



Global Strategic Holdings
Registration No. 200106139K
(Incorporated in Singapore)

GSH CORPORATION LIMITED – PROPOSED SALE OF TRADING AND DISTRIBUTION BUSINESS

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of GSH Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on, 9 July 2014, entered into a conditional sale and purchase agreement (the “**SPA**”) with Serial System Ltd (“**SST**”), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).
- 1.2 Pursuant to the SPA, the Company has agreed to sell and SST has agreed to purchase the entire trading and distribution business of the Group through the sale by the Company to SST of (“**Proposed Sale**”):
- (a) the entire issued and paid-up capital of each of Global Strategic Holdings Franchising Pte. Ltd. (“**GSHF**”) and GSH Corporation (Far East) Pte. Ltd. (“**GFE**”, and together with its subsidiaries, the “**GFE Group**”), which are wholly-owned subsidiaries of the Company; and
 - (b) all the assets and liabilities (excluding a warehouse and office in Dubai) (“**GME Target Assets**”) of a subsidiary of the Company, GSH (Middle East) Pte Ltd (“**GME**”, and together with its subsidiaries the “**GME Group**”) via the sale of all the issued shares in the share capital of a new subsidiary of the Company to be incorporated in the British Virgin Islands (“**Newco**”), to which the GME Target Assets will be transferred.

2. CONSIDERATION

- 2.1. The consideration to be paid by SST to the Company (“**Consideration**”), which was arrived at on a willing buyer, willing seller basis, taking into account a number of factors including the earnings, financial position, management experience, track record as well as the business prospects of Target Group, is to be determined as follows:

Consideration = NAV + US\$2.38 million,

where “**NAV**” refers to the consolidated net asset value of the Target Group as at 30 June 2014, subject to any adjustments that may arise from the Restructuring (as defined below) and “**Target Group**” refers to, collectively, GSHF, GFE Group and NewCo.

- 2.2. NAV is to be verified by PricewaterhouseCoopers LLP in a final verification report to be issued no less than five (5) Business Days before Completion Date, failing which NAV shall be determined based on the management accounts of each of the companies in the Target Group as at 30 June 2014.
- 2.3. The Consideration shall be payable as follows:
- (a) US\$238,000 of the Consideration shall be paid upon signing of the SPA
 - (b) 50% of the Consideration less US\$238,000 of the Consideration to be paid on the date of completion of the Proposed Sale (“**Completion Date**”);

- (c) 25% of the Consideration to be paid on the date falling one (1) calendar month from Completion Date; and
- (d) the remaining 25% of the Consideration to be paid on the date falling two (2) calendar months from Completion Date.

3. RESTRUCTURING

Pursuant to the SPA, the Company shall use reasonable endeavours to procure the following to be completed for the purpose of the Proposed Sale prior to its completion ("**Restructuring**"):

- (a) to cause the employment of employees (other than those already employed by a company in the Target Group) who are engaged in the trading and distribution business to be employed by GFE (or such other company in the Target Group); and
- (b) to undertake the following in respect of NewCo:
 - (i) to incorporate NewCo in the British Virgin Islands;
 - (ii) to undertake the application for a branch office trading licence in the Jebel Ali Free Zone by NewCo; and
 - (iii) to undertake the capitalisation of NewCo via the transfer of all the GME Target Assets and procure the transfer of the companies in the GME Group less GME, to NewCo.

4. CONDITION PRECEDENT AND COMPLETION

- 4.1. The Proposed Sale is conditional upon the approval from the shareholders of SST and/or the Company (to the extent required by or desirable for the purpose of the requirements of the SGX-ST or the Listing Manual of the SGX-ST ("**Mainboard Rules**") being obtained (a) on or prior to the Long-Stop Date, and such approval not being withdrawn or revoked or becoming subject to any conditions on or before Completion Date ("**Condition Precedent**"). The Long-Stop Date means the date falling on the later of (a) 60 days from the execution date of the SPA, or (b) the date of completion of the Restructuring.
- 4.2. Completion of the Proposed Sale shall fall on the Completion Date, which is the date falling ten (10) business days after the date of completion of the Restructuring or the date of fulfilment of the Condition Precedent (whichever is the later).
- 4.3. Subsequent to completion of the Proposed Sale, SST shall procure the repayment of all loans owed by the Target Group to the Company or Company's subsidiaries.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE MAINBOARD RULES

The relative figures ("**Relative Figures**") computed on the bases set out in Rule 1006 of the Mainboard Rules in respect of the Proposed Sale and based on the latest announced financial statements of the Group for the three (3) months period ended 31 March 2014 ("**Latest Announced Financial Statements**") are as follows:

(a)	Net asset value of the Target Group to be disposed, compared with the Group's net asset value	Approximately 3.10% ⁽¹⁾
(b)	Net losses attributable to the Target Group to be disposed, compared with the Group's net profits	-0.13% ⁽²⁾
(c)	Aggregate value of the Consideration to be received, compared to the Company's market capitalization	2.20% ⁽³⁾
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes :

- (1) Based on the adjusted net asset value of approximately US\$11 million which is in turn based on the management accounts of Target Group as at 31 March 2014, and the net asset value of the Group of US\$355.5 million as based on the Latest Announced Financial Statements.
- (2) For three (3) months ending 31 March 2014, the net losses attributable to the Target Group is approximately US\$70,000. Based on the Latest Announced Financial Statements of the Group, the net profit of the Group of is US\$51 million.
- (3) Based on the Consideration of approximately US\$13.4 million (Computed using the adjusted NAV of the Target Group, as well as the issued share capital of the Company of 9,885,180,250 ordinary shares in the capital of the Company and the volume weighted average price of S\$0.077 transacted on the Main Board on 8 July 2014 (being the last market day preceding the date of the SPA on which the shares of the Company were traded).

In view of the relative figure in Rule 1006(b) being a negative figure, pursuant to Rule 1007(1), the Company will consult the SGX-ST on the application of Chapter 10 of the Listing Manual to the Proposed Sale.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company or their associates have any interest, direct or indirect, in the Proposed Sale other than through their respective shareholdings in the Company:

- (a) Mr Sam Goi, a controlling shareholder of the Company (as defined in the Mainboard Rules) and the Executive Chairman of the Board holds, directly and indirectly, shareholding interests in SST amounting to an aggregate 13.8% of the total issued and paid up share capital of SST, and is also immediate family to Mr Goi Neng Ben, a director in SST; and
- (b) Mr Kenneth Goi, a Director, is immediate family to Mr Goi Neng Ben, a director in SST.

Notwithstanding the above, the Proposed Sale does not constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual. In view of the foregoing, Mr Sam Goi and

Mr Kenneth Goi have abstained from expressing any views in the rationale for the Proposed Sale as stated in paragraph 7 of this Announcement.

7. RATIONALE FOR THE PROPOSED SALE

- 7.1 When the Company was first listed on the Singapore Stock Exchange in 2003, its only core business was that of the trading and distribution business of consumable goods in emerging markets.
- 7.2 The Company, in recent years, had obtained approval of Shareholders to diversify the core business of the Group to include the property development, property investment and property management (collectively the “**Property Business**”) and building construction and the manufacture and/or sale of concrete, sand, cement and other construction materials (collectively the “**Construction Business**”) in People’s Republic of China (PRC) and ASEAN.
- 7.3 Since then, the Company has made substantial acquisitions in the Property Business with assets for this business, now accounting for approximately 85% of the Group’s total assets. Consequently, the trading and distribution business’s assets now accounts for a relatively small portion of the Group’s total assets.
- 7.4 As the Group anticipates that its activities in the Property Business are expected to grow even more, the Board (with the abstention of Mr Sam Goi and Mr Kenneth Goi) have reviewed the Proposed Sale, and is of the opinion that this divestment will allow the Group to further focus its resources in the Property Business, and that this is in the best interest of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company’s registered office at 11 Changi North Way Singapore 498796 for a period of three (3) months from the date of this Announcement.

9. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Sale, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Sale as appropriate or when there are further developments on the same.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Sale will proceed to completion. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

Gilbert Ee Guan Hui
CEO / Executive Director

9 July 2014