

**ANNOUNCEMENT OF PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF CONVERTIBLE BONDS**

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**1. INTRODUCTION**

- 1.1. The Board of Directors (the “**Board**” or “**Directors**”) of GSH Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of S\$78,277,342 in aggregate principal amount, of 5.20% convertible bonds (the “**Convertible Bonds**”) convertible into new ordinary shares in the capital of the Company (“**Shares**”, and the new Shares to be issued upon the conversion of the Convertible Bonds, “**Conversion Shares**”) in the denomination of S\$1.00 each and integral multiples thereof, on the basis of 4 Convertible Bonds for every 100 existing Shares held by Entitled Shareholders (as defined herein), as at a date and time to be determined by the Board for the purpose of determining the entitlements of the Entitled Shareholders under the Rights Issue (the “**Record Date**”), fractional entitlements to be disregarded.

**2. THE RIGHTS ISSUE**

- 2.1. The principal terms of the Rights Issue are as follows:

- Issue Price** : S\$1.00 for each Convertible Bond.
- Conversion Price** : Subject to adjustments as set out in the terms and conditions of the Convertible Bonds (the “**Terms and Conditions**”), the initial conversion price at which each Conversion Share will be issued shall be S\$0.17 (the “**Conversion Price**”).
- Discount** : The Conversion Price represents a discount of approximately 9.6% to the closing price of S\$0.188 per Share quoted on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 30 June 2021 (the “**Last Traded Price**”).
- The Conversion Price and the discount have been determined by the Directors after taking into account the prevailing market price of the Shares and the size and terms of the issue.
- Allotment Ratio** : The Convertible Bonds are proposed to be offered to Entitled Shareholders (as defined herein) on the basis of four (4) Convertible Bonds for every 100 existing Shares held by them on the Record Date, fractional entitlements to be disregarded.
- Use of Proceeds** : Please refer to Paragraph 7 for further information on the use of proceeds.
- Purpose of Rights Issue** : The Company is undertaking the Rights Issue to raise funds for general working capital and repayment of existing loans and interest thereon. Please refer to Paragraph 6 for further information.
- Maturity Date** : 3 years from the issue date of the Convertible Bonds (the “**Maturity**”).

Date")

- Coupon** : 5.20% per annum, payable on a semi-annual basis.
- Form and Denomination** : The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with, The Central Depository (Pte) Limited ("**CDP**"). Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. The Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP
- Conversion Right** : Holders of Convertible Bonds ("**Bondholders**") will have the right to convert their Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions.
- Conversion Period** : Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at monthly intervals on or after the date falling 60 days after the issue date of the Convertible Bonds up to the date falling 30 days prior to the Maturity Date, excluding Closed Periods (as described in the Terms and Conditions).
- Adjustments to Conversion Price** : The Conversion Price will be subject to adjustment in certain events, including: consolidation or subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, modification of rights of conversion, other offers to shareholders and other events. The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.
- Status of the Convertible Bonds** : The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall (subject to the Terms and Conditions) rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.
- Status of the Conversion Shares** : The Conversion Shares will, upon allotment and issue, rank *pari passu* in all respects with the existing issued Shares as of the date the relevant Shares are credited to the relevant Bondholder's account with CDP or he is registered as such in the Company's register of members ("**Registration Date**"), save for any dividends, rights, allotments or other distributions for which the record date precedes the relevant Registration Date of the Convertible Bonds, subject to the Terms and Conditions.
- Final Redemption** : Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100% of its principal amount together with accrued

interest up to (but excluding) the Maturity Date.

**Tax Redemption** : The Company may, at any time, having given not less than 30 nor more than 60 days' irrevocable notice to the Bondholders, redeem all (and not some only) of the Convertible Bonds at 100% of their principal amount for taxation reasons, and in the manner, set out in the Terms and Conditions.

**Clearing and Settlement** : The Convertible Bonds will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.

**Listing of the Convertible Bonds and the Conversion Shares** : An application will be made by the Company to SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST. An announcement on the outcome of the application will be made in due course.  
The Company will use best endeavours to obtain and maintain listings for the Convertible Bonds and Conversion Shares on SGX-ST.

**Governing Law** : Singapore law.

- 2.2. The allotment and issue of the Conversion Shares is proposed to be made pursuant to the authority under the share issue mandate (the "**General Mandate**") granted by the shareholders of the Company (the "**Shareholders**") at the Annual General Meeting of the Company held on 26 April 2021, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the listing manual of the Mainboard (the "**Listing Manual**") of the SGX-ST.
- 2.3. The General Mandate, amongst others, authorises the Directors to allot and issue shares and convertible securities of not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing Shareholders does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.
- 2.4. As at the date of approval for the General Mandate, the Company's issued share capital comprised 1,956,933,550 Shares (excluding treasury shares). Accordingly, under the General Mandate, up to 978,466,775 Shares and securities convertible into Shares, may be issued on a pro rata basis. As the issue of the Convertible Bonds convertible into 460,454,952 Conversion Shares falls well within the limits of the General Mandate, the Company is not required to seek any specific approval from Shareholders, for the Rights Issue.
- 2.5. The Company has not undertaken any equity fund raising exercise in the last 12 months. No securities or equity interests of the Company have been issued for cash or securities within the twelve (12) months immediately preceding the date of this announcement.

### **3. ELIGIBILITY TO PARTICIPATE**

#### **Entitled Depositors**

- 3.1. Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents. Entitled Depositors should note that all notices and

documents will be sent to their last registered addresses with CDP.

- 3.2. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) market days before the Record Date

#### **Entitled Scripholders**

- 3.3. Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company (the "**Share Registrar**"), registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents. Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds registered in the name of, and deposited with, CDP, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Convertible Bonds. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th market day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least three (3) market days before the Record Date.

#### **Entitled Shareholders**

- 3.4. Entitled Depositors and Entitled Scripholders (collectively, "**Entitled Shareholders**") will be eligible to participate in the Rights Issue and to receive the Offer Information Statement (the "**OIS**") together with the application and acceptance form for provisional allotments of Convertible Bonds and excess Convertible Bonds (the "**ARE**") or the provisional allotment letter (the "**PAL**"), as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the OIS, the product highlights sheet and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the OIS, the product highlights sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.
- 3.5. Entitled Shareholders will be provisionally allotted entitlements to the Convertible Bonds under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Convertible Bonds) or, in the case of Entitled Depositors only, trade on SGX-ST under the book-entry (scripless) settlement system (during the provisional allotment trading period prescribed by SGX-ST) their provisional allotment of Convertible Bonds, and are eligible to apply for additional Convertible Bonds in excess of their provisional allotments under the Rights Issue. All dealings in and transactions (including transfers) of the Convertible Bonds effected through SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited" and the terms and conditions contained in the CDP Application Form, as the same may be

amended from time to time, copies of which are available from CDP. The Convertible Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System.

- 3.6. It should be noted that the Convertible Bonds may not be listed and quoted on SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. In such event, Bondholders will not be able to trade their Convertible Bonds on SGX-ST. However, if a Bondholder were to exercise his right, subject to the Terms and Conditions, to convert his Convertible Bonds into Conversion Shares, such Conversion Shares will be listed and quoted on the Main Board of SGX-ST.
- 3.7. All fractional entitlements to the Convertible Bonds will be disregarded in arriving at the provisional allotments of Entitled Shareholders and will, together with provisional allotments which are not taken up for any reason, be used to satisfy applications for excess Convertible Bonds or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. In the allotment of excess Convertible Bonds, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Convertible Bonds.
- 3.8. The procedures for, and the terms and conditions applicable to, acceptance, excess application and payment will be set out in the OIS and the accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

#### **Foreign Shareholders**

- 3.9. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the provisional allotments of Convertible Bonds and the Convertible Bonds will not be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Record Date ("**Foreign Shareholders**"). No provisional allotment of Convertible Bonds or Convertible Bonds will be offered to Foreign Shareholders and no purported acceptance or application for Convertible Bonds by Foreign Shareholders will be valid.
- 3.10. If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the entitlements to Convertible Bonds which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on SGX-ST as soon as practicable after dealings in the provisional allotments of Convertible Bonds commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto. The net proceeds arising from such sales will be dealt with in the manner described in the OIS.
- 3.11. Where such provisional allotments of Convertible Bonds are sold "nil-paid" on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments or the Convertible Bonds represented by such provisional allotments.
- 3.12. If such provisional allotments of Convertible Bonds cannot be sold or are not sold on SGX-ST as aforesaid for any reason by such time as SGX-ST shall have declared to be the last day for trading of the provisional allotments of Convertible Bonds, the Convertible Bonds represented by such provisional allotments will be issued to satisfy applications for excess Convertible

Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

#### **4. CONDITIONS FOR THE RIGHTS ISSUE**

4.1. The Rights Issue is subject to, amongst others, the following:

- (a) approval in-principle of SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (b) the lodgement of the OIS together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of the MAS; and
- (c) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.

#### **5. IRREVOCABLE UNDERTAKING**

5.1. As at the date hereof, the Company's Executive Chairman, Mr. Sam Goi Seng Hui ("Mr. **Sam Goi**") who is also an executive director and controlling shareholder of the Company, is the legal and beneficial owner of 1,170,586,275 Shares, representing approximately 59.82% of the Company's existing issued and paid-up share capital. To demonstrate his support for the Rights Issue and his commitment to, and confidence in, the Group, Mr. Sam Goi intends to provide an irrevocable undertaking (the "**Irrevocable Undertaking**") to the Company as follows:

- (a) accept and pay in full and/or procure the acceptance of and payment in full for his entire pro rata provisional allotment of Convertible Bonds; and
- (b) apply and pay in full and/or procure the application and payment in full for excess Convertible Bonds,

up to a maximum total subscription of S\$78,277,342 in aggregate principal amount of Convertible Bonds, representing 100% of the total number of Convertible Bonds, subject to the conditions of the Irrevocable Undertaking.

5.2. For the avoidance of doubt, Mr. Sam Goi has not been offered additional terms or benefits in connection with his giving of the Irrevocable Undertaking set out above. His Irrevocable Undertaking is subject to the same conditions as set out in Paragraph 4.

#### **6. RATIONALE FOR THE RIGHTS ISSUE**

6.1. The Company is undertaking the Rights Issue to strengthen the Group's balance sheet and through the improved liquidity, strengthen the financial position of the Group. This will enhance the Group's ability to formulate, strategise and execute its business plans in preparation for the anticipated post-COVID-19 pandemic recovery.

6.2. In light of the above, and having considered alternative fund raising methods and the benefits and costs of each, the Directors believe that the Rights Issue is in the interest of the Company

as it will strengthen the Group's financial position and provide additional funding for the Group's cash flow needs to better enable the Group to withstand the current market uncertainties arising from the COVID-19 pandemic. The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company through the conversion of the Convertible Bonds into Convertible Shares at a reasonable discount and will allow the Group to be less reliant on external sources of funding, thereby potentially incurring lower external funding expenses.

## 7. USE OF PROCEEDS

- 7.1. The Company intends to utilise the proceeds from the Rights Issue, to repay existing loans, including shareholder's loans provided and/or to be provided by Mr. Sam Goi up to an amount of S\$32.0 million, and interest thereon, as well as for general working capital purposes.
- 7.2. Based on the total number of issued Shares as at the date of this announcement and assuming that the Convertible Bonds are fully subscribed for, \$78,277,342 in aggregate principal amount of Convertible Bonds are expected to be issued pursuant to the Rights Issue. The net proceeds from the issue of the Convertible Bonds (the "**Net Proceeds**") will be approximately S\$78.0 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$0.3 million.
- 7.3. The Company intends to use the Net Proceeds in the following manner:

Use of Net Proceeds	Allocation of Net Proceeds (S\$' million)	Approximate Allocation of Net Proceeds (%)
Repayment of loans and interest	39.0 – 46.8	50 – 60
General working capital purposes	31.2 – 39.0	40 - 50
<b>Total</b>	78.0	100

- 7.4. The Company intends to utilise the Net Proceeds to repay the loans and interest, and for general working capital purposes which includes, but not limited to, operating costs of the Group, payment of professional fees, payment of trade-related debts, and payment of staff salaries.
- 7.5. Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group.
- 7.6. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the OIS, and provide a status report on the use of the Net Proceeds in the Company's annual report until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of Net Proceeds for working capital in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

## 8. WORKING CAPITAL

- 8.1. The Directors are of the opinion that after taking into consideration the Group's present bank

facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the reasons for undertaking the Rights Issue are set out in Paragraph 6.

- 8.2. The Group is now in its business recovery phase. To achieve the long-term goals of the Group, the Company envisages a stronger financial base and more cash will be required for the reasons set out in Paragraph 6 and for general working capital purposes. Consequently, the proceeds from the Rights Issue will help the Company achieve its goals and thereby enhance shareholders' value. Thus, the Directors believes that the Rights Issue is in the interests of the Company and its shareholders.

## **9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, and save that the Company's CEO and Executive Director, Mr. Gilbert Ee Guan Hui, who is the legal and beneficial owner of 158,543,078 Shares in the Company, may subscribe for and/or renounce his entitlement to the Convertible Bonds, none of the Directors or substantial Shareholders of the Company, as well as their respective associates, have any interests, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company, if any).

## **10. 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 Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **11. FURTHER ANNOUNCEMENTS**

Further announcements will be made by the Company in relation to the Rights Issue as and when appropriate.

## **12. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.



**By Order of the Board**

**Gilbert Ee Guan Hui**  
**CEO / Executive Director**

30 June 2021