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## RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT 2019

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The Board of Directors (the "Board") of GSH Corporation Limited (the "Company") refers to the query raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 23 April 2020 in respect of the Company's Annual Report for the financial year ended 31 December 2019. The Board sets out its responses as follows:

### SGX-ST's Query:

- (a) With reference to the audited consolidated statement of cash flows on page 74 of the Company's Annual Report 2019, please provide an explanation for the material difference in the amount of the net cash from investing activities of approximately \$3,496,000, as compared to the unaudited financial results announcement of the Company of \$4,401,000 for the financial year ended 31 December 2019. Please also explain whether and how the Company has complied with Listing Rule 704(6).
- (b) Provision 8.1 of the Code states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:
- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel." (emphasis added)

In this regard, please disclose the names of the top five key management and total remuneration paid in aggregate to these key management personnel. We note that the Company has disclosed the remuneration of the directors in bands of S\$250,000. Where the Company's practices vary from the provisions of the Code, please explicitly state the provision from which it has varied, explain the reason for variation, and explain how the practices adopted are consistent with the intent of the relevant principle in the Code as required by Listing Rule 710.

### Company's Response:

- (a) The net cash used in operating and net cash from investing activities in the audited consolidated statement of cash flows ("ACS"), as compared to the unaudited financial results announcement ("UFR"), for the financial year ended 31 December 2019, are as follow:

	As per UFR \$'000	As per ACS \$'000	Differences \$'000
Net cash used in operating activities	51,967	51,052	(915)
Net cash from investing activities	4,401	3,496	(915)

The differences are mainly due to reclassification upon audit, of the following item between operating and investing activities:

- i) Acquisition of property, plant and equipment of \$916,000 included in operating activities, was reclassified to investing activities, resulting in a decrease in cash flow used in operating activities and a corresponding decrease in cash flow from investing activities.

The remaining differences of S\$1,000 for both the Net cash used in operating activities and the Net cash from investing activities, relate to minor reclassifications between operating and investing activities, of the cash flows.

The above reclassification was inadvertently omitted in the unaudited financial results announcement and subsequently reclassified in the audited consolidated statement of cash flow.

The Company has complied with Listing Rule 704(6) as the above differences are immaterial to the consolidated statement of cash flows of the Company.

- (b) Company refers to page 43 of the Annual Report whereby the Company has disclosed the reasons for deviating from Provision 8.1 of the Code as follows:

*“The remuneration of the Executive Directors has been presented taking into consideration the highly competitive industry conditions and the sensitivity and confidentiality of the remuneration matters. The breakdown of the total remuneration of the Executive Directors of the Company for FY 2019 is set out below:”*

*“The 2018 Code requires the Company to name and disclose the remuneration of at least the top five KMP (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the names and in aggregate the total remuneration of the top five KMP (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information and disadvantages that this might bring. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Company.”*

The Company would like to clarify that the disclosure should read as follows

*“The remuneration of the Executive Directors has been presented, **in deviation from Provision 8.1 of the 2018 Code**, taking into consideration the highly competitive industry conditions and the sensitivity and confidentiality of the remuneration matters. The breakdown of the total remuneration of the Executive Directors of the Company for FY 2019 is set out below:”*

*“**Provision 8.1 of the** 2018 Code requires the Company to name and disclose the remuneration of at least the top five KMP (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the names and in aggregate the total remuneration of the top five KMP (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information and disadvantages that this might bring. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Company.”*

The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the amounts and breakdown of remuneration of each Executive Director and for each of the Company's KMP and the names of the Company's KMP. With the Company's disclosure of their remuneration in bands of no wider than S\$250,000, shareholders are provided an insight into the level of remuneration paid to the Executive Directors and the top five KMP.

**By Order of the Board**

**Gilbert Ee Guan Hui**  
**CEO / Executive Director**

24 April 2020