



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

UPDATE ON THE DISPOSAL OF THE COMPANY'S FREEHOLD INDUSTRIAL LAND AND BUILDING

1. INTRODUCTION

1.1 The board of directors ("**Board**" or "**Directors**") of TSH Corporation Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the Company's announcements in relation to the unaudited full year financial results for the financial year ended 31 December ("**FY**") 2015 dated 29 February 2016 ("**Results Announcement**"), response to trading query from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 1 April 2016, and the proposed disposal of the Company's consumer electronic products business and homeland security services business's dated 28 April 2016 (collectively the "**Previous Announcements**"), which mentioned about the Company's intention to dispose of its freehold industrial land and building ("**Property**").

The Board wishes to announce that the Company has on 7 July 2016 entered into a sale and purchase agreement ("**Property SPA**") with Singapore Shenguan Pte Ltd ("**Shenguan**") to sell the Property located at 62 Burn Road Singapore 369976, comprised in the whole of Land Lot No. 99837K of Mukim 24 ("**Proposed Property Disposal**").

2. INFORMATION ON THE SHENGUAN

Shenguan is a company incorporated in Singapore and having its registered office at 9 Temasek Boulevard #14-01, Suntec Tower Two, Singapore 038989. Shenguan is primarily engaged in the manufacturing of pharmaceutical Intermediates and fine chemicals for human use, and general wholesale trade. It is an unrelated third party to the Company.

The Company, its subsidiaries, Directors and the controlling shareholders of the Company are not related to Shenguan.

3. THE PROPOSED PROPERTY DISPOSAL

3.1 Information on the Property

The Property is a 7-storey freehold light industrial building with a site area of approximately 987 square meters and gross floor area of approximately 2,202 square meters. It is used to headquarter the Company's offices and business operations. The Group currently occupies one floor of the building and part of the ground floor while the rest of the floor space are either leased out to third parties or are not occupied.

3.2 Consideration

The consideration for the Proposed Property Disposal shall be for the sum of **S\$16,100,000.00** ("**Property Consideration**"), exclusive of Goods and Services Tax ("**GST**"), which shall be satisfied in cash as follows:

- (a) A deposit of **S\$805,000.00** (equivalent to 5.0% of the Property Consideration) ("**Deposit**") shall be paid by Shenguan to the Company in the following manner:
 - a) A sum of S\$154,205.61 and GST thereon shall be paid via cheque, cashier's order(s) or telegraphic transfer on or prior to the signing of the Property SPA; and
 - b) The balance sum of S\$650,794.39 and GST thereon to be paid via cashier's order(s) drawn on a local bank licensed and operating in Singapore or telegraphic transfer within two (2) weeks from the signing of the Property SPA.
- (b) The balance of the Property Consideration and GST thereon shall be paid by Shenguan to the Company upon completion ("**Property Completion**") of the Proposed Property Disposal pursuant to the terms and conditions of the Property SPA.

The Property Consideration was arrived at after arm's length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the Property Valuation (as defined herein)

The Company has commissioned Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**") to carry out a valuation on the Property. The valuation was based on direct comparison with recent transactions of comparable properties within the vicinity. Based on the valuation report prepared by JLL on the Property ("**Property Valuation Report**"), the market value of the Property as at 3 May 2016 was S\$16.00 million ("**Property Valuation**").

3.3 Completion

The Proposed Property Disposal shall be completed at the office of the Company's solicitors within four (4) weeks after the approval of the shareholders of the Company ("**Shareholders**") has been obtained by the Company at an extraordinary general meeting ("**EGM**") to be convened (the "**Property Completion Date**").

3.4 Salient Terms

- (a) The Proposed Property Disposal is subject to, *inter alia*, the Company obtaining the Shareholders' approval at an EGM to be convened ("**Shareholders' Approval**") within twelve (12) weeks of the date of the Property SPA ("**Target Date**") or such other dates as the Company and Shenguan may agree in writing.

- (b) Without prejudice to any other provisions in the Property SPA, in the event that the Company does not obtain the Shareholders' Approval by the Target Date, either the Company or Shenguan may, but shall not be obliged to, rescind the Property SPA by giving written notice to the other party, and upon such rescission:
- (i) the Deposit shall be refunded to Shenguan without interest, and Shenguan shall forthwith return to the Company or the Company's solicitors all title, deeds and documents in respect of the Property without any claim or lien whatsoever, and Shenguan shall at its own costs and expenses withdraw any caveat(s) and cancel any entries relating to the Property lodged with the Singapore Land Authority by Shenguan or any person claiming under Shenguan; and
 - (ii) the Company and Shenguan shall bear its own legal costs and expenses in the matter, and save for the refund of the Deposit and in respect of any antecedent breach of the Property SPA, neither the Company or Shenguan shall have any claim or demand against the other party for damages, costs or otherwise arising out of or in connection with the Property SPA.
- (c) Shenguan shall on the Property Completion lease to the Company the floor space of a storey and part of the ground floor of the Property, representing the floor space that is currently occupied by the Group before the Proposed Property Disposal for a term of 3 months or shorter period commencing on the Property Completion Date, subject to and on the terms and conditions of the lease agreement to be entered into between Shenguan (as landlord) and the Company (as tenant) in the agreed form set out in the Property SPA.

4. USE OF PROCEEDS

The net proceeds ("**Net Property Proceeds**") from the Proposed Property Disposal, after deducting related fees and expenses, is approximately S\$15.90 million.

The book value of the Property as at 31 December 2015 amounted to S\$8.72 million and the net profit attributable to the Property for FY2015 was approximately S\$0.21 million (being the net rental income (less related expenses including interest expense on the mortgage loan for the Property) of the Property). Based on the book value as at 31 December 2015 and 31 March 2016, respectively of S\$8.72 million, the gain on the Proposed Property Disposal and excess of the Net Property Proceeds over the book value of the Property is approximately S\$7.18 million.

The Board intends to use part of the Net Property Proceeds as follows:

- (a) approximately S\$7.50 million towards the repayment of an existing bank loan; and
- (b) approximately S\$4.50 million towards the discharge of the mortgage on the Property.

The remaining Net Property Proceeds upon the repayment of the existing bank loan and the discharge of the mortgage on the Property will amount to approximately S\$3.90 million ("**Remaining Net Property Proceeds**"). As at the date of this announcement, the Board is still considering and finalising the specific uses for the Remaining Net Property Proceeds and no specific usage is being envisaged by the Company.

However, if the Company has not acquired any land or property for its property business or any business before the completion of the Proposed Businesses Disposals (as defined below), the Company will cease to have any operating business pursuant to the completion of the Proposed Businesses Disposals and will be deemed as a cash company under Rule 1017 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). In accordance with Rule 1017 of the Catalist Rules, 90% of the Company's cash and short-dated securities (including the existing cash balance and consideration arising from disposal(s) undertaken by the Company which comprises the Remaining Net Property Proceeds) will be placed in an account opened with and operated by an escrow agent and the remaining 10% will be utilised by the Company for operating expenses.

5. RATIONALE FOR THE PROPOSED PROPERTY DISPOSAL

The Company has, in the Previous Announcements, highlighted its intention to dispose of the Property, and has classified the Property as assets held for sale under current assets in the Results Announcement and its audited consolidated financial statements of the Group for FY2015.

The Board considers the Property Consideration, which is at a slight premium above the Valuation, to be attractive, given the current outlook of the property market in Singapore. The Board is of the view that the Proposed Property Disposal is opportune and will unlock its value in the Group's balance sheet given that the Property is currently carried at cost less accumulated depreciation.

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

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

Bases of Calculation	The Proposed Property Disposal (S\$'000)	The Group (S\$'000)	Size of Relative Figure (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	8,718	39,908	21.8
Rule 1006(b) The net profit/(loss) attributable to the assets disposed of, compared with the Group's net loss.	214 ⁽¹⁾	(204) ⁽²⁾	(104.5)

Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	16,100	28,685 ⁽³⁾	56.1
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable. No equity securities were issued.	Not Applicable. No equity securities were issued.	Not Applicable. No equity securities were issued.
Rule 1006(e) 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 Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The Proposed Property Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) This represents the net rental income (less related expenses including interest expense on the mortgage loan for the Property) of the Property.
- (2) The net loss of the Group for FY2015 has excluded the exceptional items of S\$6.86 million.
- (3) Based on the Company's market capitalisation of S\$28.68 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\$0.1193 on 5 July 2016, being the market day preceding the date of the Property SPA, on which the shares of the Company were traded on the SGX-ST).

As the relative figures calculated under Rule 1006(c) of the Catalist Rules for the Proposed Property Disposal is more than 50%, the Proposed Property Disposal is considered a major transaction under Chapter 10 of the Catalist Rules, and is therefore subject to the Shareholders' Approval at the EGM.

- 6.2 As announced in the Company's announcements dated 28 April 2016 ("**April Announcement**") and 13 June 2016 ("**June Announcement**"), the Company had entered into agreements to dispose of its consumer electronic products business and homeland security services business, respectively (the "**Proposed Businesses Disposals**").

6.3 The Proposed Property Disposal, together with the Proposed Businesses Disposals (collectively, the "**Proposed Disposals**") would constitute the disposals of the whole or substantially the whole of the Company's property or undertaking under Chapter 160 of the Companies Act (Chapter 50) of Singapore ("**Act**"). Accordingly, the Proposed Disposals is subject to the Shareholders' Approval.

7. FINANCIAL EFFECTS OF THE PROPOSED PROPERTY DISPOSAL AND THE PROPOSED DISPOSALS

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

The financial effects of the Proposed Businesses Disposals have been announced in the April Announcement and June Announcement.

Net Tangible Assets ("NTA")

For illustrative purposes, the financial effects of the Proposed Property Disposal and the Proposed Disposals, respectively, on the NTA per share of the Group as at 31 December 2015, assuming that the Proposed Property Disposal and the Proposed Disposals had been effected on 31 December 2015, are summarized below:-

	Before the Proposed Disposals	After the Proposed Property Disposal	After the Proposed Disposals
NTA (S\$'000)	37,945	45,127	42,292
Number of issued Shares	240,443,565	240,443,565	240,443,565
NTA per Share (Cents)	15.78	18.77	17.59

Earnings Per Share ("EPS")

For illustrative purposes, the financial effects of the Proposed Property Disposal and the Proposed Disposals on the EPS of the Group for FY2015, assuming that the Proposed Property Disposal and the Proposed Disposals had been effected on 1 January 2015, are summarized below:-

	Before the Proposed Disposals	After the Proposed Property Disposal	After the Proposed Disposals
Loss attributable to the Shareholders (S\$'000)	(6,299)	(6,513) ⁽¹⁾	(4,182) ⁽²⁾
Weighted average number of Shares	240,443,565	240,443,565	240,443,565
Loss per Share (Cents)	(2.62)	(2.71)	(1.74)

Notes:

- (1) The loss attributable to the Shareholders does not take into consideration the gain on the Proposed Property Disposal.
- (2) The loss attributable to the Shareholders does not take into consideration the net gain on the Proposed Disposals.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Save for their respective directorships and shareholdings in the Company, if any, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Property Disposal.

9. DIRECTORS' SERVICE CONTRACTS

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

10. CAUTIONARY STATEMENT

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

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

11. FURTHER ANNOUNCEMENT

The Company will make the necessary announcement as appropriate when there are updates to the Proposed Disposals.

12. CIRCULAR TO THE SHAREHOLDERS

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

13. DOCUMENTS FOR INSPECTION

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

- (a) The Property SPA; and
- (b) The Property Valuation Report.

By Order of the Board

Lye Chee Fei Anthony
Chief Executive Officer
Date: 7 July 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.