



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

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## **PROPOSED DISPOSALS OF THE COMPANY'S CONSUMER ELECTRONIC PRODUCTS AND HOMELAND SECURITY SERVICES BUSINESSES**

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### **1. INTRODUCTION**

The board of directors (the "**Board**" or "**Directors**") of TSH Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company intends to dispose of its consumer electronic products and homeland security services businesses, and the Company has:

- (a) on 28 April 2016, entered into a sale and purchase agreement ("**SPA**") with Exact Solution Management Ltd ("**Exact Solution**"), pursuant to which the Company has agreed to dispose ("**Wow Disposal**") of its entire 100% shareholding interest ("**WOW Shares**") in Wow Technologies (Singapore) Pte. Ltd. ("**Wow Technologies**") together with its subsidiaries (the "**Wow Group**") to Exact Solution for a cash consideration of US\$2.4 million (approximately S\$3.24 million based on an exchange rate of US\$1.00: S\$1.3491). Upon completion of the Wow Disposal, Wow Technologies will cease to be a wholly-owned subsidiary of the Company.
- (b) on 28 April 2016, entered into a non-binding term sheet (the "**Term Sheet**") with Mr. Lye Chee Fei Anthony ("**Anthony**"), the Group Chief Executive Officer, Executive Director and controlling shareholder of the Company, pursuant to which it will sell ("**Starmo Disposal**") its entire 100% shareholding interest ("**Starmo Shares**") in Starmo International Pte. Ltd. ("**Starmo**") together with its subsidiaries (the "**Starmo Group**"), to Anthony for a cash consideration to be agreed by the Company and Anthony and which shall be subject to a valuation report to be prepared and issued by an independent valuer. The Term Sheet is subject to Anthony and the Company entering into a definitive sale and purchase agreement ("**Definitive Agreement**").

(collectively the "**Proposed Transactions**")

The Wow Disposal and the Starmo Disposal are two (2) separate transactions and the completion of the two (2) transactions will not be conditional upon each other.

### **2. INFORMATION ON WOW TECHNOLOGIES, EXACT SOLUTION, STARMO AND ANTHONY**

#### **Wow Technologies**

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

The consumer electronic products business of the Company is operated by Wow Group. Wow Technologies has three (3) wholly-owned direct and indirect subsidiaries, namely Tracker Shine Limited (direct wholly-owned subsidiary), Aegis Acoustics Inc (direct wholly-owned subsidiary) and Vigorhood Photoelectric Shenzhen Co., Ltd (indirect wholly-owned subsidiary held through Tracker Shine Limited) (the "**Wow Subsidiaries**"). As at the date of this

announcement, the Wow Subsidiaries do not have any operations. Pursuant to the Wow Disposal, the Wow Group will be disposed to Exact Solutions.

### **Exact Solution**

Exact Solution is a company incorporated in the British Virgin Islands ("**BVI**") and having its registered office at Morgan & Morgan Property, P.O. Box 958, Pasea Estate, Road Town, Tortola, BVI. Exact Solution is primarily engaged in the business of product sales, management, development, distribution and marketing and is an unrelated third party. The Company, its subsidiaries, Directors and controlling shareholders are not related to Exact Solution.

### **Starmo**

Starmo was incorporated in Singapore on 26 September 2003 with an issued and paid-up capital of S\$4,792,645 consisting of 4,792,645 ordinary shares and is an investment holding company. The homeland security services business of the Company is carried out solely by Starmo's wholly-owned subsidiary, namely Explomo Technical Services Pte Ltd ("**Explomo**"). The two (2) other wholly-owned subsidiaries of Starmo, namely Explomo Magic Pte. Ltd and TechnoPlus Pte Ltd are dormant. The homeland security services include the following:

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

Pursuant to the Starmo Disposal, the Starmo Group will be disposed to Anthony.

### **Anthony**

Anthony is the Group Chief Executive Officer, Executive Director and controlling shareholder of the Company. As at the date of this announcement, he holds in aggregate a 16.6% (direct and deemed) interest in the issued and paid-up share capital of the Company.

## **3. WOW DISPOSAL**

### **Consideration**

The aggregate consideration ("**Consideration**") for the proposed disposal of the WOW Shares shall be at the sum of US\$2,400,000.00 (approximately S\$3.24 million based on an exchange rate of US\$1.00: S\$1.3491), which shall be satisfied in cash as follows:

- (a) the sum of US\$480,000.00 on the date of signing ("**Signing**") of the SPA; and
- (b) the sum of US\$1,920,000.00 on the date of completion of the Wow Disposal ("**Wow Completion**").

There has not been any valuation commissioned on the Wow Group and the Consideration was negotiated on an arm's length basis with Exact Solution, and arrived at on a "willing-buyer, willing-seller basis", taking into consideration the unaudited net asset value of Wow Group of US\$2.40 million (approximately S\$3.24 million based on an exchange rate of US\$1.00: S\$1.3491) as at 31 March 2016.

Based on the audited consolidated financial statement of the Group for the financial year ended 31 December ("**FY**") 2015, the net asset value and net tangible assets value

attributable to Wow Group as at 31 December 2015 amounted to approximately S\$3.59 million and S\$3.38 million respectively. The net loss attributable to Wow Group for FY2015 was S\$2.73 million.

### **Use of Proceeds**

The net proceeds ("**Net Proceeds**") from the Wow Disposal is, after deducting fees and expenses, approximately S\$3.22 million. The loss on the disposal and deficit of the Net Proceeds over the book value of the Wow Group as at 31 December 2015 are approximately S\$0.37 million.

It is the present intention of the Board to distribute 100% of the Net Proceeds by way of a cash distribution ("**Cash Distribution**") via a proposed capital reduction exercise ("**Proposed Capital Reduction**"). Prior to the Proposed Capital Reduction, the Company will seek the necessary approvals (including approval of the shareholders of the Company (the "**Shareholders**") and approval of relevant regulatory authorities) in accordance with the applicable laws and regulations.

### **Principal Conditions**

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

- (a) if necessary, the approval of the Shareholders being obtained at an extraordinary general meeting ("**EGM**") for the Wow Disposal;
- (b) all necessary approvals, consents and waivers of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and all relevant governmental and regulatory authorities or bodies required to complete the SPA and all transactions contemplated under the SPA, in relation to the Wow Disposal, being obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect the Company or Exact Solution, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Wow Completion, such conditions being fulfilled before Wow Completion; and
- (c) the warranties of the Company and Exact Solution remaining true and correct at all times from execution of the SPA until (and including at) Wow Completion.

## **4. FINANCIAL EFFECTS FOR THE WOW DISPOSAL**

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

### **Net Tangible Assets ("NTA")**

The effects of the Wow Disposal on the NTA per share of the Group as at 31 December 2015, assuming that the Wow Disposal had been effected on 31 December 2015, are summarized below:-

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

## Earnings Per Share ("EPS")

The effects of the Wow Disposal on the EPS of the Group for FY2015, assuming that the Wow Disposal had been effected at on 1 January 2015 are summarized below:-

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

### Note:

- (1) The loss attributable to Shareholders does not include the loss on disposal of S\$0.37 million.

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

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

<b>Bases of Calculation</b>	<b>Size of Relative Figure (%)</b>
<b>Rule 1006(a)</b> The net asset value of the assets to be disposed of, compared with the Group's net asset value.	9.0%
<b>Rule 1006(b)</b> The net loss attributable to the assets disposed of, compared with the Group's net loss.	1340.5% <sup>(1)</sup>
<b>Rule 1006(c)</b> The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	10.6% <sup>(2)</sup>
<b>Rule 1006(d)</b> The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable. No equities securities were issued.
<b>Rule 1006(e)</b> The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable. The Wow Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

**Notes:**

- (1) The net loss of the Group for FY2015 has excluded the exceptional items of about S\$6.86 million.
- (2) Based on an exchange rate of US\$1.00: S\$1.3491 as at 27 April 2016 and the Company's market capitalisation of S\$30.49 million (determined by multiplying the number of Company's issued ordinary share capital of 240,443,565 shares and the volume weighted average price of the Company's shares of S\$0.1268 on 27 April 2016, being the market day preceding the date of the SPA, on which the shares of the Company were traded on the SGX-ST).

As the relative figures computed on the basis set out in Rules 1006(b) exceed 50%, the Wow Disposal is considered a "major transaction" under Rule 1014 of the Catalist Rules, and therefore it shall be conditional upon approval by shareholders of the Company at the EGM to be convened.

**6. STARMO DISPOSAL****Consideration**

The consideration for the disposal of the Starmo Shares shall be a sum to be agreed by Anthony and the Company which will be subject to a valuation report to be prepared and issued by an independent valuer.

**Completion Conditions**

Completion of the Starmo Disposal ("**Starmo Completion**") shall be conditional upon the fulfilment of certain conditions, including *amongst others*:

- (a) The negotiation and execution of a Definitive Agreement which will set out the terms and conditions of the Starmo Disposal.
- (b) if necessary, the approval of the Shareholders being obtained at an EGM for the Starmo Disposal.
- (c) all necessary approvals, consents and waivers of the SGX-ST and all relevant governmental and regulatory authorities or bodies required to complete the Starmo Disposal, being obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect the Company or Anthony, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Starmo Completion, such conditions being fulfilled before Starmo Completion.
- (d) The Company having performed and complied with all covenants and agreements required by the Definitive Agreement to be performed or complied with prior to Starmo Completion.

**Non-Binding Effect**

The Term Sheet sets forth the broad principles which the Company and Anthony have discussed with respect to the Starmo Disposal and is intended to facilitate discussions between them. The Term Sheet does not (a) contain all matters upon which agreement must be reached for the Starmo Disposal; or (b) address all of the terms and conditions that will be set out in the Definitive Agreement.

Save for the sections "Transaction Expenses", "Exclusivity", "Confidentiality", "Governing Law and Dispute Resolution" in the Term Sheet which are legally binding, the Term Sheet is not intended to create or constitute a legally binding contract or give rise to legally enforceable

rights or obligations, and none of the Company or Anthony will be legally bound by the terms contained in the Term Sheet.

## **7. INTERESTED PERSON TRANSACTION**

Anthony is the Group Chief Executive Officer and Executive Director, as well as the controlling shareholder of the Company and is therefore considered an "**interested person**" as defined in Chapter 9 of the Catalist Rules. Accordingly, if the Definitive Agreement is entered into, the Starmo Disposal would be considered an "**interested person transaction**" as defined under Chapter 9 of the Catalist Rules. The Company will comply with the relevant requirements under Chapter 9 of the Catalist Rules when the Definitive Agreement is entered into.

## **8. AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS WITH ANTHONY**

As at the date of this announcement, save for the Starmo Disposal, the Group has not entered into any other interested person transactions (as defined in Chapter 9 of the Catalist Rules) with Anthony and/or his associates, and any other interested person for FY2015.

## **9. SHAREHOLDERS' APPROVAL**

The Company will convene an EGM to seek the approval of the Shareholders for the Wow Disposal. Subject to the entry into the Definitive Agreement, the Company will, if required, seek approval from shareholders and the relevant regulatory authorities (including SGX-ST) for the Starmo Disposal.

## **10. RATIONALE FOR THE WOW DISPOSAL AND THE STARMO DISPOSAL**

### Declining Financial Performance

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

The Directors are also of the view that the projected rate of returns of investment in the homeland security services business has not materialised. The revenue and net profit of the homeland security services business had shown a declining trend from FY2013 to FY2015. The revenue of the business for the past 3 financial years from FY2013 to FY2015 were S\$18.11 million, S\$7.72 million and S\$7.08 million, while the profit before taxation were S\$1.20 million, S\$0.56 million and S\$0.36 million respectively, amidst the absence of significant local projects and an inability to secure major overseas projects. As such, the Directors are also of the view that it will be in the interest of the Shareholders that the Starmo Disposal is carried out.

### Low Trading Activity

In addition, the trading liquidity of the Company's shares has been thin, with an average daily trading volume of approximately 0.21 million shares, or 0.09% of the total issued share capital of the Company for the last twelve (12) months for the period from 1 April 2015 to 31 March 2016. The Board has also taken into consideration the historical trading performance of the Company's shares on the SGX-ST and believes that the Proposed Transactions would

give shareholders an opportunity to realise the fair value of the Company's existing businesses.

#### Opportunity for new business

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

In light of the above reasons, the Directors are of the view that it will be in the best interests of the Shareholders that the Wow Disposal and the Starmo Disposal be carried out.

### **11. CASH COMPANY**

In the event that both Wow Disposal and Starmo Disposal take place and are successfully completed, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1017 of the Catalist Rules. The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the shares of the Company.

### **12. UPDATE ON INTENTION TO DISPOSE OF OTHER ASSETS OF THE COMPANY**

As stated in the Company's full year results announcement for FY2015 released on 29 February 2016 and announcement dated 1 April 2016, the Company intends to dispose of the Company's freehold industrial land and building which is currently carried at cost less depreciation and its 26.5% shareholdings in Unilink Development Limited which has not generated any income or cash for the past few years. The Company wishes to inform the Shareholders that the intention remains unchanged as of the date of this announcement. As at the date of this announcement, the Company has engaged in preliminary discussions in respect of the disposal of shareholdings in Unilink Development Limited. However no definitive agreement has been entered into by the Company.

The Company currently holds quoted shares of Hibiscus Petroleum Berhad ("**Hibiscus Shares**") on the Bursa Malaysia Securities Berhad ("**Bursa**") for trading purposes. The Company intends to sell the Hibiscus Shares via the open market of Bursa or off market transactions when the right opportunity arises.

The disposals as described above shall be collectively known as the "**Intended Disposals**".

### **13. GENERAL**

#### **FURTHER ANNOUNCEMENTS**

The Company will make the necessary announcement upon entry into the Definitive Agreement and as appropriate when there are updates to the Proposed Transactions, the Intended Disposals, the Cash Distribution and the Proposed Capital Reduction.

#### **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

## **DIRECTORS' SERVICE CONTRACTS**

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

## **CAUTIONARY STATEMENT**

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

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

## **DOCUMENTS FOR INSPECTION**

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

- (a) SPA; and
- (b) Term Sheet.

## **By Order of the Board**

Anthony Lye Chee Fei  
Chief Executive Officer  
28 April 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Ms Tan Pei Woon (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.*