



GSH Corporation Limited

GSH CORPORATION LIMITED – INCORPORATION OF PLAZA VENTURES PTE LTD AND PROPOSED ACQUISITION OF EQUITY PLAZA BY PLAZA VENTURES PTE LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of GSH Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following:

(a) Incorporation of joint venture company

The Company had, on 23 June 2014, through its wholly-owned subsidiary, GSH Properties Pte. Ltd. (“**GSH Properties**”) incorporated a 51%-owned subsidiary, Plaza Ventures Pte. Ltd. (“**Plaza Ventures**”) in Singapore with (i) TYJ Group Pte. Ltd. (“**TYJ Group**”) and (ii) Vibrant DB2 Pte. Ltd. (“**Vibrant DB2**”). TYJ Group and Vibrant DB2 each hold 14% and 35% of the shares in Plaza Ventures respectively.

Vibrant DB2 is a 51% owned subsidiary of Singapore Enterprises Private Limited, with DB2 Properties Pte. Ltd. holding 49%. Singapore Enterprises Private Limited is a wholly-owned subsidiary of Vibrant Group Limited.

TYJ Group is wholly-owned and controlled by Mr. Sam Goi Seng Hui (“**Mr. Sam Goi**”), who is a controlling shareholder of the Company and the Executive Chairman of the Board

(b) Proposed acquisition of Equity Plaza

GSH Properties, TYJ Group and Vibrant DB2 (“the **Shareholders**”) had on 23 June 2014 entered into a shareholders’ agreement with Plaza Ventures (the “**Shareholders’ Agreement**”) for the purchase by Plaza Ventures of the whole of Equity Plaza at 20 Cecil Street, Singapore 049705 (the “**Property**”) from D.L. Properties Ltd. (“**DL Properties**”) (“**Proposed Acquisition**”).

DL Properties and Plaza Ventures had on 25 June 2014 entered into the sale and purchase agreement in respect of the Proposed Acquisition (“**SPA**”).

2. INFORMATION ON EQUITY PLAZA

Equity Plaza is a 28-storey, intelligent office tower located at the Raffles Place precinct with a leasehold term of 99 years commencing from 7 December 1989. The Property is located at 20 Cecil Street, at the junction of Cecil Street and Church Street. It is also located near the Raffles Place Mass Rapid Transit station and near major expressways.

Equity Plaza is fully owned by DL Properties, which is a subsidiary of Keppel Land Limited.

3. PURCHASE CONSIDERATION

The aggregate purchase consideration ("**Purchase Consideration**") of S\$550 million for the Proposed Acquisition, is on a willing-buyer and willing-seller basis, after taking into account the current market price of properties in the surrounding vicinity.

The deposit of S\$27.5 million ("**Deposit**"), payable by Plaza Ventures to DL Properties under the SPA, is 5% of the aggregate purchase consideration of S\$550 million. The balance 95% of the Purchase Consideration, which is S\$522.5 million, will be paid by Plaza Ventures to DL Properties on completion of the Proposed Acquisition, which is expected to take place around 20 August 2014 or such other date as the parties may otherwise agree in writing.

4. RATIONALE

(a) Rationale for Incorporation of Plaza Ventures

Plaza Ventures is set up primarily as an investment holding company, with an initial and issued paid up share capital of S\$46 million, consisting of 46,000,000 shares of S\$1 each.

(b) Rationale for Purchase of Equity Plaza

The Group views the Proposed Acquisition as a good property investment. Equity Plaza is a prime office building located at the Raffles Place precinct and the Group intends to retrofit the 25-year old building to be on par with the top buildings in the area. The Group believes that the subsequent investment to upgrade the façade and overall quality of the building will position the Group to realize substantial value from the Acquisition in the near future.

Pursuant to Rules 1013 and 1014 of the Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in general meeting. For further details on the Rules 1006, 1013 and 1014, please refer to the Listing Manual.

As the Proposed Acquisition is in line with the Group's ordinary course of business and is of a revenue nature, Chapter 10 of the Listing Manual, in particular, the need to seek Shareholders' approval under Rule 1014, where the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, does not apply to the Proposed Acquisition.

Pursuant to Practice Note 10.1 of the Listing Manual, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction, if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10.1 further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholder approval, if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholder approval.

Accordingly, the Group has been advised and is of the view that no Shareholders' approval is required for this transaction.

5. OTHER PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms of the SPA includes, among others, the following:

- (a) the Property is sold on an "as is where is" basis, together with the Mechanical and Electrical Equipment and related fixtures and fittings, located in or on or which otherwise relate to the Property; and
- (b) the Property is sold subject to and with the benefit of the Occupation Agreements (which mean any tenancy, lease, licence or occupation agreement in respect of the Property or any part thereof), electricity agreements, building maintenance contracts, building warranties and other contracts in respect of the Property which are subsisting as at the date of completion.

6. SOURCE OF FUNDS

As disclosed in the Company's shareholders circular dated 23 September 2013 ("**23 September 2013 Circular**"), the unutilized proceeds from the 2012 Placement (as defined in the 23 September 2013 Circular), and the 2013 Placement (as defined in the 23 September 2013 Circular), together with the unutilised proceeds from the 2013 Rights Issue; amounting in aggregate to S\$292.3 million, would be earmarked and used for the diversification of the business activities of the Group, into the Property Business and Construction Business (as defined in the 23 September 2013 Circular), (including mergers and acquisition opportunities in furtherance of the same), in the People's Republic of Singapore and ASEAN (as defined in the 23 September 2013 Circular), ("**Earmarked Funds**").

As Plaza Ventures is a 51%-owned subsidiary of GSH Properties, a wholly-owned subsidiary of the Company, the aggregate cost to be borne by the Group for the Proposed Acquisition is approximately 51% of the Purchase Consideration, being S\$280.5 million.

In view of the property development potential of the Property, the Property as described in Sections 1(b) and 2 of this Announcement, is a property investment. Accordingly, 51% of the Purchase Consideration shall be funded from the Earmarked Funds and external borrowings.

7. INTERESTED PERSON TRANSACTION

As stated in paragraph 1(a), TYJ Group is wholly-owned and controlled by Mr. Sam Goi. Mr. Kenneth Goi Kok Ming ("**Kenneth Goi**"), a director on the Board, is immediate family to Mr. Sam Goi under Chapter 9 of the Listing Manual. Accordingly, TYJ Group is deemed to be an "interested person" to the Group for purposes of Chapter 9 of the Listing Manual.

Entering into the Shareholders' Agreement by TYJ Group and Plaza Ventures (the "entity-at-risk" under Chapter 9 of the Listing Manual), would be a joint venture between TYJ Group and Plaza Ventures. In turn, such joint venture would constitute a transaction between an interested person and

an entity-at-risk, and accordingly be deemed an “interested person transaction” under Chapter 9 of the Listing Manual.

Rule 906(1) of the Listing Manual states that the Company must obtain shareholders’ approval for any interested person transaction of a value equal to, or more than:

- (a) 5.0% of the Group’s latest audited net tangible assets; or
- (b) 5.0% of the Group’s latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person, during the same financial year. However, a transaction which has been approved by Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation.

Rule 906(2) of the Listing Manual states that Rule 906(1) does not apply to any transaction below \$100,000.

Rule 916(2) of the Listing Manual states that investment in a joint venture with an interested person is not required to comply with Rule 906 if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the Company confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity-at-risk in the joint venture.

The risk and rewards of the incorporation of Plaza Ventures and the entering into of the Shareholders’ Agreement for the Proposed Acquisition are in proportion to the equity to each shareholder of Plaza Ventures, which fulfils the requirements of Rule 916(2)(a) of the Listing Manual.

Based on the foregoing, the Audit Committee of the Company is of the view that the risks and rewards of the incorporation of Plaza Ventures and the terms of the Shareholders’ Agreement and SPA for the Proposed Acquisition are beneficial to the interests of the Company and the minority shareholders of the Company. The foregoing views of the Audit Committee of the Company fulfils the requirements of Rule 916(2)(b) of the Listing Manual.

In addition, prior to the incorporation of Plaza Ventures, TYJ Group does not have any interest in Plaza Ventures, thereby fulfilling Rule 916(2)(c) of the Listing Manual.

Accordingly, the incorporation of Plaza Ventures and its subsequent acquisition of Equity Plaza fall within the exception under Rule 916(2) of the Listing Manual and are accordingly not subject to Shareholders’ approval.

Prior to the incorporation of Plaza Ventures, neither Mr. Sam Goi nor Mr. Kenneth Goi, or their associates, had any interest in Plaza Ventures (whether equity interest or otherwise).

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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The following Directors are interested persons in the Proposed Acquisition and shall abstain from making recommendations on the Proposed Acquisition:

- (a) Mr. Sam Goi, the Executive Chairman of the Board, is interested in the Proposed Acquisition as described in Section 7 of this Announcement; and
- (b) Mr. Kenneth Goi, a director on the Board, is interested in the Proposed Acquisition as described in Section 7 of this Announcement.

Save as disclosed in this Announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, other than through their respective shareholdings in the Proposed Acquisition.

9. FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have any material impact on the earnings and net tangible assets per share of the Group, for the current financial year ending 31 December 2014.

10. DOCUMENTS FOR INSPECTION

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

By Order of the Board
GSH Corporation Limited

Gilbert Ee Guan Hui
CEO / Executive Director

25 June 2014