



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

(1) THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

(2) THE PROPOSED SPECIAL DIVIDEND

1. INTRODUCTION

1.1 The board of directors ("**Board**" or "**Directors**") of TSH Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company proposes to undertake the following exercises:

(a) the proposed capital reduction ("**Proposed Capital Reduction**") pursuant to Section 78A read with Section 78C of the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), which will involve a cash distribution ("**Proposed Cash Distribution**") by the Company to the shareholders of the Company ("**Shareholders**") of S\$0.1072 in cash for each ordinary share in the capital of the Company ("**Share**") held by a Shareholder; and

(b) the proposed declaration of a one-tier tax-exempt special cash dividend of S\$0.0160 for each Share ("**Proposed Special Dividend**") held by a Shareholder.

1.2 The books of the Company will be closed at a books closure date (the "**Books Closure Date**") to be determined by the Board to determine the entitlements of the Shareholders to (a) the payment of the Proposed Cash Distribution pursuant to the Proposed Capital Reduction; and (b) the payment of the Proposed Special Dividend.

1.3 The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for (a) the Proposed Capital Reduction and Proposed Cash Distribution; and (b) the Proposed Special Dividend.

2. BACKGROUND

2.1 Wow Disposal and Explomo Disposal

The Company had on 28 April 2016 and 13 June 2016 announced (a) the disposal of its entire shareholding in Wow Technologies (Singapore) Pte. Ltd. and its subsidiaries to Exact Solution Management Ltd ("**Wow Disposal**"); and (b) the disposal by Starmo International Pte. Ltd. ("**Starmo**"), a wholly-owned subsidiary of the Company, of its entire shareholding in Explomo Technical Services Pte. Ltd. to Lye Chee Fei Anthony ("**Explomo Disposal**") respectively.

As announced on 1 August 2016 and 31 August 2016, Starmo and the Company had successfully completed the Explomo Disposal and Wow Disposal respectively. The aggregate net proceeds from the Explomo Disposal and Wow Disposal, after deducting the related fees and expenses, amounted to approximately S\$6.06 million.

2.2 Property Disposal

The Company had also on 7 July 2016 announced the disposal of the Company's freehold industrial land and building located at 62 Burn Road Singapore 369976 comprised in the whole of Land Lot No. 99837K of Mukim 24 ("**Property**") ("**Property Disposal**").

As announced on 25 August 2016, the Company had successfully completed the Property Disposal. The net proceeds from the Property Disposal, after deducting the related fees and expenses, and after repayment of the Company's bank loan and discharge of the mortgage on the Property, amounted to approximately S\$3.88 million.

2.3 Cash and Cash Equivalents

The cash and cash equivalents, including the net proceeds from the Disposals, amounted to approximately S\$33.69 million¹ as at the date of this announcement, of which approximately S\$30.33 million¹ was held in the Company's escrow account ("**Escrow Account**") in accordance to Rule 1017 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").

The Board intends to distribute all the net proceeds from the Wow Disposal, Explomo Disposal and Property Disposal (collectively, the "**Disposals**") by way of (a) the Proposed Cash Distribution pursuant to the Proposed Capital Reduction; and (b) the Proposed Special Dividend.

3. THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

3.1 Details of the Proposed Capital Reduction and Proposed Cash Distribution

The Company proposes to distribute S\$0.1072 in cash for each Share held by the Shareholders as at the Books Closure Date. Based on the Company's issued and paid-up share capital of approximately S\$26.03 million comprising 240,443,565 Shares as at the date of this announcement, an aggregate amount of approximately S\$25.78 million will be paid out to the Shareholders.

The Proposed Cash Distribution pursuant to the Proposed Capital Reduction will be funded by the cash and cash equivalents from the Escrow Account.

The Proposed Capital Reduction will not result in (a) a cancellation of Shares; (b) a change in the number of Shares held by any Shareholder; or (c) a change in the proportion of Shares held by the Shareholders, immediately after the Proposed Capital Reduction. Each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction.

¹ The difference in the amount of the Company's cash and cash equivalents of approximately S\$33.69 million as at the date of this announcement and of approximately S\$32.69 million as at the date of the Company's announcement on 31 August 2016 is due to the proceeds from the sale of the Company's quoted investments. 90% of such proceeds had been placed in the Escrow Account.

3.2 Illustration

The following illustrates the position of a Shareholder who holds 100 Shares as at the Books Closure Date:

	Shareholder with 100 Shares
Shareholding immediately before the Proposed Capital Reduction ⁽¹⁾	100
Shareholding immediately after the Proposed Capital Reduction ⁽¹⁾	100
Cash received (S\$)	10.72

Note:

- (1) On the assumption that such Shareholder does not dispose of any Shares between the Books Closure Date and the effective date of the Proposed Capital Reduction.

In summary, Shareholders will receive S\$10.72 in cash for every 100 Shares held as at the Books Closure Date. Shareholders holding lots other than board lots of 100 Shares will likewise receive S\$0.1072 in cash for each Share held by them or on their behalf as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged immediately after the Proposed Capital Reduction.

3.3 Rationale

Following the completion of the Wow Disposal and Explomo Disposal, the Company has ceased to have any operating business and has accordingly become a cash company under Rule 1017 of the Catalist Rules.

The Board has since been in the process of exploring various potential new business opportunities for the Company which would satisfy the SGX-ST's requirements for a new listing. As at the date of this announcement, the Board has not identified any suitable business opportunities for the Company.

The Directors are of the view that the Proposed Capital Reduction is in the best interests of the Company as the Proposed Cash Distribution pursuant to the Proposed Capital Reduction comprises the issued and paid-up capital in excess of the immediate requirements of the Company. In addition, the Proposed Capital Reduction and Proposed Cash Distribution will reward the Shareholders for their continued support of the Company. The Company has ensured that it has retained sufficient cash after the Proposed Capital Reduction and Proposed Cash Distribution for its operating expenses and for the exploration of potential new businesses.

For the avoidance of doubt, the utilisation of the remaining cash that are held in the Escrow Account shall be in accordance with Rule 1017(1)(a) of the Catalist Rules. Meanwhile, the Board will continue to review and consider any such new business proposals as and when they arise.

3.4 Conditions

The Proposed Capital Reduction shall be subject to, *inter alia*, the following conditions:

- (a) the approval of the Shareholders by way of a special resolution relating to the Proposed Capital Reduction and Proposed Cash Distribution ("**Proposed Capital Reduction Resolution**") at the EGM;
- (b) each of the Directors making a solvency statement ("**Solvency Statement**") in relation to the Proposed Capital Reduction and compliance with other relevant solvency requirements as prescribed by the Companies Act;
- (c) compliance with the relevant publicity requirements as prescribed by the Companies Act;
- (d) lodgement with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") of copies of the Solvency Statements and the Proposed Capital Reduction Resolution within fifteen (15) days beginning with the date on which the Proposed Capital Reduction Resolution is passed ("**Resolution Date**");
- (e) no application(s) having been made by any creditor of the Company to the High Court of Singapore for the cancellation of the Proposed Capital Reduction Resolution, within the period of six (6) weeks beginning with the Resolution Date, or if any such application(s) were made, the withdrawal or dismissal thereof by the High Court of Singapore;
- (f) lodgement of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the Resolution Date; and
- (g) the approval of all other relevant regulatory authorities (if any and if necessary).

4. THE PROPOSED SPECIAL DIVIDEND

4.1 Details of the Proposed Special Dividend

The Company proposes to distribute a one-tier tax-exempt special cash dividend of S\$0.0160 for each Share held by the Shareholder as at the Books Closure Date. Based on the Company's issued and paid-up shares comprising 240,443,565 Shares as at the date of this announcement, an aggregate amount of approximately S\$3.85 million will be paid out to the Shareholders pursuant to the Proposed Special Dividend.

The Proposed Special Dividend will be effected out of the revenue reserve of the Company, which as at 31 August 2016 stood at approximately S\$10.19 million, and funded by the cash and cash equivalents from the Escrow Account.

4.2 Rationale

Taking into account the cash requirements for the Company's operating expenses and for the exploration of potential new businesses and based on the Company's present financial position, the Board believes that the Proposed Special Dividend at this juncture would be favourable to the Shareholders as well as the Company and will reward the Shareholders for their continued support of the Company.

4.3 Conditions

The Proposed Special Dividend is subject to the following conditions:

- (a) the approval of the Shareholders by way of an ordinary resolution relating to the Proposed Special Dividend at the EGM; and
- (b) the approval of all other relevant regulatory authorities (if any and if necessary) and/or satisfaction of any statutory requirements which may be applicable in connection with the Proposed Special Dividend.

5. Financial Effects

The pro forma financial effects of the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend have been prepared based on the half-year unaudited consolidated financial statements of the Group for the six (6) months ended 30 June 2016 which was announced by the Company on 12 August 2016 and, and assuming that the Disposal had been completed then.

The pro forma financial effects of the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend are for illustrative purposes only, and do not necessarily reflect the actual future financial position of the Group following the completion of the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend, and do not take into account any expenses that may be incurred in relation thereto.

(a) Share capital

The Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend will not have any impact on the number of Shares held by the Shareholders after the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend.

For illustrative purposes, assuming that the Proposed Capital Reduction, Proposed Cash Distribution, Proposed Special Dividend had been completed on 30 June 2016, the pro forma financial effects of the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend on the share capital of the Company are as follows:

	After the Disposals and Before the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend	After the Disposals, Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend
Number of Shares	240,443,565	240,443,565
Share Capital (S\$'000)	26,034	259

(b) Earnings per Share ("EPS")

The Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend will not have any impact on the Group's EPS.

(c) Net tangible assets ("NTA") per Share

For illustrative purposes, assuming that the Proposed Capital Reduction, Proposed Cash Distribution, Proposed Special Dividend had been completed on 30 June 2016, the pro forma financial effects of the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend on the NTA per share of the Group are as follows:

	After the Disposals and Before the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend	After the Disposals, Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend
NTA (S\$'000)	36,395	6,772
Number of Shares	240,443,565	240,443,565
NTA per Share (cents)	15.14	2.82

(d) Gearing

The Group had bank borrowings of approximately S\$11.97 million as at 30 June 2016, which had been fully settled following completion of the Property Disposal. The Company does not have any borrowings as at the date of this announcement and will not have any borrowings after the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend. Accordingly, the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend will not have any impact on the Group's gearing.

6. GENERAL

- 6.1 The circular containing further information on the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend ("**Circular**") and enclosing the notice of the EGM to seek approval of the Shareholders will be despatched by the Company to the Shareholders in due course.
- 6.2 Shareholders are advised to exercise caution in trading their Shares and to read this announcement and any further announcements and the Circular by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately if they have any doubts as to the actions that they should take.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors or substantial Shareholders, has any interest, direct or indirect, in the Proposed Capital Reduction, Proposed Cash Distribution and Proposed Special Dividend, other than through their respective directorships and/or shareholdings in the Company.

By Order of the Board

Lye Chee Fei Anthony
Chief Executive Officer and Executive Director
16 September 2016

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

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

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.