

CIRCULAR DATED 15 MAY 2020

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by GSH Corporation Limited (the “**Company**”). **If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying proxy form 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. The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.



GSH CORPORATION LIMITED

(Company Registration Number: 200106139K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED SALE OF THE ENTIRE SHAREHOLDING INTERESTS IN HENAN ZHONGYUAN FOUR SEASONS AQUATIC LOGISTIC HARBOR CO. LTD. (河南中原四季水产物流港股份有限公司); AND**
- (2) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	29 May 2020 at 11.30 a.m.
Date and time of Extraordinary General Meeting	:	1 June 2020 at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and by electronic means)

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

“2019 Share Buy-back Mandate”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“AGM”	:	Annual general meeting
“Base Consideration”	:	Has the meaning ascribed to it in Section 2.4(b)(i) of this Circular
“Board of Directors” or “Board”	:	The board of directors of the Company, from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 May 2020
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	GSH Corporation Limited
“Completion”	:	The completion of the sale and purchase of Sale Shares pursuant to the SPA
“Consideration”	:	The consideration for the sale of the Sale Shares to the Purchaser pursuant to the SPA
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“CPF”	:	Central Provident Fund
“Deposit”	:	Has the meaning ascribed to it in Section 2.4(b)(i)(1) of this Circular
“Director” or “Directors”	:	A director or directors of the Company
“EGM”	:	The extraordinary general meeting of the Company to be held by electronic means on 1 June 2020 at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held on the same day and by electronic means), notice of which is set out on pages N-1 to N-4 of this Circular
“EPS”	:	Earnings per Share

DEFINITIONS

“Escrow Account”	:	Has the meaning ascribed to it in Section 2.4(b)(i) of this Circular
“Escrow Agreement”	:	Has the meaning ascribed to it in Section 2.4(c)(i) of this Circular
“FY”	:	The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending 31 December
“Group”	:	The Company and its subsidiaries
“Henan Zhongyuan”	:	Henan Zhongyuan Four Seasons Aquatic Logistic Harbor Co. Ltd. (河南中原四季水产物流港股份有限公司)
“Henan Zhongyuan Group”	:	Henan Zhongyuan and its subsidiaries
“Latest Practicable Date”	:	29 April 2020, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Maybank”	:	Malayan Banking Berhad Shanghai Branch (马来西亚马来亚银行有限公司上海分行)
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 3.3.3(a) of this Circular
“Maximum Price”	:	Has the meaning ascribed to it in Section 3.3.4 of this Circular
“NAV”	:	Net asset value
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 3.3.3(b) of this Circular
“Ordinary Resolutions”	:	The ordinary resolutions to be passed by Shareholders at the EGM as set out in the Notice of EGM

DEFINITIONS

“Parties”	:	Parties to the SPA, namely the Company, the Vendor, Henan Zhongyuan and the Purchaser
“PRC”	:	The People’s Republic of China
“PRC Regulatory Procedures”	:	Has the meaning ascribed to it in Section 2.4(c)(ii)(2) of this Circular
“Proposed Corporate Actions”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Proposed Renewal”	:	Has the meaning ascribed to it in Section 1.1(b) of this Circular
“Proposed Sale”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Purchaser”	:	Henan Xinrun Industrial Co., Ltd. (河南新润实业有限公司)
“Register of Members”	:	The register of members of the Company
“RMB”	:	Renminbi, the lawful currency of the PRC
“Sale Shares”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Second Tranche”	:	Has the meaning ascribed to it in Section 2.4(b)(i)(2) of this Circular
“Securities Account”	:	A securities account maintained by a Depositor with CDP
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-back”	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate
“Share Buy-back Mandate”	:	Has the meaning ascribed to it in Section 3.1 of this Circular

DEFINITIONS

“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“Singapore”	:	The Republic of Singapore
“SPA”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Substantial Shareholder”	:	A person who has an interest or interests in one (1) 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 in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Transaction Documents”	:	The SPA and the Escrow Agreement collectively
“Treasury Share”	:	A share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
“Vendor”	:	GSH (Zhengzhou) Investments Pte. Ltd.
“9M2019”	:	The nine (9)-month financial period ended 30 September 2019
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Percentage or per centum

In this Circular:

- (a) The terms “**Depositor**”, “**Depository Register**”, and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.
- (b) The terms “**subsidiary**”, “**treasury share**”, “**related company**”, and “**substantial Shareholder**” shall have the meanings ascribed to them respectively in the Companies Act.
- (c) The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual.

DEFINITIONS

- (d) Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- (e) References to persons shall include corporations.
- (f) Unless otherwise provided, references to Sections are to sections of this Circular.
- (g) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof and used in this Circular shall, unless otherwise defined in this Circular, have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof, as the case may be.
- (i) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.
- (j) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (k) Various names with Chinese characters have been translated into English names. These translations are provided solely for convenience. The English translations may not have been registered with the relevant authorities and should not be construed as representations that the English names actually represent the names in Chinese characters.

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility and does not undertake any obligation to update publicly or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

GSH CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200106139K)

Board of Directors:

Mr. Goi Seng Hui (*Executive Chairman*)
Mr. Gilbert Ee Guan Hui (*Chief Executive Officer and Executive Director*)
Mr. Goi Kok Ming (Wei Guoming) (*Chief Operating Officer and Executive Director*)
Ms. Juliette Lee Hwee Khoon (*Non-Executive Director*)
Mr. Francis Lee Choon Hui (*Vice Chairman and Lead Independent Director*)
Mr. Michael Grenville Gray (*Independent Director*)
Ms. Huang Lui (*Independent Director*)
Mr. Wendell Wong Hin Pkin (*Independent Director*)

Registered Office:

20 Cecil Street
#28-01 PLUS
Singapore 049705

15 May 2020

To: The Shareholders of GSH Corporation Limited

Dear Sir/Madam

(1) THE PROPOSED SALE OF ENTIRE SHAREHOLDING INTERESTS IN ASSOCIATED COMPANY HENAN ZHONGYUAN FOUR SEASONS AQUATIC LOGISTIC HARBOR CO. LTD. (河南中原四季水产物流港股份有限公司); AND

(2) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1. EGM and Circular to Shareholders

The Board is convening an EGM to be held by electronic means on 1 June 2020 at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held on the same day and by electronic means) to seek Shareholders' approval in respect of the following:

- (a) the Proposed Sale; and
 - (b) the proposed renewal of the Share Buy-Back Mandate (the "**Proposed Renewal**"),
- (collectively, the "**Proposed Corporate Actions**").

The purpose of this Circular is to provide the Shareholders with relevant information pertaining to the Proposed Corporate Actions, and to seek Shareholders' approval for these Proposed Corporate Actions at the EGM to be convened. The Notice of EGM is set out on pages N-1 to N-4 of this Circular.

LETTER TO SHAREHOLDERS

- 1.2. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

2. THE PROPOSED SALE

2.1. Introduction

As announced by the Company on 29 November 2019, the Company and the Vendor, which is a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement (“SPA”) with Henan Zhongyuan and the Purchaser, in relation to the sale of 171 million shares in Henan Zhongyuan, held by the Vendor (“Sale Shares”), to the Purchaser (“Proposed Sale”).

Henan Zhongyuan is 30%-owned by the Vendor, which was acquired in March 2017. Upon Completion, the Vendor would have disposed of its entire shareholding interest in Henan Zhongyuan, and Henan Zhongyuan will cease to be an associated company of the Company. Please refer to Appendix A for an illustration of the shareholding structure before and after the Proposed Sale has been completed.

As one of the relative figures in respect of the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Proposed Sale constitutes a “major transaction” under Chapter 10 of the Listing Manual. Accordingly, the Board of Directors is convening the EGM to seek Shareholders’ approval for the Proposed Sale. Further details on the aforementioned relative figures are set out in Section 2.8.1 of this Circular and the financial effects of the Proposed Sale are set out in Section 2.8.4 of this Circular. The salient terms of the SPA are set out in Section 2.4 of this Circular.

2.2. Information on Henan Zhongyuan

Henan Zhongyuan is a company incorporated in the PRC and its business operations are based in Zhengzhou, the capital of Henan Province in the PRC. Henan Zhongyuan carries on the business of leasing of properties, consisting of a food logistics and warehousing hub.

Please refer to Appendix B for the key financial information of the Henan Zhongyuan Group for the period commencing 1 March 2017 and ended 31 December 2017, FY2018 and the period commencing 1 January 2019 and ended 31 October 2019.

Other than the Vendor, and Mr. Li Hongyan (李鸿雁) and Mr. Li Junli (李军利), the shareholders of the Purchaser, there are 156 other individual shareholders of Henan Zhongyuan who collectively hold 66.84% of the equity interests in Henan Zhongyuan.

2.3. Information on the Purchaser

The Purchaser is a company incorporated in the PRC, and is a special purpose vehicle incorporated by two of the existing shareholders of Henan Zhongyuan (namely Mr. Li Hongyan (李鸿雁) and Mr. Li Junli (李军利)) for the purpose of the Proposed Sale. Mr. Li Hongyan (李鸿雁) and Mr. Li Junli (李军利) are also the directors of the Purchaser.

The foregoing information in respect of the Purchaser is based solely on information and representations provided by the Purchaser to the Company.

LETTER TO SHAREHOLDERS

Save for the 3.16% shareholding interests held by Mr. Li Hongyan (李鸿雁) and Mr. Li Junli (李军利) in Henan Zhongyuan, to the reasonable knowledge of the Board and based on representations made by the Purchaser to the Company, there is no family or business relationship between the Purchaser, its directors and substantial shareholders with the Company, its Directors and its Substantial Shareholders.

2.4. Salient terms of the SPA

(a) Sale and purchase of the Sale Shares

Pursuant to the SPA, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares. The Sale Shares represent 30% of the existing paid up and issued shares in the share capital of Henan Zhongyuan.

(b) Consideration and payment terms

The Consideration comprises:

- (i) RMB278 million (“**Base Consideration**”), which will be paid by the Purchaser to an escrow account (“**Escrow Account**”) pending Completion, in the following tranches:
 - (1) RMB50 million (“**Deposit**”) to be paid within 5 days of signing of the SPA or opening of the Escrow Account, whichever is later; and
 - (2) RMB228 million (“**Second Tranche**”) to be paid prior to 27 December 2019; and
- (ii) any interest earned on each of the Base Consideration tranches during the period of escrow, whether through fixed-term deposits or otherwise.

The Consideration held in escrow will be released and remitted to the Vendor on Completion.

(c) Other material terms of the SPA

Other material terms of the SPA are as follows:

(i) Escrow Account

After execution of the SPA, the Vendor and the Purchaser shall enter into an escrow agreement (“**Escrow Agreement**”) with a commercial bank in the PRC as designated by the Vendor, in relation to the provision of escrow services by such bank in respect of the maintenance and operation of the Escrow Account. Pursuant to the SPA and as set out in Section 2.4(b)(i) of this Circular, the Base Consideration shall be transferred to the Escrow Account pending Completion.

The Escrow Agreement between the Vendor, the Purchaser and Maybank was executed on 9 December 2019. As at the date of this Circular, the Escrow Account has been established with Maybank, and the Deposit and the Second Tranche have been paid into the Escrow Account.

LETTER TO SHAREHOLDERS

(ii) Approvals, Authorisations and Procedural Requirements

- (1) Parties shall obtain all necessary and applicable approvals and authorisations within three (3) months of the date of the SPA. This period has been extended for a further three (3) months.
- (2) Once the Deposit has been transferred to the Escrow Account in accordance with the SPA, Henan Zhongyuan, the Vendor and the Purchaser shall each appoint one (1) personnel to a working group for the purposes of making the necessary submissions, lodgements and applications to the relevant regulatory authorities in the PRC for the purposes of effecting the transfer of the Sale Shares (“**PRC Regulatory Procedures**”). The PRC Regulatory Procedures shall be completed within three (3) months from the transfer of the Second Tranche. This period has been extended for a further three (3) months.

As of the Latest Practicable Date, save for Shareholders’ approval which is to be sought at the EGM and the PRC Regulatory Procedures which have yet to be completed, to the best of the Company’s knowledge and based on confirmation from the Purchaser, all other necessary and applicable approvals and authorisations have been obtained.

(iii) Penalties/Liabilities for Breach of SPA Obligations

Parties in breach of certain obligations under the SPA will be subject to certain penalties and/or liabilities depending on the obligation breached. These include the following:

- (1) a RMB50 million penalty payable by the Purchaser to the Vendor in the event the Purchaser fails to make payment of the Deposit in accordance with the SPA. The SPA may be unilaterally terminated by the Vendor in such event; and
- (2) a late-payment penalty interest of 1% per month imposed on the unpaid amount, which will accrue on a daily basis, where the Purchaser fails to make payment of the Second Tranche in accordance with the SPA. In the event the Purchaser fails to make full payment of the Second Tranche within one (1) month from the date such interest begins to accrue, the SPA may be unilaterally terminated by the Vendor and in such event, the Vendor shall have the right to claim an agreed liquidated damage amount of RMB50 million from the Purchaser, which may be paid out of the Deposit held in the Escrow Account.

2.5. Determination of Consideration

The Consideration was arrived at after arm’s length negotiations between the Parties and on a willing-buyer and willing-seller basis, taking into account the returns on investment for the Company and Vendor. The Company, through the Vendor, had invested RMB200 million to subscribe for the Sale Shares in March 2017. Assuming that the Proposed Sale had been completed in March 2020, the return on investment and annualised return on investment amounts (based on the Base Consideration) would be approximately 39% and 12% respectively.

LETTER TO SHAREHOLDERS

2.6. Rationale for the Proposed Sale

The Proposed Sale was made pursuant to an offer to purchase received by the Group from the Purchaser. The Board, after careful consideration, is of the view that it is in the best interests of the Group to undertake the Proposed Sale for the following reasons:

- (a) the Group acquired the Sale Shares in March 2017 at a cash consideration of RMB200 million, with the intention of diversifying and balancing its existing property portfolio in Singapore and Malaysia with that of the business of Henan Zhongyuan;
- (b) while the Group adheres to an investment strategy of a balanced property portfolio that extends to properties beyond Singapore and Malaysia, the Proposed Sale would represent an opportunity for the Group to realise the value of the Sale Shares at a premium to its investment cost, representing a return on investment of at least approximately 39% (based on the Base Consideration compared with the consideration paid for the acquisition of the Sale Shares in March 2017), to a ready and willing buyer without any due diligence to be conducted, in a time and cost-efficient manner, notwithstanding that this may be below the book value of the Sale Shares (please refer to Section 2.8.3 of this Circular for further details); and
- (c) the Proposed Sale presents a good opportunity for the Group to realise cash flow for its other businesses. With the Proposed Sale, management can also better focus its time and attention on its other businesses and exploring other investment opportunities.

The Board is of the view that the Proposed Sale will not have any material effect on the Group's remaining and future business operations, being its hospitality and property development business in Asia. Henan Zhongyuan is an associated company of the Company while the primary business operations of the Group undertaken by the Company's subsidiaries are not subject of, or affected by, the Proposed Sale. After taking into account the above, the Board after careful consideration is of the view that the Consideration is fair and reasonable and that the Proposed Sale is in the best interests of the Group.

2.7. Intended use of proceeds from the Proposed Sale

The Company expects to receive net proceeds of approximately S\$53.7 million⁽¹⁾ from the Proposed Sale. Barring any unforeseen circumstances, the Company intends to utilise approximately 50% of the net proceeds to retire the Company's bank financing taken to finance the initial investment into Henan Zhongyuan amounting to S\$26.9 million as at 31 December 2019. The remaining 50% of the net proceeds is intended to be used for working capital and/or business expansions as the Directors may deem fit in their absolute discretion.

As at the date of this Circular, the Directors have not identified any business expansions for which a material amount of the net proceeds will be utilised. In this regard, the Company will keep Shareholders updated if required pursuant to the Listing Manual.

Note:

- (1) Based on the Base Consideration of RMB278 million (approximately S\$53.8 million, based on an exchange rate of 1 RMB: 0.19342 SGD as at 31 December 2019) less estimated expenses of approximately S\$0.1 million.

LETTER TO SHAREHOLDERS

2.8. Financial effects of the Proposed Sale

As announced by the Company on 26 February 2020 in its unaudited consolidated financial statements for the full year ended 31 December 2019, the Company recognised an impairment loss on assets held for sale of approximately S\$13,676,000 in the income statement for FY2019. Arising from the Proposed Sale, the Group had only recorded the profit from Henan Zhongyuan up to 31 October 2019, as a share of profits from an equity-accounting investee. Subsequent to 31 October 2019, the Group ceased to recognise any profit from Henan Zhongyuan.

2.8.1. Relative figures of the Proposed Sale under Chapter 10 of the Listing Manual

For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the latest announced unaudited consolidated financial statements of the Group for 9M2019 and the audited consolidated financial statements of the Group for FY2019 (as the case may be) are set out below:

BASE OF CALCULATION		RELATIVE FIGURES (%)	
(a)	Net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value	9M2019 17% ⁽¹⁾	FY2019 14% ⁽²⁾
(b)	Net profits ⁽³⁾ attributable to the Sale Shares disposed of, compared with the Group's net profits	9M2019 35% ⁽⁴⁾	FY2019 56% ⁽⁵⁾
(c)	Aggregate value of the consideration received ⁽⁶⁾ , compared with the Company's market capitalisation ⁽⁷⁾ based on the total number of issued shares excluding treasury shares	14%	
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable	
(e)	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 or gas company, but not to an acquisition of such assets	Not applicable	

Notes:

- (1) Based on the NAV of the Sale Shares, being approximately S\$67,324,000 as at 30 September 2019, compared with the Group's NAV, being approximately S\$392,757,000 as at 30 September 2019, based on the latest announced consolidated accounts of the Group for 9M2019. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Sale.
- (2) Based on the NAV of the Sale Shares, being approximately S\$53,772,000 as at 31 December 2019, compared with the Group's NAV, being approximately S\$391,647,000 as at 31 December 2019, based on the latest announced consolidated accounts of the Group for FY2019. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Sale.
- (3) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

LETTER TO SHAREHOLDERS

- (4) The net profits attributable to the Sale Shares for the purposes of this calculation is S\$5,475,000, computed based on the unaudited net profits of the Vendor for 9M2019. The Group's unaudited net profits for 9M2019 was S\$15,727,000.
- (5) The net profits attributable to the Sale Shares for the purposes of this calculation is S\$5,878,000, computed based on the audited net profits of the Vendor for FY2019. The Group's audited net profits for FY2019 was S\$10,482,000.
- (6) Based on the Base Consideration of RMB278 million (approximately S\$53.8 million, based on an exchange rate of 1 RMB: 0.19342 SGD as at 31 December 2019).
- (7) Under Rule 1002(5) of the Listing Manual, "**market capitalisation**" is determined by multiplying the number of shares in issue by the weighted average price of shares transacted on the market day preceding the date of the SPA.

The Company's market capitalisation is S\$381,602,042, computed based on the number of issued shares of the Company on 29 April 2020 of 1,956,933,550 Shares, and the weighted average price of Shares transacted on 29 April 2020 of S\$0.1950 per Share.

As the relative figure computed on the basis set out in Rule 1006(b) of the Listing Manual exceeds 20%, the sale of Sale Shares under the Proposed Sale constitutes a "**major transaction**" under Chapter 10 of the Listing Manual and is therefore subject to Shareholders' approval.

2.8.2. Value Attributable to the Sale Shares

(a) Book Value

Based on the Group's unaudited consolidated financial statements of the Group for 9M2019, the book value attributable to the Sale Shares as at 30 September 2019 is approximately S\$67,324,000.

Based on the Group's audited consolidated financial statements of the Group for FY2019, the book value attributable to the Sale Shares as at 31 December 2019 is approximately S\$53,772,000. Please refer to Section 2.8.3 of this Circular for further details.

(b) Net profit attributable to the Sale Shares

Based on the unaudited consolidated financial statements of the Group for 9M2019, the net profit attributable to the Sale Shares as at 30 September 2019 amounted to approximately S\$5,475,000 and the Proposed Sale is expected to result in loss on disposal of approximately S\$13,341,960 to the Group.

Based on the audited consolidated financial statements of the Group for FY2019, the net profit attributable to the Sale Shares as at 31 December 2019 amounted to approximately S\$5,856,000 and there is no impact to the Group upon disposal. Please refer to Section 2.8.3 of this Circular for further details.

(c) NTA

Based on the Group's unaudited consolidated financial statements of the Group for 9M2019, the NTA attributable to the Sale Shares as at 30 September 2019 is approximately S\$67,324,000.

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Based on the Group's audited consolidated financial statements of the Group for FY2019, the NTA attributable to the Sale Shares as at 31 December 2019 is approximately S\$53,772,000. Please refer to Section 2.8.3 of this Circular for further details.

(d) Latest Available Open Market Value

The open market value of the Sale Shares is not available. No valuation of the Sale Shares was commissioned for the purpose of the Proposed Sale as the Board is of the view that any valuation of the Sale Shares would not be necessary in the context of the following:

- (i) the return of investment from this Proposed Sale (as detailed in Section 2.5 of this Circular); and
- (ii) a ready buyer for the Sale Shares in the Purchaser with the financial resources to undertake the Proposed Sale, as evidenced through the commitment of the Purchaser in the payments made into the Escrow Account.

The Company recognized an impairment loss for Henan Zhongyuan of approximately S\$13,676,000 in the audited consolidated financial statements of the Group for FY2019. Please refer to Section 2.8.3 of this Circular for further details. There are no corporate guarantees or intercompany loans between Henan Zhongyuan and the Company.

With reference to the annual report of the Company for FY2018, in which it was disclosed that Henan Zhongyuan had provided a financial guarantee to its related party amounting to RMB600 million, the Company wishes to update that no claim has been made against Henan Zhongyuan under the aforementioned financial guarantee since its acquisition by the Group.

2.8.3. Deficit of proceeds over the Book Value

Based on the Group's unaudited consolidated financial statements for 9M2019, the Completion of the Proposed Sale is expected to result in an accounting book loss of approximately S\$13,341,960 to the Group. Accordingly, the deficit of the proceeds over the book value, and the loss on disposal, would also be approximately S\$13,341,960.

Post-acquisition of the Sale Shares by the Vendor in March 2017, the Company had commissioned a re-valuation of the Sale Shares in February 2018 in order to ascertain the fair value of the Sale Shares as at acquisition date for accounting purposes. As such valuation reflected a book value of the Sale Shares which was higher than the Consideration, this resulted in an accounting book loss being reflected as above, notwithstanding that the Consideration in fact yields relatively significant returns on the investment (as set out in Section 2.5 of this Circular). The Vendor's initial acquisition price of the Sale Shares in March 2017, being approximately S\$40.9 million⁽¹⁾, was also lower compared to the valuation of the Sale Shares at the time of the acquisition, being approximately S\$55.3 million.

As disclosed in the annual report of the Company for FY2017, there was a gain of approximately S\$14,345,000 recognised in FY2017 arising from the acquisition of the Henan Zhongyuan Group, which was reflected as negative goodwill. Subsequently, as the Proposed Sale is expected to be completed in FY2020, the Group reclassified Henan

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Zhongyuan under non-current assets to assets held for sale under current assets in the Group's audited consolidated financial statements for FY2019. As the carrying amount of the Sale Shares was higher than the Base Consideration as at 31 December 2019, this resulted in an accounting book loss of approximately S\$13,676,000 to the Group for FY2019, which was reflected as impairment loss on assets held for sale in the income statement.

As the impairment loss on Henan Zhongyuan is already recorded as such in the Group's audited consolidated financial statements for FY2019, the Proposed Sale is not expected to result in any impact to the Group on disposal of Sale Shares assuming that the RMB : SGD exchange rate as at Completion is the same as at 31 December 2019.

Note:

- (1) Computed based on the Vendor's initial acquisition price of the Sale Shares of RMB200 million, based on the actual conversion rate of 1 RMB: 0.20487 SGD on 10 March 2017.

2.8.4. Financial effects of the Proposed Sale

As stated in Section 2.8.3 of the Circular, the Group had recognised the financial effects of the Proposed Sale on the Group in its audited consolidated financial statements of the Group for FY2019. Accordingly, there is no change in the illustrative financial position and performance of the Group set out below immediately after Completion of the Proposed Transaction.

As such, the financial effects set out below are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group immediately after Completion of the Proposed Sale. The financial effects set out below have been calculated using the audited consolidated financial statements of the Group for FY2019, and based on the exchange rate of 1 RMB : 0.19342 SGD as at 31 December 2019, being the balance sheet date on which the Proposed Sale had been recognised in the Group's financial statements.

NTA

Assuming that the Proposed Sale had been completed on 31 December 2019, the effect of the Proposed Sale on the NTA per Share of the Group is as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA (S\$'000)	391,647	391,647
Number of Shares ('000)	1,958,933	1,958,933
NTA per Share (S\$ cents)	0.20	0.20

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EPS

Assuming that the Proposed Sale had been completed on 1 January 2019, the effect of the Proposed Sale on the earnings per Share of the Group is as follows:

	Before the Proposed Sale	After the Proposed Sale
Net profit/(loss) attributable to Shareholders (S\$'000)	7,602	7,602
Weighted average number of Shares ('000)	1,958,933	1,958,933
Earnings/(loss) per Share – basic (S\$ cents)	0.39	0.39

2.9. Directors' service contracts

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

3. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

3.1. Information on the Proposed Renewal

On 29 April 2019, Shareholders had approved the grant of a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares ("**2019 Share Buy-Back Mandate**"), subject to the terms of the 2019 Share Buy-Back Mandate. The 2019 Share Buy-back Mandate will expire on 1 June 2020, being the date of the forthcoming AGM. It is proposed that such authority be renewed.

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Constitution, the Companies Act, the Securities and Futures Act, the Listing Manual, and such other laws and regulations as may, for the time being, be applicable.

Rule 881 of the Listing Manual provides that a company may purchase its own shares if it has obtained the prior specific approval of its shareholders in a general meeting. Accordingly, approval is being sought from the Shareholders at the EGM for a renewed general mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares ("**Share Buy-back Mandate**"), on the terms of such Share Buy-back Mandate and details of which are set out in this Circular.

If approved by the Shareholders at the EGM, the authority conferred by the Share Buy-back Mandate will take effect from the date of the EGM and continue in force until the date on which the next AGM is held or required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate have been carried out to the full extent mandated, or the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting.

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3.2. Rationale for the Share Buy-back Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) the Share Buy-back Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of the Group's financial needs, taking into account its growth and expansion plans, the Share Buy-back Mandate will facilitate the return to Shareholders of surplus funds in an expedient, effective and cost-efficient manner;
- (b) share buy-backs are one of the ways in which the return on equity of the Company may be improved, thereby increasing shareholder value;
- (c) share buy-backs allow the Board to exercise control over the Company's Share structure with a view to enhancing the EPS and/or NTA value per Share;
- (d) share buy-backs may help mitigate short-term market volatility in the price of the Shares, offset the effects of short-term speculation and bolster Shareholders' confidence; and
- (e) the Share Buy-back Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash, transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, or issued to employees as a form of compensation, which may be less dilutive than if new Shares were issued for this purpose.

The Company will only purchase or acquire Shares pursuant to the Share Buy-back Mandate if it can benefit the Company and the Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

Nonetheless, Shareholders should note that there is no assurance that the proposed Share Buy-back will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained in the longer term.

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3.3. Authority and limitations of the Share Buy-back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate, if approved at the EGM, are summarised below:

3.3.1. Maximum number of Shares

(a) Share buy-back limit

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. Pursuant to Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding Treasury Shares) as at the date of the EGM at which the Share Buy-back Mandate is approved. Treasury Shares will be disregarded for the purposes of computing this 10% limit. As at the Latest Practicable Date, the Company has 20,102,500 Treasury Shares.

For illustrative purposes only, on the basis that there are 1,977,036,050 issued Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued between the Latest Practicable Date and the date of the EGM; and (ii) 20,102,500 Shares are held as Treasury Shares, the Company can purchase or acquire up to a maximum of 195,693,355 Shares (representing 10% of the total number of Shares (excluding Treasury Shares) of the Company as at that date) pursuant to the Share Buy-back Mandate during the period referred to in Section 3.3.2 below.

However, purchases or acquisitions pursuant to the Share Buy-back Mandate need not be carried out to the full extent mandated, and in any case, will not be carried out to such an extent that would result in the Company losing the minimum public float required to maintain the listing status of the Company's Shares on the SGX-ST.

As the Company holds 20,102,500 Shares as Treasury Shares as at the Latest Practicable Date, pursuant to the Companies Act, the Company may only retain a further 177,601,105 Shares as Treasury Shares as it is only allowed to hold a maximum of 197,703,605 Treasury Shares (being 10% of the total number of issued Shares of 1,977,036,050 Shares).

(b) Listing status on the SGX-ST

The Listing Manual provides that an issuer must ensure that at least 10% of a class of the total number of issued shares in a class that is listed (excluding Treasury Shares, preference Shares and convertible equity securities) is at all times held by the public.

In order to maintain the listing status of the Shares on the SGX-ST and pursuant to Rule 723 of the Listing Manual, the Company must ensure that there is at all times a public float of not less than 10% of the issued Shares (excluding Treasury Shares). The Company will not carry out any Share Buy-back to such extent that it would result

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in the number of Shares remaining in the hands of the public to fall below the minimum level required under the Listing Manual without adversely affecting the listing status of the Company.

As at the Latest Practicable Date, 427,670,530 Shares (or approximately 21.85% of the total number of issued Shares (excluding Treasury Shares)) are held in the hands of the public. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares (excluding Treasury Shares) held by the public Shareholders would be reduced to approximately 13.17%. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

The Company is seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the total number of Shares (excluding Treasury Shares) for greater flexibility. **If approved, the Company will be able to purchase or acquire up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares).** Nevertheless, before deciding to effect a Share Buy-back, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to comply with Listing Manual requirements.

3.3.2. Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the Share Buy-back Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is held or is required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting.

The authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be renewed by the Shareholders at each subsequent AGM or other general meeting of the Company.

3.3.3. Manner of purchases or acquisitions of Shares

Pursuant to Rule 882 of the Listing Manual, purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases transacted through the SGX-ST's trading system ("**Market Purchase**"); and/or

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- (b) off-market purchases in accordance with an equal access scheme as defined in Section 76C of the Companies Act (“**Off-Market Purchase**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the Listing Manual, the Securities and Futures Act, the Companies Act, and all applicable laws and regulations as they consider fit in the interests of the Company, in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share Buy-back by the Company;
- (D) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code and/or other applicable take-over rules;
- (E) whether the proposed purchase or acquisition of Shares by the Company, if made, could affect the listing of the Company’s equity securities on the SGX-ST;
- (F) details of any Share Buy-back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

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3.3.4. Purchase price

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the purposes of determining the Maximum Price:

- (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and is deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and
- (ii) “**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

The Listing Manual restricts a listed company from purchasing Shares by way of Market Purchases at a price per Share which is more than 5% above the Average Closing Price.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of Shares by way of Off-Market Purchases, the Company has set a cap of 20% above the Average Closing Price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Purchases.

3.4. Status of the purchased or acquired Shares

The Shares purchased or acquired by the Company pursuant to the Share Buy-back Mandate shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless held by the Company as Treasury Shares in accordance with Section 76H of the Companies Act. At the time of each such Share Buy-back by the Company, the Directors shall decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

Where Shares purchased or acquired by the Company pursuant to the Share Buy-back Mandate are cancelled, such Shares will be automatically de-listed by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition, and the total number of issued Shares will be diminished by such number of Shares that are cancelled.

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3.5. Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company under the Share Buy-back may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised as follows:

3.5.1. Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares of the Company. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act.

3.5.2. Voting and other rights

The Company shall not exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and, for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividends may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Shareholders on a winding up) may be made, to the Company in respect of Treasury Shares.

However, the Company may allot fully paid bonus Shares in respect of the Treasury Shares and the Treasury Shares may be subdivided or consolidated so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be. Any Shares allotted as fully paid bonus Shares in respect of the Treasury Shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied.

3.5.3. Disposal and cancellation

When Shares purchased or acquired are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to a share scheme whether for its employees, directors or any other persons;
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance.

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In addition, under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares held by it, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of Treasury Shares sold, transferred, cancelled and/or used;
- (iv) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

3.6. Source of funds

Any purchase or acquisition of Shares (including any expenses such as brokerage or commission incurred directly in the purchase or acquisition of such Shares) may be made out of the Company's capital or profits so long as the Company is solvent. Under the Companies Act, it is an offence for a Director or chief executive officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if –
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

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The Company intends to use internal resources of funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Buy-back Mandate. The Board will principally consider the availability of internal resources and the availability of external financing. However, in considering the option of external financing, the Board will particularly consider the prevailing gearing level of the Group. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate in circumstances which they believe will not result in any material adverse effect on the financial condition of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

3.7. Financial effects of the Share Buy-back Mandate

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Buy-back Mandate on the Company and the Group will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below.

3.7.1. Purchase or acquisition out of profits and/or capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, commission, applicable goods and services tax, and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration is paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

3.7.2. Number of Shares acquired or purchased

Based on 1,956,933,550 issued Shares (excluding Treasury Shares) as at the Latest Practicable Date, the purchase or acquisition of Shares by the Company up to the maximum limit of 10% of its issued Shares (excluding Treasury Shares) will result in the purchase or acquisition of 195,693,355 Shares.

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3.7.3. Maximum price paid for Shares acquired or purchased

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 195,693,355 Shares at the Maximum Price of S\$0.200 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 195,693,355 Shares is approximately S\$39,138,671 (excluding brokerage, commission, applicable goods and services tax, and other related expenses).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 195,693,355 Shares at the Maximum Price of S\$0.228 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 195,693,355 Shares is approximately S\$44,618,085 (excluding brokerage, commission, applicable goods and services tax, and other related expenses).

3.7.4. Illustrative financial effects

For illustrative purposes only, based on the assumptions set out in Section 3.7.3 and assuming that (i) the purchase or acquisition of Shares are made to the extent aforesaid; (ii) such Shares are funded wholly by internal resources within the Group; and (iii) the Company had purchased 195,693,355 Shares (representing 10% of the issued Shares (excluding Treasury Shares) as at the Latest Practicable Date) on 1 January 2019, the financial effects of the purchase of 195,693,355 Shares by way of:

- (a) purchases made entirely out of capital and held as treasury shares;
- (b) purchases made entirely out of capital and cancelled;
- (c) purchases made entirely out of profits and held as treasury shares; and
- (d) purchases made entirely out of profits and cancelled,

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on the audited financial statements of the Group for FY2019 pursuant to the Share Buy-back Mandate are as follows:

(a) Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾
As at 31 December 2019						
Share capital	343,458	343,458	343,458	343,458	343,458	343,458
Retained earnings	84,869	84,869	84,869	4,645	4,645	4,645
Other reserves	(31,549)	(31,549)	(31,549)	4,820	4,820	4,820
Treasury Shares	(5,131)	(70,755)	(80,158)	(5,131)	(70,755)	(80,158)
Total Shareholders' funds	391,647	326,023	316,620	347,792	282,168	272,765
Non-controlling interests	87,669	87,669	87,669	–	–	–
Total equity	479,316	413,692	404,289	347,792	282,168	272,765
NTA ⁽¹⁾	391,647	326,023	316,620	347,792	282,168	272,765
Current assets	661,152	595,528	586,125	592,818	527,194	517,791
Current liabilities	313,225	313,225	313,225	198,650	198,650	198,650
Working capital	347,927	282,303	272,900	394,168	328,544	319,141
Total borrowings	513,679	513,679	513,679	332,419	332,419	332,419
Cash and cash equivalents	113,089	47,465	38,062	60,564	(5,060)	(14,463)
Net profit after tax attributable to Shareholders	7,602	7,602	7,602	4,905	4,905	4,905
Number of Shares (excluding Treasury Shares) (in '000)	1,958,933	1,763,040	1,763,040	1,958,933	1,763,040	1,763,040
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	19.99	18.49	17.96	17.75	16.00	15.47
Net gearing ratio ⁽³⁾ (times)	0.84	1.13	1.18	0.78	1.20	1.27
Current ratio ⁽⁴⁾ (times)	2.11	1.90	1.87	2.98	2.65	2.61
EPS ⁽⁵⁾ (cents)	0.388	0.431	0.431	0.250	0.278	0.278

Notes:

- (1) NTA refers to Shareholders' funds less intangible assets.
- (2) NTA per Share is computed based on the NTA divided by the number of issued Shares (excluding Treasury Shares).
- (3) Net gearing ratio equals to total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current ratio equals to current assets divided by current liabilities.
- (5) EPS equals net profit after tax attributable to Shareholders divided by the total number of issued Shares (excluding Treasury Shares) as at 31 December 2019.

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- (6) Assumes that the Company undertakes a Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.200 for one (1) Share which is 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$39,138,671. However, the Company will not be making any purchases of Shares which results in the number of Shares held by the Company as Treasury Shares exceeding 10% of the total number of issued Shares.
- (7) Assumes that the Company undertakes an Off-Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.228 for one (1) Share which is 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$44,618,085. However, the Company will not be making any purchases of Shares which results in the number of Shares held by the Company as Treasury Shares exceeding 10% of the total number of issued Shares.

(b) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾
As at 31 December 2019						
Share capital	343,458	277,834	268,431	343,458	277,834	268,431
Retained earnings	84,869	84,869	84,869	4,645	4,645	4,645
Other reserves	(31,549)	(31,549)	(31,549)	4,820	4,820	4,820
Treasury Shares	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)
Total Shareholders' funds	391,647	326,023	316,620	347,792	282,168	272,765
Non-controlling interests	87,669	87,669	87,669	–	–	–
Total equity	479,316	413,692	404,289	347,792	282,168	272,765
NTA ⁽¹⁾	391,647	326,023	316,620	347,792	282,168	272,765
Current assets	661,152	595,528	586,125	592,818	527,194	517,791
Current liabilities	313,225	313,225	313,225	198,650	198,650	198,650
Working capital	347,927	282,303	272,900	394,168	328,544	319,141
Total borrowings	513,679	513,679	513,679	332,419	332,419	332,419
Cash and cash equivalents	113,089	47,465	38,062	60,564	(5,060)	(14,463)
Net profit after tax attributable to Shareholders	7,602	7,602	7,602	4,905	4,905	4,905
Number of Shares (excluding Treasury Shares) (in '000)	1,958,933	1,763,040	1,763,040	1,958,933	1,763,040	1,763,040
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	19.99	18.49	17.96	17.75	16.00	15.47
Net gearing ratio ⁽³⁾ (times)	0.84	1.13	1.18	0.78	1.20	1.27
Current ratio ⁽⁴⁾ (times)	2.11	1.90	1.87	2.98	2.65	2.61
EPS ⁽⁵⁾ (cents)	0.388	0.431	0.431	0.250	0.278	0.278

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Notes:

- (1) NTA refers to Shareholders' funds less intangible assets.
- (2) NTA per Share is computed based on the NTA divided by the number of issued Shares (excluding Treasury Shares).
- (3) Net gearing ratio equals to total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current ratio equals to current assets divided by current liabilities.
- (5) EPS equals net profit after tax attributable to Shareholders divided by the total number of issued Shares (excluding Treasury Shares) as at 31 December 2019.
- (6) Assumes that the Company undertakes a Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.200 for one (1) Share which is 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$39,138,671.
- (7) Assumes that the Company undertakes an Off-Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.228 for one (1) Share which is 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$44,618,085.

(c) Purchases made entirely out of profits and held as Treasury Shares

	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾
As at 31 December 2019						
Share capital	343,458	343,458	343,458	343,458	343,458	343,458
Retained earnings	84,869	84,869	84,869	4,645	4,645	4,645
Other reserves	(31,549)	(31,549)	(31,549)	4,820	4,820	4,820
Treasury Shares	(5,131)	(70,755)	(80,158)	(5,131)	(70,755)	(80,158)
Total Shareholders' funds	391,647	326,023	316,620	347,792	282,168	272,765
Non-controlling interests	87,669	87,669	87,669	–	–	–
Total equity	479,316	413,692	404,289	347,792	282,168	272,765
NTA ⁽¹⁾	391,647	326,023	316,620	347,792	282,168	272,765
Current assets	661,152	595,528	586,125	592,818	527,194	517,791
Current liabilities	313,225	313,225	313,225	198,650	198,650	198,650
Working capital	347,927	282,303	272,900	394,168	328,544	319,141
Total borrowings	513,679	513,679	513,679	332,419	332,419	332,419
Cash and cash equivalents	113,089	47,465	38,062	60,564	(5,060)	(14,463)
Net profit after tax attributable to Shareholders	7,602	7,602	7,602	4,905	4,905	4,905
Number of Shares (excluding Treasury Shares) (in '000)	1,958,933	1,763,040	1,763,040	1,958,933	1,763,040	1,763,040

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	Group			Company		
	Before Share Buy-back	After Share Buy-back by way of Market Purchase	After Share Buy-back by way of Off-Market Purchase	Before Share Buy-back	After Share Buy-back by way of Market Purchase	After Share Buy-back by way of Off-Market Purchase
As at 31 December 2019	(\$S'000)	(\$S'000) ⁽⁶⁾	(\$S'000) ⁽⁷⁾	(\$S'000)	(\$S'000) ⁽⁶⁾	(\$S'000) ⁽⁷⁾
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	19.99	18.49	17.96	17.75	16.00	15.47
Net gearing ratio ⁽³⁾ (times)	0.84	1.13	1.18	0.78	1.20	1.27
Current ratio ⁽⁴⁾ (times)	2.11	1.90	1.87	2.98	2.65	2.61
EPS ⁽⁵⁾ (cents)	0.388	0.431	0.431	0.250	0.278	0.278

Notes:

- (1) NTA refers to Shareholders' funds less intangible assets.
- (2) NTA per Share is computed based on the NTA divided by the number of issued Shares (excluding Treasury Shares).
- (3) Net gearing ratio equals to total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current ratio equals to current assets divided by current liabilities.
- (5) EPS equals net profit after tax attributable to Shareholders divided by the total number of issued Shares (excluding Treasury Shares) as at 31 December 2019.
- (6) Assumes that the Company undertakes a Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.200 for one (1) Share which is 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$39,138,671. However, the Company will not be making any purchases of Shares which results in the number of Shares held by the Company as Treasury Shares exceeding 10% of the total number of issued Shares.
- (7) Assumes that the Company undertakes an Off-Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.228 for one (1) Share which is 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$44,618,085. However, the Company will not be making any purchases of Shares which results in the number of Shares held by the Company as Treasury Shares exceeding 10% of the total number of issued Shares.

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(d) Purchases made entirely out of profits and cancelled

	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) ⁽⁶⁾	After Share Buy-back by way of Off-Market Purchase (S\$'000) ⁽⁷⁾
As at 31 December 2019						
Share capital	343,458	343,458	343,458	343,458	343,458	343,458
Retained earnings	84,869	19,245	9,842	4,645	(60,979)	(70,382)
Other reserves	(31,549)	(31,549)	(31,549)	4,820	4,820	4,820
Treasury Shares	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)
Total Shareholders' funds	391,647	326,023	316,620	347,792	282,168	272,765
Non-controlling interests	87,669	87,669	87,669	–	–	–
Total equity	479,316	413,692	404,289	347,792	282,168	272,765
NTA ⁽¹⁾	391,647	326,023	316,620	347,792	282,168	272,765
Current assets	661,152	595,528	586,125	592,818	527,194	517,791
Current liabilities	313,225	313,225	313,225	198,650	198,650	198,650
Working capital	347,927	282,303	272,900	394,168	328,544	319,141
Total borrowings	513,679	513,679	513,679	332,419	332,419	332,419
Cash and cash equivalents	113,089	47,465	38,062	60,564	(5,060)	(14,463)
Net profit after tax attributable to Shareholders	7,602	7,602	7,602	4,905	4,905	4,905
Number of Shares (excluding Treasury Shares) (in '000)	1,958,933	1,763,040	1,763,040	1,958,933	1,763,040	1,763,040
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	19.99	18.49	17.96	17.75	16.00	15.47
Net gearing ratio ⁽³⁾ (times)	0.84	1.13	1.18	0.78	1.20	1.27
Current ratio ⁽⁴⁾ (times)	2.11	1.90	1.87	2.98	2.65	2.61
EPS ⁽⁵⁾ (cents)	0.388	0.431	0.431	0.250	0.278	0.278

Notes:

- (1) NTA refers to Shareholders' funds less intangible assets.
- (2) NTA per Share is computed based on the NTA divided by the number of issued Shares (excluding Treasury Shares).
- (3) Net gearing ratio equals to total borrowings less cash and cash equivalents divided by Shareholders' funds.
- (4) Current ratio equals to current assets divided by current liabilities.
- (5) EPS equals net profit after tax attributable to Shareholders divided by the total number of issued Shares (excluding Treasury Shares) as at 31 December 2019.

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- (6) Assumes that the Company undertakes a Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.200 for one (1) Share which is 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$39,138,671.
- (7) Assumes that the Company undertakes an Off-Market Purchase of 195,693,355 Shares at the Maximum Price of approximately S\$0.228 for one (1) Share which is 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$44,618,085.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of the purchase or acquisition of Shares that may be made pursuant to the Share Buy-back Mandate on the NTA per Share and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase or acquisition of Shares. The above analysis is based on historical numbers as at 31 December 2019, and is not necessarily representative of future financial performance.

It should also be noted that the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate would only be made in circumstances where it is considered to be in the best interests of the Company. Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Directors would emphasise that they do not propose to purchase or acquire Shares pursuant to the Share Buy-back Mandate to such an extent that would, or in circumstances that might, materially and adversely affect the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution.

3.8. Listing rules

Rule 886 of the Listing Manual requires the Company to notify SGX-ST of all purchases or acquisitions of its Shares as follows:

- (a) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day of the Share Buy-back; and
- (b) in the case of an Off-Market Purchase, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

Such notification (which must be in the form of Appendix 8.3.1 of the Listing Manual) must include the maximum number of Shares authorised for purchase, the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as Treasury Shares, the purchase price per Share or the highest and lowest prices paid per Share, as applicable, and the total consideration (including stamp duties, clearing charges, et cetera.) paid or payable for the Shares, the number of Shares purchased as at the date of notification from the date the Share Buy-back Mandate is obtained (on a cumulative basis), the number of issued Shares excluding Treasury Shares and the number of Treasury Shares held after the Share Buy-back.

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The Listing Manual does not expressly prohibit a listed company from purchasing or acquiring its own Shares during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate in any of the following circumstances:

- (i) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or decision of the Board until the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual; and
- (ii) during the period commencing two (2) weeks before the announcement of the financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company’s full year financial statements.

The Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

3.9. Take-over implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1. Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, the percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.9.2. Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons and companies will be presumed to be acting in concert:

- (a) the following companies: (i) a company; (ii) the parent company of (i); (iii) the subsidiaries of (i); (iv) the fellow subsidiaries of (i); (v) the associated companies of any of (i), (ii), (iii) or (iv); (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the

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purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.9.3. Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months; and
- (b) a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholders holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders would increase by

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more than 1% in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate unless so required under the Companies Act.

3.9.4. Exemption under Appendix 2 of the Take-over Code

Section 3(a) of the Appendix 2 of the Take-over Code provides, *inter alia*, that for a Market Purchase under Section 76E of the Companies Act or an Off-Market Purchase under Section 76C of the Companies Act by a listed company, Directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code, subject to the following conditions:

- (a) the circular to Shareholders on the resolution to authorise a share buyback to contain advice to the effect that by voting for the buy-back resolution, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buy-back to be disclosed in the same circular;
- (b) the resolution to authorise a share buy-back to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buyback;
- (c) the Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the share buy-back;
- (d) within seven (7) days after the passing of the resolution to authorise a share buy-back, each of the Directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:
 - (i) the date on which the authority of the share buy-back expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying its Shares, as the case may be,if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase to 30% or more; and
- (f) Directors and/or persons acting in concert with them, together holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
 - (i) the date on which the authority of the share buy-back expires; and

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- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying its Shares, as the case may be,

if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

It follows that where aggregate voting rights held by a Director and persons acting in concert with him increase by more than 1% solely as a result of the share buy-back and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

3.9.5. Take-over obligations of Directors and Substantial Shareholders of the Company

Based on the interests of the Directors and Substantial Shareholders as at the Latest Practicable Date as recorded in the Register of Directors' and Substantial Shareholders' Shareholdings, none of the Directors or Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

3.9.6. Shares purchased by the Company

Information on the share buybacks carried out by the Company during the 12-month period preceding the Latest Practicable Date are set out below:

Date of purchase	Type of purchase	Number of Shares purchased	Highest price paid per Share (S\$)	Lowest price paid per Share (S\$)	Total consideration paid (including brokerage clearing fees and other charges) (S\$)
3 April 2020	Market Purchase	140,000	0.19	0.18	26,239.22
2 April 2020	Market Purchase	500,000	0.205	0.195	99,449.12
1 April 2020	Market Purchase	143,200	0.21	0.205	29,900.87

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Date of purchase	Type of purchase	Number of Shares purchased	Highest price paid per Share (S\$)	Lowest price paid per Share (S\$)	Total consideration paid (including brokerage clearing fees and other charges) (S\$)
31 March 2020	Market Purchase	100,000	0.21	0.21	21,036.11
30 March 2020	Market Purchase	85,100	0.21	0.205	17,904.91
24 March 2020	Market Purchase	50,000	0.21	0.21	10,531.62
23 March 2020	Market Purchase	36,400	0.22	0.22	8,038.54
19 March 2020	Market Purchase	945,100	0.25	0.25	236,629.30

3.10. Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of the proposed Share Buy-back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisors.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1. Interests of the Directors and Substantial Shareholders in the Shares

Based on the Company's register of interests of Directors and register of Substantial Shareholders respectively, as at the date of the Circular, the interests of the Directors and Substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Directors						
Goi Seng Hui ⁽¹⁾	1,170,586,275	59.76	0	0	1,170,586,275	59.76
Gilbert Ee Guan Hui ⁽²⁾	629,478	0.03	157,913,600	8.06	158,543,078	8.09
Goi Kok Ming (Wei Guoming)	0	0	0	0	0	0
Francis Lee Choon Hui	0	0	0	0	0	0
Michael Grenville Gray	0	0	0	0	0	0
Juliette Lee Hwee Khoon	0	0	0	0	0	0
Huang Lui	0	0	0	0	0	0
Wendell Wong Hin Pkin	0	0	0	0	0	0

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	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Substantial Shareholders (other than Directors)						
Goodview Properties Pte Ltd ⁽³⁾	100,000,000	5.10	0	0	100,000,000	5.10
Far East Organization Centre Pte Ltd	0	0	100,000,000 ⁽⁶⁾	5.10	100,000,000	5.10
Lippo Capital Limited ⁽⁴⁾	0	0	99,021,467 ⁽⁷⁾	5.05	99,021,467	5.05
Lanius Limited ⁽⁵⁾	0	0	99,021,467 ⁽⁸⁾	5.05	99,021,467	5.05
Ng Chee Siong	0	0	101,112,200 ⁽⁹⁾	5.16	101,112,200	5.16
Ng Chee Tat Philip	0	0	101,112,200 ⁽¹⁰⁾	5.16	101,112,200	5.16

Notes:

- (1) The percentage shown, to the nearest 2 decimal places, was based on form 1 received from Goi Seng Hui as at 12 June 2019.
- (2) Gilbert Ee Guan Hui is treated as having an interest in 90,913,600 Shares held through OCBC Securities Private Ltd, 52,000,000 Shares held through Raffles Nominees Pte Ltd and 15,000,000 Shares held through Florence Ee Gek Noi (his spouse). The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Gilbert Ee Guan Hui as at 23 April 2018.
- (3) The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Goodview Properties Pte Ltd as at 13 August 2013.
- (4) The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Lippo Capital Limited as at 21 January 2015.
- (5) The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Lanius Limited as at 21 January 2015.
- (6) Based on form 3 received on 13 August 2013, Far East Organization Centre Pte Ltd has a controlling interest in Goodview Properties Pte Ltd and is therefore treated to be having an interest in the 100,000,000 Shares held by Goodview Properties Pte Ltd in the Company.
- (7) Based on form 3 received on 21 January 2015, Lippo Capital Limited is the holding company of an entity which has joint control of Lippo ASM Asia Property Limited, which is a holding company of OUE Limited. OUE Limited has a direct interest in 19,260,000 Shares. In addition, Lippo Capital Limited is the holding company of Golden Super Holdings Limited and Lippo Assets (International Limited). Golden Super Holdings Limited and Lippo Assets (International Limited) has a direct interest in 77,761,467 and 2,000,000 Shares respectively. Lippo Capital Limited is therefore treated to be having an interest in 99,021,467 Shares.
- (8) Based on form 3 received on 21 January 2015, Lanius Limited holds the entire issued share capital of Lippo Capital Limited and is therefore treated to be having an interest in 99,021,467 Shares.
- (9) Based on form 3 received on 1 June 2017, vesting of the assets of the Estate of Ng Teng Fong (the “Estate”) in Ng Chee Siong (“RN”) in his capacity as a beneficiary of the Estate, pending final distribution. Goodview Properties Pte Ltd has a direct interest in 101,112,200 Shares. The Estate has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in Goodview Properties Pte Ltd.. RN is a beneficiary of the Estate and is therefore treated to be having an interest in the 101,112,200 Shares in which Goodview Properties Pte Ltd has an interest.
- (10) Based on form 3 received on 1 June 2017, vesting of the assets of the Estate of Ng Teng Fong (the “Estate”) in Ng Chee Tat Philip (“PN”) in his capacity as a beneficiary of the Estate, pending final distribution. Goodview Properties Pte Ltd has a direct interest in 101,112,200 Shares. The Estate has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in Goodview Properties Pte Ltd.. PN is a beneficiary of the Estate and is therefore treated to be having an interest in the 101,112,200 Shares in which Goodview Properties Pte Ltd has an interest.

LETTER TO SHAREHOLDERS

4.2. **Interests of the Directors and Substantial Shareholders in the Proposed Corporate Actions**

None of the Directors or the Substantial Shareholders, has any other interest, direct or indirect, in the Proposed Corporate Actions other than through their respective directorships in the Group and/or shareholdings in the Company.

5. **DIRECTORS' RECOMMENDATIONS**

5.1. **The Proposed Sale**

Having considered, *inter alia*, the terms, the rationale, the benefits, and the financial effects of the Proposed Sale, the Directors are of the view that the Proposed Sale is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Sale to be proposed at the EGM.

5.2. **The Proposed Renewal**

Having considered, *inter alia*, the terms, the rationale, the benefits, and the financial effects of the Proposed Renewal, the Directors are of the view that the Proposed Renewal is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Renewal to be proposed at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationales for the Proposed Sale and the Proposed Renewal and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor or other professional adviser.

6. **EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held by electronic means on 1 June 2020 at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held on the same day and by electronic means) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

7. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who wish to vote at the EGM should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time fixed for the EGM.

A Depositor shall not be regarded as a member of the Company entitled to vote at the EGM unless his name appears in the Depository Register as at 72 hours before the EGM.

LETTER TO SHAREHOLDERS

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office at 20 Cecil Street, #28-01 PLUS, Singapore 049705 on any weekday (public holidays excepted) for a period of three (3) months from the date of this Circular:

- (a) the Transaction Documents;
- (b) the annual report of the Company for FY2019; and
- (c) the Constitution.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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 Corporate Actions, 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.

Yours faithfully

For and on behalf of the Board of Directors of
GSH Corporation Limited

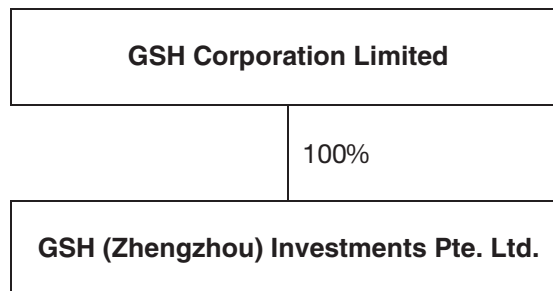
Gilbert Ee Guan Hui
Chief Executive Officer and Executive Director

APPENDIX A

Before the Proposed Sale



After the Proposed Sale



APPENDIX B

Key Financial Information of Henan Zhongyuan Group

	Period commencing 1 March 2017 and ended 31 December 2017 S\$'million	FY2018 S\$'million	Period commencing 1 January 2019 and ended 31 October 2019 S\$'million
Revenue	28.6	30.3	32.1
Net profit before tax	12.1	28.4	25.1
Net profit after tax	9.9	22.4	19.6
Total comprehensive income	9.9	22.4	19.6
Non-current assets	185.3	175.3	170.4
Current assets	24.6	51.5	74.3
Non-current liabilities	(10.5)	(3.8)	(3.7)
Current liabilities	(3.9)	(13.3)	(16.2)
Net assets	195.5	209.7	224.8

NOTICE OF EXTRAORDINARY GENERAL MEETING

GSH CORPORATION LIMITED

(Company Registration Number: 200106139K)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of GSH Corporation Limited (the “**Company**”) will be held by electronic means on 1 June 2020* at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and by electronic means) for the purpose of considering and, if thought fit, passing with or without amendment, the following resolutions as set out below.

*All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 15 May 2020 (the “**Circular**”).*

ORDINARY RESOLUTION 1

Approval for the Proposed Sale

That:

- (a) approval be and is hereby given for the Proposed Sale by GSH (Zhengzhou) Investments Pte. Ltd. of all its issued and paid-up shares in Henan Zhongyuan Four Seasons Aquatic Logistic Harbor Co. Ltd. (河南中原四季水产物流港股份有限公司) to the Purchaser for the Consideration, on the terms and subject to the conditions of the SPA, such sale being a major transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST;
- (b) the Directors of the Company and each of them be and are hereby authorized to do any and all such acts and things for and on behalf of the Company (including, but not limited to, signing, executing and delivering any such documents, and negotiating, reviewing, finalising and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution and/or the Proposed Sale, including but not limited to the Transaction Documents) as such Director may, in his absolute discretion deem fit, advisable, necessary or expedient, in the interests of the Company, to give effect to the matters referred to in paragraph (a) of this Ordinary Resolution, the Proposed Sale and the Transaction Documents; and
- (c) any acts, matters and things done or performed, and/or documents signed, executed, sealed or delivered by a Director in connection with the Proposed Sale be and are hereby approved, confirmed and ratified.

* Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, companies are allowed to hold meetings using electronic communication, video conferencing, tele-conferencing, or other electronic means in order to comply with the safe distancing measures imposed under the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020. Accordingly, the Company wishes to inform all shareholders that the EGM is being convened, and will be held, by electronic means only and shareholders will not be able to attend the EGM in person. Shareholders may watch the EGM proceedings through a live webcast via their mobile phones, tablets or computers. To do so, shareholders need to email their particulars (Full Name and Full NRIC or Passport Number) to agmegm2020@gshcorporation.com to enable the Company to verify their status. Following the verification, authenticated shareholders will receive an email containing a unique link, which they can click on to access the webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceeding. Details of the steps for registration are set out in the Notes. Shareholders are advised to regularly check the Company's website and SGXNet for updates.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2

Approval for the Proposed Renewal

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) and such other laws and regulations as may for the time being be applicable, the exercise of the directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued and paid-up ordinary shares in the share capital of the Company (“**Shares**”) (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:
- (i) on-market purchases transacted through the trading system of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), or as the case may be, any other securities exchange on which the Shares may for the time being be listed on (“**Market Purchase**”); and/or
 - (ii) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual (“**Off-Market Purchase**”),
- and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-back Mandate**”);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:
- (i) the date on which the next annual general meeting is held or is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(d) in this resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and is deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, and other related expenses) to be paid for the Shares as determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares as at that date); and

(e) the Directors and/or any of them be and are hereby authorised to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this Ordinary Resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the proposed Share Buy-back Mandate prior to the date of the EGM be and are hereby approved, ratified and confirmed.

By Order of the Board

Lee Tiong Hock
Company Secretary
Singapore, 15 May 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020:

- (1) A quorum may be formed by two (2) members of the Company (or one (1) member if permitted by the legal instrument of the Company) personally or electronically present. A member is electronically present at the EGM if the member –
 - (i) attends the EGM electronically;
 - (ii) is verified by the Company's Share Registrar as attending the EGM electronically; and
 - (iii) is acknowledged by electronic means by the Chairman of the EGM as present at the EGM.
- (2) Members may watch the EGM proceedings through a live webcast via their mobile phones, tablets or computers. To do so, shareholders need to email their particulars (Full Name and Full NRIC or Passport Number) to agmegm2020@gshcorporation.com on or before 28 May 2020, to enable the Company to verify their status. Following the verification, authenticated shareholders will receive an email on 31 May 2020 containing a unique link, which they can click on to access the webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings. Members who do not receive an email by 31 May 2020 but have registered by 28 May 2020 deadline should email the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at srs.teamb@boardroomlimited.com.
- (3) Members who wish to vote at the EGM must submit a proxy form to appoint the Chairman of the EGM to cast votes on their behalf. Member must submit the proxy form by mail to 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 or by electronic mail to agmegm2020@gshcorporation.com, not less than seventy-two (72) hours before the time appointed for holding the EGM.
- (4) Proxy forms appointing such person other than the Chairman of the EGM shall be deemed to appoint the Chairman of the EGM as proxy.
- (5) CPF and SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes as soon as possible but not less than seven (7) business days before the EGM. Investors who have deposited their shares into a nominee account should also approach their Depository Agents and relevant intermediaries as soon as possible but not less than seven (7) business days before the EGM if they wish to vote.
- (6) Members may also submit questions related to the EGM by electronic mail to agmegm2020@gshcorporation.com or by post to 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, by no later than 5 p.m. on 25 May 2020. The Company will read out and address all substantial and relevant questions at the EGM, and all responses to such substantial and relevant questions received will be published on SGXNet and the Company's website after the EGM.
- (7) Members will not be able to ask questions at the EGM during the live webcast due to administrative limitations, and therefore it is important for members to pre-register and submit their questions in advance of the EGM.
- (8) Non CPF/SRS holders whose shares are registered under Depository Agents must approach their respective Depository Agents to indicate their interest to watch the live webcast.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or a preregistration to watch the EGM proceedings, 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.

Shareholders should not record the proceedings of the meeting with their mobile phones or via any other electronic means and upload on social media. The proceedings in the meeting are for shareholders, and preservation of confidentiality and privacy of the discussions and persons (Board of Directors including Chairman and other shareholders) in the meeting should be observed.

GSH CORPORATION LIMITED

(Company Registration No. 200106139K)
(Incorporated in the Republic of Singapore)

PROXY FORM

Extraordinary General Meeting

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF/SRS monies to buy the Company's shares, 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.
2. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to the appointment of the Chairman of the Meeting as the proxy.

I/We, _____ (Name) _____ (NRIC No./Passport No./Company Registration No.) of _____ (Address) being a member/members of GSH CORPORATION LIMITED (the "**Company**"), hereby appoint:

the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM of the Company to be held by electronic means on 1 June 2020 at 11.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	For**	Against*	Abstain*
1	To approve the Proposed Sale			
2	To approve the Proposed Renewal			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

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

Signature of Shareholder(s)
or, *Common Seal of Corporate Shareholder*



NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Pursuant to COVID19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order 2020"), a member of the Company entitled to attend and vote at the EGM is required to appoint the Chairman of the EGM as the member's proxy to vote in his/her stead. A proxy need not be a member of the Company. Proxy forms appointing such person other than the Chairman of the EGM shall be deemed to appoint the Chairman of the EGM as proxy.
3. CPF and SRS Investors who would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy.
4. The instrument appointing a proxy must be sent by mail to 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 or by electronic mail to agmegm2020@gshcorporation.com not less than seventy-two (72) hours before the time appointed for the EGM.
5. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. Pursuant to the COVID-19 Order 2020, companies are allowed to hold meetings using electronic communication, video conferencing, tele-conferencing, or other electronic means in order to comply with the safe distancing measures imposed under the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020. Accordingly, the Company wishes to inform all shareholders that the EGM is being convened, and will be held, by electronic means only and shareholders may watch the EGM proceedings through a live webcast via their mobile phones, tablets or computers. To do so, shareholders need to email their particulars (Full Name and Full NRIC or Passport Number) to agmegm2020@gshcorporation.com on or before 28 May 2020, to enable the Company to verify their status. Following the verification, authenticated shareholders will receive an email on 31 May 2020 containing a unique link, which they can click on to access the webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings. Shareholders who do not receive an email by 31 May 2020 but have registered by the 28 May 2020 deadline should email to the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at srs.teamb@boardroomlimited.com.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) or a preregistration to watch the EGM proceedings, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 May 2020.

General:

The Company shall be entitled to reject the instrument appointing a proxy 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. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.