset value.

Our evaluation of the Equipment is based on the guidelines provided in Singapore Financial Reporting Standard 16 – Property, Plant and Equipment.

The procedures used in our analyses included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning operational and financial aspects of the Target Business, and operational, conditional aspects and maintenance of the Equipment;
- Site visits;
- Development of valuation models to estimate the Market Value and Fair Value, including gathering market and industry information in support of various assumptions;
- Discussions with management to understand in more detail the current status and proposed business of the Target Business, including its tangible and intangible characteristics, and characteristics and nature of the Equipment;
- Gain a more thorough understanding of the nature and operations of the Target Business, including historical and estimated trends, services, and markets;

- Review of historical and projected financial information for the Target Business;
- Analysis of conditions in, and the economic outlook for, the relevant industries; and
- Valuation of the economic interest in the Target Business and the Equipment.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- Historical audited financial statements for year ended 31 December 2013, 31 December 2014 and 31 December 2015;
- Management accounts as at 31 March 2016 and 1 April 2016;
- Breakdown of sales and operating costs for the period from 2013 to 2015;
- An asset list containing information on the Equipment, such as description of the assets, historical costs, net book values, acquisition dates, and etc.;
- Historical invoices for the Equipment;
- Transportation document indicating the estimated weight of the Equipment; and
- Financial forecast from 2016 to 2020.

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our valuation, we held discussions with the management concerning the history and current conditions of the Target Business and the Equipment, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies, are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

Our approach in valuing the identified asset relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

- The *Market Approach* measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.
- The *Cost Approach* measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Valuation Approach

Equity Interest

We calculated the Market Value of the Equity Interest of the Target Business by estimating the value of the Target Business through the income approach, employing a discounted cash flow (“DCF”) methodology.

Our basis for selecting the income approach was due to the availability of relevant data, specifically the development plans and financial projections provided by the company. We chose the DCF methodology as it enables us to view the entire portfolio of assets as an operating entity, with the principal focus of the analysis on the operating entity’s ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise (“FCFE”) is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (equity holders and debt holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFE for each year of the projection period was calculated by adding interest expenses and non-cash expenses, such as depreciation and amortization, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures from the net profit. The projected free cash flows in each period were discounted to present value at an appropriate rate of return, or “discount rate”. The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, if any, reflects the value of the subject enterprise or portfolio of assets.

The above approach allowed us to estimate the Market Value of the Equity Interest in the Target Business under a set of reasonable and robust assumptions.

The market approach was not deemed appropriate as the Target Business is a relatively small business providing a very niched service. We were unable to identify a directly comparable listed company, in terms of size and business segments.

The on-going nature of the Target Business highlights the existence of various operating assets, both tangible and intangible, that continue to create future economic benefits. A cost approach would have overlooked such assets. As such, this approach is deemed unsuitable as well.

Equipment

We considered and excluded the income approach due to lack of financial data from the sole operation of the Equipment. Due to the specialized nature of the Equipment, the limited and non-transparent used market meant that the market approach was deemed inappropriate for this appraisal.

For this appraisal, we relied on the cost approach to arrive at the value conclusion of the Equipment.

The cost approach establishes value based on the cost of reproducing or replacing the equipment, less depreciation from physical deterioration, and functional and economic/external obsolescence.

Cost of Reproduction New is defined as the estimated amount required to reproduce the equipment at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for materials or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the equipment such as changes in design, materials, or process that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by unfavorable conditions external to the equipment such as the local economy, economics of the industry, availability of financing, encroachment of objectionable enterprises, loss of material and labor sources, lack of efficient transportation, shifting of business centers, passage of new legislation, and changes in ordinances.

A brief visual inspection of the Equipment was conducted on 20 April 2016 and we were informed that operation of the Equipment was ceased in 2012 when a project using the Equipment ended.

We relied on the invoices and original costs recorded in the asset register provided by the Company and adjusted by the appropriate price indices to estimate the cost of reproduction new for the Equipment.

Physical depreciation was estimated based on the age/life relationship, in which 20 years normal useful life was assumed for the Equipment.

After considering the nature of the assets, no functional obsolescence was applied. However, due to the possible change in operating environment in Singapore, availability of more efficient equipment and the current use of a cheaper alternative of disposing ammunition employed by the Company, they implied that economic obsolescence existed in the Equipment.

The customized and specialized nature of the Equipment meant that adaptation for another industry other than explosive disposal would be unlikely and cost inefficient. Even though ETS might be able to obtain the necessary licenses and permits to operate the Equipment in another country, however, given the cheaper option of open-land disposal, together with the comparatively high refurbishment cost, the reconditioning of the Equipment would appear to be an unlikely event.

Key Valuation Assumptions

Equity Interest

We have assumed the following for the purpose of the valuation exercise:

- The business of operating the Target Business will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners; and
- There is no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

The management has provided us with projections of and guidance on revenue, expenses, and working capital requirements for the forecast period. We discussed the risks of achieving these projections and the overall reasonableness of the assumptions with the Company. These risks also considered in our selection of various valuation-related assumptions (e.g. discount rate). We considered the impact of each valuation related assumption individually, and the related impact on our overall valuation conclusions.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

Equipment

Our valuation is based on brief visual inspection and we have not carried out a full mechanical survey, nor inspected the Equipment. Our assessment is based on the premise that the items are in a condition commensurate with age and usage.

We have relied to a considerable extent on information such as machinery and equipment list, and when available to us, equipment specifications, drawings, contract invoices and other documents furnished to us by the Company.

We have not investigated the title or any liabilities affecting the machinery and equipment appraised. No consideration was made for any outstanding amount owed under financing agreements, if any.

Conclusion of Value

Equity Interest

Based on the information provided and analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, the Market Value, as at Valuation Date, of the 100% equity interest in ETS is S\$3,012,000 (Singapore Dollar Three Million Twelve Thousand Only).

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of the Target Business. We have also considered various risks and uncertainties that have potential impact on the Target Business.

Equipment

Based on the information provided and the analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Fair Value of the Equipment is reasonably represented and rounded to be S\$0 (Singapore Dollar Zero only).

The implied Fair Value of the Equipment signifies that the Equipment could be scrapped for material content. Based on a transportation document provided by the Company, the heavy melting steel category of the Equipment, and the portion of the Equipment that could be scrapped, if an estimate is to be made, the Equipment may be scrapped for S\$13,200 to S\$19,800.

This report and the observations and analyses are intended solely for use by the company and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to TSH Corp.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Respectfully submitted,

AVA Associates Limited

A handwritten signature in black ink that reads "AVA Associates". The letters are cursive and somewhat stylized, with the 'A's being particularly prominent.

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
3. This report has been made only for the purpose stated and shall not be used for any other purpose.
4. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
6. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
8. Responsible ownership and competent management are assumed.

TSH CORPORATION LIMITED

(Company Registration Number 200003865N)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of **TSH CORPORATION LIMITED** ("**Company**") and together with its subsidiaries, ("**Group**") will be held at 62 Burn Road #06-01 Singapore 369976 on 28 July 2016 at 3.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions.

*All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular dated 13 July 2016 to shareholders of the Company ("**Circular**").*

ORDINARY RESOLUTION 1

THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN WOW TECHNOLOGIES (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES AS A MAJOR TRANSACTION

THAT, approval be and is given:

- (a) for the Company to enter into the Proposed Wow Disposal on the terms and subject to the conditions set out in the Wow SPA as more particularly described in the Circular, being a major transaction under Chapter 10 of the Catalist Rules; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of giving effect to the Wow SPA and the Proposed Wow Disposal.

ORDINARY RESOLUTION 2

THE PROPOSED DISPOSAL OF STARMO INTERNATIONAL PTE LTD'S ENTIRE SHAREHOLDING IN EXPLOMO TECHNICAL SERVICES PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION

THAT, approval be and is given:

- (a) for the Company to enter into the Proposed Explomo Disposal on the terms and subject to the conditions set out in the Explomo SPA as more particularly described in the Circular, being a major transaction under Chapter 10 of the Catalist Rules and an Interested Person Transaction under Chapter 9 of the Catalist Rules; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of giving effect to the Explomo SPA and the Proposed Explomo Disposal.

ORDINARY RESOLUTION 3

THE PROPOSED DISPOSAL OF THE COMPANY'S FREEHOLD INDUSTRIAL LAND AND BUILDING AS A MAJOR TRANSACTION

THAT, approval be and is given:

- (a) for the Company to enter into the Proposed Property Disposal on the terms and subject to the conditions set out in the Property SPA as more particularly described in the Circular, being a major transaction under Chapter 10 of the Catalist Rules; and

- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of giving effect to the Property SPA and the Proposed Property Disposal.

By Order of the Board

TSH CORPORATION LIMITED

CHAN LAI YIN
Company Secretary

Singapore, 13 July 2016

Notes:

- (i) A proxy need not be a member of the Company.
- (ii) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (“Act”), a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead.
- (iii) Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing one hundred per cent (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (iv) A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (v) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the meeting in order for the Depositor to be entitled to attend and vote at the Extraordinary General Meeting (“Meeting”).
- (vi) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 62 Burn Road #06-01 Singapore 369976 not less than 48 hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

TSH CORPORATION LIMITED

Company Registration No.: 200003865N
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting ("Meeting").
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

*I/We _____ (Name) (NRIC/Passport No.) _____
of _____ (Address)

being *a member/members of TSH Corporation Limited (the "Company"), hereby appoint

Name	NRIC/ Passport No.	Address	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	NRIC/ Passport No.	Address	Proportion of shareholdings to be represented by proxy (%)

of failing him/them the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/ our behalf at the Meeting of the Company to be held at 62 Burn Road #06-01 Singapore 369976 on Thursday, 28 July 2016 at 3.30 p.m. and at any adjournment thereof.

I/we direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Meeting as indicated with an "X" in the spaces provided hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion as he/they may on any other matters arising at the Meeting.

Please tick here if more than two (2) proxies will be appointed. (Please refer to note 4). This is only applicable for intermediaries such as banks and capital market services licence holders which provide custodial services.

No.	Ordinary Resolutions	For	Against
1.	THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDINGS IN WOW TECHNOLOGIES (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES AS A MAJOR TRANSACTION		
2.	THE PROPOSED DISPOSAL OF STARMO INTERNATIONAL PTE. LTD.'S ENTIRE SHAREHOLDINGS IN EXPLOMO TECHNICAL SERVICES PTE LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION		
3.	THE PROPOSED DISPOSAL OF THE COMPANY'S FREEHOLD INDUSTRIAL LAND AND BUILDING AS A MAJOR TRANSACTION		

** Voting will be conducted by Poll. If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal*

*Delete accordingly

IMPORTANT. Please read notes overleaf



Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing one hundred per cent (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
4. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by such member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 62 Burn Road #06-01 Singapore 369976 not later than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member of the Company may, in accordance with Section 179 of the Act, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.