



GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201432529C)

PROPOSED SUBSCRIPTION FOR 83,333,300 NEW ORDINARY SHARES IN THE CAPITAL OF GSS ENERGY LIMITED

1. INTRODUCTION

The board of directors ("**Board**" or the "**Directors**") of GSS Energy Limited (the "**Company**") and, together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a subscription agreement (the "**Subscription Agreement**") with each of the Subscribers (as defined below), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate of 83,333,300 new ordinary shares (the "**Subscription Shares**") in the capital of the Company at an issue price of S\$0.06 for each Subscription Share (the "**Issue Price**"), amounting to an aggregate gross consideration of S\$ 4,999,998 (the "**Proposed Subscription**").

As at the date of this Announcement, the Company has an issued share capital of S\$58,590,664 comprising 496,858,657 ordinary shares ("**Shares**"). Immediately following the completion of the Proposed Subscription, the Company will have an enlarged issued and paid-up capital of S\$63,521,777 comprising 580,191,957 Shares. The Subscription Shares represent approximately 16.77% of the issued Shares of the Company as at the date of this announcement and approximately 14.36% of the issued Shares comprised in the enlarged share capital of the Company immediately after completion of the Proposed Subscription.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1. Subscribers and Subscription Shares

Pursuant to the Subscription Agreement, the following persons (the "**Subscribers**") will subscribe for, and the Company will allot and issue to them, the Subscription Shares at the Issue Price in the numbers and for the consideration set out below:

Name of Subscriber	Number of Subscription Shares	Consideration (S\$)	Existing interest in Shares (Direct or Deemed)	Interest in Shares after Proposed Subscription (Direct or Deemed)	Percentage shareholding (Direct or Deemed) of the enlarged issued share capital of the Company ¹
AP Capital Ltd	33,333,300	1,999,998	None	33,333,300	5.75%
Yau Kok Seng	13,333,267	799,996	None	13,333,267	2.30%
Sim Siew Tin Carol (Shen Xiuzhen, Carol)	16,633,400	998,004	None	16,633,400	2.87%
Wilson Lim C W	11,700,000	702,000	None	11,700,000	2.02%
Hooi Hing Lee	8,333,333	500,000	None	8,333,333	1.44%
Total	83,333,300	4,999,998	None	83,333,300	14.36%

¹ As at the date of this announcement, the Company has an aggregate of 27,423 outstanding share options issued under its share incentive schemes. The figures herein are calculated on the assumption that none of the 27,423 outstanding share options have been exercised by the respective option holders.

AP Capital Ltd is an investment holding company incorporated in the Cayman Islands in the business of public equities investment who was approached by the Company after having expressed its interests in investing in the Company. The remaining Subscribers are private investors who are subscribing for the Subscription Shares for their own investment purposes. The Company did not appoint any placement agent for purposes of the Proposed Subscription.

The Subscribers (save for AP Capital Ltd) were introduced to the Company by Evolve Capital Advisory Private Limited ("**Evolve Capital**"), which is acting as the financial adviser to the Company for the Proposed Subscription. Evolve Capital will be paid a financial advisory fee of S\$150,000 for its services as financial adviser. Such fee was arrived at following arm's length negotiations between the Company and Evolve Capital, taking into account the scope of services provided by Evolve Capital and the prevailing market rates in relation to such services. However, no commission or introducer fee will be paid by the Company to Evolve Capital in relation to the introduction of the Subscribers to the Company. Save for its role as financial adviser to the Company in relation to the Proposed Subscription, there are no connections (including business relationships) between Evolve Capital, its directors and substantial shareholders, and the Directors or substantial shareholders of the Company. As at the date of this announcement, Evolve Capital does not hold any Shares in the Company.

The Proposed Subscription will not result in a change of controlling interest in the Company.

Each of the Subscribers does not fall within the category of restricted persons as listed in Rule 812(1) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Accordingly, none of the Subscription Shares will be issued and allotted to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Catalist Rules.

As at the date of this announcement, each of the Subscribers, their directors and substantial shareholders (where applicable) (i) does not have any existing interest (whether direct or deemed) in the Shares; and (ii) is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between the Subscribers, their directors and substantial shareholders (where applicable), and the Directors or substantial shareholders of the Company.

The Subscription Shares, when allotted and issued, shall be free from all encumbrances and shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Subscription.

2.2. Issue Price

The Issue Price represents a discount of approximately 8.9% to the volume weighted average price of S\$0.06588 per Share for trades done on the SGX-ST for the full market day on 16 August 2021, being the last market day for which the shares of the Company were traded on the SGX-ST prior to the execution of the Subscription Agreement.

The Issue Price was arrived at following arm's length negotiations between the Company and the Subscribers, taking into account the prevailing Share price and the financial position and prospects of the Company.

2.3. Conditions Precedent

Completion of the Proposed Subscription ("**Completion**") is conditional upon:

- (a) the approval in-principle for the listing of and quotation for the Subscription Shares on the Catalist of the SGX-ST having been obtained and not having been revoked, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the Company and the Subscribers and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions are so fulfilled;

- (b) the allotment, issue and subscription of the Subscription Shares and all the transactions contemplated in the Subscription Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the Monetary Authority of Singapore (the “MAS”) and the SGX-ST) in Singapore or elsewhere, which is applicable to either the Company or any of the Subscribers, including the provisions of the Catalist Rules or the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”); and
- (c) the representations, warranties and undertakings by the Company and each of the Subscribers remaining true and correct in all material respects as if made on the date of Completion, with reference to the then existing facts and circumstances, and each of them having performed all of its/his obligations under the Subscription Agreement to be performed on or before Completion,

(collectively, the “Conditions”).

If any of the conditions is not satisfied or waived on or before three (3) months from the date of the Subscription Agreement or such later date as the Company and the Subscribers may agree in writing, the Proposed Subscription will not proceed and the Subscription Agreement will lapse and cease and no parties will have any claims against any other party, save for any antecedent breach of the Subscription Agreement.

2.4. Completion

- (a) Pursuant to the Subscription Agreement, the Proposed Subscription in respect of each Subscriber shall be completed on the date falling five (5) Business Days after the fulfilment or waiver of the last Condition in accordance with the Subscription Agreement, or such other date as the Company and the Subscribers may mutually agree in writing (the “Completion Date”).
- (b) Upon the satisfaction of the last Condition, each Subscriber will pay or procure to pay to the Company the total consideration for its respective Subscription Shares. Subject to the satisfaction of payment by each Subscriber, the Company will, on Completion Date, issue and allot the respective Subscription Shares to each Subscriber as soon as practicable thereafter, subject to any deadlines as may be specified in the listing approval as may be granted by the SGX-ST.
- (c) The Company will not be obliged to complete the allotment and issuance of any of the Subscription Shares to any of the Subscribers unless the allotment and issuance of all the Subscription Shares is completed simultaneously.

3. RATIONALE AND USE OF PROCEEDS

The estimated net proceeds (the “Net Proceeds”) from the Proposed Subscription, after deducting estimated expenses (comprising relevant professional fees and financial advisory fees payable in relation to the Proposed Subscription) amounting to approximately **S\$165,000.00**, will amount to approximately **S\$4,834,998.00**.

The Board believes that the Proposed Subscription will strengthen the Group’s financial position and provide flexibility to capitalise on growth opportunities. The Proposed Subscription will result in an injection of funds into the Company for potential business investments and/or acquisitions.

The Company intends to utilise the Net Proceeds in the following manner and for the following purposes:

Proposed use of Net Proceeds	% of Net Proceeds
Financing the Group's business expansion (such as the expansion into the e-mobility business to design and develop electric 2-wheelers and other related electric vehicle technologies)	80%
General working capital of the Group (eg. operational expenses and general administrative expenses)	20%
Total	100%

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the Board may, in its absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report of the use of proceeds from the Proposed Subscription in the Company's interim and full-year financial statements issued and the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription on the Company are prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

The financial effects below are purely **for illustrative purposes only** and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Subscription.

4.1. Share Capital

	Before the Proposed Subscription⁽¹⁾	Immediately after the Proposed Subscription⁽²⁾
Number of Shares	496,858,657	580,191,957

Note:

- (1) Based on the number of Shares outstanding as at the date of this Announcement.
- (2) Assuming that none of the 27,423 share options issued by the Company under its share incentive schemes and outstanding as at the date of this announcement have been exercised by the respective option holders.

As at the date of this announcement, the existing share capital of the Company is approximately S\$58,590,664 comprising 496,858,657 Shares. On Completion, the Company will have an enlarged issued share capital of approximately S\$63,590,662 comprising 580,191,857 Shares.

4.2. Earnings per ordinary share ("EPS")

Assuming that the Proposed Subscription was completed on 1 January 2020, the effect on the Company's EPS for the financial year ended 31 December 2020 would be as follows:

	Before the Proposed Subscription	Immediately after the Proposed Subscription⁽¹⁾
Profit attributable to shareholders of the Company (S\$'000)	5,592	5,592
Weighted average number of shares ('000)	496,859	580,192
EPS (SGD cents)	1.13	0.96

Note:

(1) Assuming that none of the 27,423 share options issued by the Company under its share incentive schemes and outstanding as at the date of this announcement have been exercised by the respective option holders.

4.3. Net Tangible Assets (“NTA”) per Share

Assuming that the Proposed Subscription was completed on 31 December 2020, the effect on the Company's NTA per Share for the financial year ended 31 December 2020 would be as follows:

	Before the Proposed Subscription	Immediately after the Proposed Subscription⁽¹⁾
NTA (S\$'000)	51,857	56,692
Number of ordinary shares in issue ('000)	496,859	580,192
NTA per Share (SGD cents)	10.44	9.77

Note:

(1) Assuming that none of the 27,423 share options issued by the Company under its share incentive schemes and outstanding as at the date of this announcement have been exercised by the respective option holders.

5. DIRECTORS' OPINION

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the above, the Company has decided to undertake the Proposed Subscription to strengthen the Group's financial position and provide flexibility to capitalise on growth opportunities. The Proposed Subscription will result in an injection of funds into the Company for potential business developments and expansion in the e-mobility market to design and develop electric 2-wheelers and other related electric vehicle technologies, and provide general working capital for the Group.

The Directors are of the further opinion that, as at the date of this announcement, after taking into consideration the Group's present bank facilities and the Net Proceeds from the Proposed Subscription, the working capital available to the Group is sufficient to meet its present requirements.

6. ADDITIONAL LISTING APPLICATION

The Company, through its sponsor, Stamford Corporate Services Pte Ltd, will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Catalist of the SGX-ST. The Company will make the necessary announcements upon receipt of the listing and quotation notice from the SGX-ST.

7. AUTHORITY FOR ISSUE OF SUBSCRIPTION SHARES

The Subscription Shares will be issued pursuant to the general mandate approved by the Company's shareholders at the annual general meeting of the Company held on 23 April 2021 (the "**2021 Share Issue Mandate**").

The 2021 Share Issue Mandate authorises the Directors to allot and issue new Shares and/or convertible securities of not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the 2021 Share Issue Mandate (being 496,858,657 Shares), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders shall not be more than 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the 2021 Share Issue Mandate (being approximately 248,429,328 Shares).

No Shares were previously issued under the 2021 Share Issue Mandate prior to the date of the Subscription Agreement and as such, the total number of Shares that may be issued pursuant to the 2021 Share Issue Mandate is 496,858,657 Shares, of which the number of Shares to be issued other than on a pro rata basis is 248,429,328 Shares.

Accordingly, the proposed issuance and allotment of the 83,333,300 Subscription Shares will be within the limits of the 2021 Share Issue Mandate and specific shareholder approval from shareholders for the issuance and allotment of the Subscription Shares is not required.

8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription is not underwritten and will be undertaken by way of a private placement in accordance with, and in reliance on, Section 272B of the SFA. As such, no prospectus or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the MAS in connection with the issuance of the Subscription Shares.

For purposes of Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018, the Subscription Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best of knowledge of the Directors, none of the substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Subscription Agreement and transactions contemplated therein, other than through their respective directorships and/or shareholding interests, if any, in the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this announcement.

11. 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 Proposed Subscription and the Company and its subsidiaries, 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.

12. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Subscription is subject to fulfilment of the conditions in the Subscription Agreement and, as at the date of this announcement, there is no certainty or assurance that the Proposed Subscription will be proceed to Completion. In the event of any doubt, Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board of
GSS ENERGY LIMITED

Anthony Kuek
Chairman
19 August 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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.

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