



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

UPDATE ON THE PROPOSED DISPOSAL OF THE COMPANY'S HOMELAND SECURITY SERVICES BUSINESS

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of TSH Corporation Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the announcement dated 28 April 2016 in relation to the proposed disposals of the Company's consumer electronic products and homeland security services business ("**April Announcement**") and wishes to announce that, the Company's wholly-owned subsidiary, Starmo has on 13 June 2016 entered into a definitive sale and purchase agreement ("**Definitive Agreement**") with Anthony, pursuant to which Starmo will sell to Anthony its entire 100% shareholding interest ("**Explomo Shares**") in its wholly-owned subsidiary, namely Explomo Technical Services Pte Ltd ("**Explomo**") ("**Explomo Disposal**").
- 1.2 The Board wishes to announce that the Explomo Disposal will replace the intended Starmo Disposal as announced in the April Announcement. Explomo is the only operating entity of the Company's homeland security services business. Starmo is an investment holding company which currently holds 100% shareholding interests in Explomo, Explomo Magic Pte Ltd (dormant) and TechnoPlus Pte Ltd (dormant), respectively. It is the intention of the Company to wind up or strike off Starmo, Explomo Magic Pte Ltd and TechnoPlus Pte Ltd after the completion of the Explomo Disposal. Therefore, there will not be any material differences between the proposed disposal of Explomo and Starmo.

All capitalised terms used and not defined herein shall have the same meanings given to them in the April Announcement.

2. SALIENT TERMS OF THE DEFINITIVE AGREEMENT

2.1 Consideration

The consideration for the disposal of the Explomo Shares to Anthony shall be at the sum of S\$3.012 million ("**Consideration**"), which shall be payable in cash on the date of the completion of the Explomo Disposal ("**Explomo Completion Date**"). The Consideration was arrived at after arm's length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the Valuations (as defined herein) and the net assets value ("**NAV**") of Explomo as at 1 April 2016 of S\$2.97 million.

The Company has commissioned AVA Associates Limited ("**AVA**") to carry out valuation on Explomo and certain machinery and equipment belonging to Explomo ("**Equipment**"). The income approach and cost approach was adopted by AVA for the valuation of Explomo and Equipment respectively. Based on the valuation reports prepared by AVA on Explomo and Equipment respectively ("**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 ("**Valuations**").

Based on the audited consolidated financial statements of the Company for the financial year ended 31 December ("FY") 2015, the NAV and net tangible assets value attributable to Explomo as at 31 December 2015 amounted to S\$5.25 million. The net profit attributable to Explomo for FY2015 was S\$0.40 million.

2.2 Conditions Precedent

Completion of the Explomo Disposal ("**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 Explomo Completion Date:

- 2.2.1 if necessary, the approval of the Shareholders being obtained at an EGM to be convened for the Explomo Disposal;
- 2.2.2 all necessary approvals, consents and waivers of the SGX-ST and all relevant governmental and regulatory authorities or bodies required to complete the Definitive Agreement and all transactions contemplated under the Definitive Agreement, in relation to the 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
- 2.2.3 the warranties of Starmo and Anthony remaining true and correct at all times from execution of the Definitive Agreement until (and including at) Explomo Completion.

3. USE OF PROCEEDS

The net proceeds ("**Net Proceeds**") from the Explomo Disposal, after deducting related fees and expenses, is approximately S\$2.78 million. 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 Explomo Disposal is approximately S\$4.23 million. The deficit of the Net 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 Explomo Disposal is approximately S\$1.94 million. The deficit of the Net Proceeds over the NAV of Explomo as at 1 April 2016 is approximately S\$0.18 million.

It is the present intention of the Board to distribute 100% of the Net Proceeds by way of a 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. Details of the Proposed Capital Reduction will be announced in due course.

Please refer to the April Announcement in relation to the details or information of Explomo, Anthony and the rationale for the Explomo Disposal.

4. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL (SECTION B: RULES OF CATALIST) OF THE SGX-ST ("CATALIST RULES")

- 4.1 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 12 months and treat them as if they were one (1) transaction.
- 4.2 As announced in the April Announcement, the Company had entered into the SPA to dispose of the Wow Group. The Wow Disposal, on its own, was categorised as a major transaction according to Rule 1014 of the Catalist Rules and therefore subject to the Shareholders' approval at an EGM to be convened.
- 4.3 Pursuant to Rule 1005 of the Catalist Rules, the Explomo Disposal is aggregated with the Wow Disposal (the Explomo Disposal and the Wow Disposal, collectively known as the "**Proposed Disposals**") for the purposes of determining the relative figures under Rule 1006 of the Catalist Rules. The relative figures for the Proposed 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 Disposals (S\$'000)	The Group (S\$'000)	Size of Relative Figure (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	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 equity securities were issued.	Not Applicable. No equity securities were issued.	Not Applicable. No equity securities were issued.

<p>Rule 1006(e)</p> <p>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.</p>	<p>Not Applicable. The Proposed Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.</p>	<p>Not Applicable. The Proposed Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.</p>	<p>Not Applicable. The Proposed Disposals are not disposals of mineral, oil or gas assets by a mineral, oil and gas company.</p>
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Notes:

- (1) The net loss of the Group for FY2015 has excluded the exceptional items of S\$6.86 million.
- (2) Includes consideration of the Wow Disposal of S\$3.24 million based on an exchange rate of US\$1.00: S\$1.3491 as at 27 April 2016, as announced in the April Announcement.
- (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 Company's shares of S\$0.12 on 10 June 2016, being the market day preceding the date of the Definitive Agreement, on which the shares of the Company were traded on the SGX-ST).

As the relative figure for the Explomo Disposal, when aggregated with the Wow Disposal, calculated under Rule 1006(b) of the Catalist Rules is more than 50%, the Proposed Disposals is considered as a major transaction under Rule 1014 of the Catalist Rules, and is therefore subject to the Shareholders' approval at the EGM to be convened.

5. FINANCIAL EFFECTS OF THE EXPLOMO DISPOSAL AND THE PROPOSED DISPOSALS

The financial effects of the Explomo Disposal and the Proposed Disposals on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Explomo Disposal and the Proposed Disposals. The financial effects of the Explomo Disposal and the Proposed Disposals set out below have been prepared based on the Group's audited consolidated financial statements for FY2015.

The financial effects of the Wow Disposal have been announced in the April Announcement.

Net Tangible Assets ("NTA")

The effects of the Explomo Disposal and the Proposed Disposals on the audited consolidated NTA per share of the Group as at 31 December 2015, assuming that the Explomo Disposal and the Proposed Disposals had been effected on 31 December 2015, are summarized below:-

	Before the Explomo Disposal and the Wow Disposal	After the Explomo Disposal	After the Proposed Disposals
NTA (S\$'000)	37,945	35,478	35,312
Number of issued Shares	240,443,565	240,443,565	240,443,565
NTA per Share (Cents)	15.78	14.76	14.69

Earnings Per Share ("EPS")

The effects of the Explomo Disposal and the Proposed Disposals on the audited consolidated EPS of the Group for FY2015, assuming that the Explomo Disposal and the Proposed Disposals had been effected on 1 January 2015 are summarized below:-

	Before the Explomo Disposal and the Wow Disposal	After the Explomo Disposal	After the Proposed Disposals
Loss attributable to the Shareholders (S\$'000)	(6,299)	(6,703) ⁽¹⁾	(3,968)
Weighted average number of Shares	240,443,565	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(2.79)	(1.65)

Notes:

- (1) The loss attributable to the Shareholders does not include the loss on the Explomo Disposal.
- (2) The loss attributable to the Shareholders does not include the loss on the Proposed Disposals.

6. INTERESTED PERSON TRANSACTION

The Purchaser, Anthony, is the Group Chief Executive Officer and Executive Director, as well as the controlling shareholder of the Company who holds in aggregate 16.6% (direct and deemed) shareholding interest in the Company and is therefore considered as an "**interested person**" as defined in Chapter 9 of the Catalist Rules. Accordingly, the Explomo Disposal is considered as an "**interested person transaction**" as defined under Chapter 9 of the Catalist Rules.

The Consideration represents approximately 7.9% of the latest audited consolidated NTA of the Group of S\$37.95 million as at 31 December 2015 (the "**2015 Group NTA**"). As the value of the Explomo Disposal is more than five per cent. (5%) of the 2015 Group NTA, the approval of the independent Shareholders is required for the Explomo Disposal pursuant to Rule 906 of the Catalist Rules.

7. AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS WITH ANTHONY

As at the date of this announcement, save for the 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 any other interested person during the financial year ending 31 December 2016.

8. INDEPENDENT FINANCIAL ADVISER AND AUDIT COMMITTEE STATEMENT

The Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to advise the directors of the Company who are considered independent for the purposes of the Explomo Disposal, namely Wong Weng Foo John, Tan Dah Ching and Teo Kok Woon on whether the Explomo Disposal is (i) on normal commercial terms, and (ii) not prejudicial to the interests of the Company and its minority shareholders.

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on the Explomo Disposal, which will be set out in the Circular to be dispatched to the Shareholders in due course.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Anthony, being the interested person in the Explomo Disposal, none of the other Directors and the controlling shareholders of the Company have any interest or are deemed to be interested in the Explomo Disposal other than their respective shareholdings in the Company.

10. ABSTENTION FROM RECOMMENDATION AND VOTING

- 10.1 Anthony, being the Group Chief Executive Officer and Executive Director, as well as the controlling shareholder of the Company, is interested in the Explomo Disposal. As such, Anthony shall abstain from making any recommendation on the Explomo Disposal.
- 10.2 Rule 919 of the Catalist Rules of the SGX-ST provides that interested persons and their associates must not vote on any shareholders' resolution nor accept any appointments as proxies, unless specific instructions as to voting are given, in respect of any resolutions approving interested person transactions involving themselves. Accordingly, Anthony will abstain from voting on the resolution in respect of the Explomo Disposal and has undertaken to ensure that his associates will abstain from voting in respect of the resolution in respect of the Explomo Disposal.
- 10.3 Anthony has also undertaken to decline, and ensure that his associates shall also decline, to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the resolution in respect of the Explomo Disposal unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Explomo Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. CASH COMPANY

If the Company has not acquired any land or property for its property business or any business before the completion of the Proposed Disposals ("**Completion**"), the Company will cease to have any operating business upon the Completion 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 of the Company.

13. CAUTIONARY STATEMENT

13.1 The Shareholders should note that the Explomo Disposal or the Proposed Disposals are subject to fulfilment of certain conditions. There is no certainty or assurance as at the date of this announcement that the Explomo Disposal or the Proposed Disposals will materialize.

13.2 Meanwhile, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. The Shareholders should consult their stockbrokers, solicitors or other professional advisers if they have any doubts about the actions they should take.

14. FURTHER ANNOUNCEMENT

The Company will make the necessary announcement as appropriate when there are updates to the Explomo Disposal and the Wow Disposal.

15. CIRCULAR TO THE SHAREHOLDERS

A circular to the Shareholders setting out further information on the Proposed Disposals, together with the notice of EGM to be convened, will be despatched to the Shareholders in due course.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the Company's registered office at 62 Burn Road #06-01, Singapore 369976 for a period of three (3) months commencing from the date of this announcement:

- (a) Definitive Agreement; and
- (b) Valuation Reports.

By Order of the Board

Lye Chee Fei Anthony
Chief Executive Officer
Date: 13 June 2016

*This announcement 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 SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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