

Prepared on: 16 September 2021

RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF S\$78,277,342 IN AGGREGATE PRINCIPAL AMOUNT OF 5.20 PER CENT. CONVERTIBLE BONDS CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY IN THE DENOMINATION OF S\$1.00 EACH AND INTEGRAL MULTIPLES THEREOF, ON THE BASIS OF FOUR (4) CONVERTIBLE BONDS FOR EVERY 100 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.

Prior to making a decision to purchase the Securities, you should carefully consider all the information contained in the Offer Information Statement (the “OIS”). This Product Highlights Sheet should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Convertible Bonds, you should consult your legal, financial, tax or other professional adviser.

Unless otherwise defined herein or in the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meaning ascribed to them in the OIS.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Convertible Bonds contained in the OIS. It complements the OIS¹.
- You should not purchase the Convertible Bonds if you do not understand the nature of an investment in convertible securities, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the Convertible Bonds, you will need to make an application in the manner set out in the OIS. Please refer to the OIS Notification Letter for instructions on how to view, download and print the electronic version of the OIS.

Issuer and Guarantor (if applicable)	GSH Corporation Limited (the “Company”)	Place of incorporation	Singapore
Issue Price and denomination of the Convertible Bonds	100% of the principal amount of the Convertible Bonds at S\$1.00 for each Convertible Bond (the “Issue Price”). The Convertible Bonds will be issued in registered form in specified denominations of S\$1.00 each and integral multiples thereof.	Total amount to be raised in this offer	<ul style="list-style-type: none"> • Gross proceeds – S\$78,277,342 • Net proceeds – approximately S\$78.0 million
Description of the Convertible Bonds	S\$78,277,342 in aggregate principal amount of 5.20% Convertible Bonds payable semi-annually on 12 April and 12 October in each year, commencing 12 April 2022. The Convertible Bonds will have an issue date of 12 October 2021, and will mature 3 years from the Issue Date, 12 October 2024 (the “Maturity Date”). Please refer to the section titled “Key Features – Key Features of the Convertible Bonds” below for more information on the Convertible Bonds.	Listing status of Issuer, the Convertible Bonds and the Conversion Shares	<ul style="list-style-type: none"> • Company – Primary Listing on the Mainboard of SGX-ST since 22 August 2003. • Convertible Bonds – To be listed on the Mainboard of SGX-ST from 14 October 2021. Trading will be in board lots of S\$100 in principal amount of the Convertible Bonds, with each board lot of Convertible Bonds comprising 100 Convertible Bonds. Investors who wish to trade in lot sizes other than this may do so in the Unit Share Market of SGX-ST during the provisional allotment trading period. The listing of the Convertible Bonds on the Mainboard of SGX-ST is subject to there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds. • Conversion Shares – SGX-ST has granted approval in-principle for the listing and quotation of the Conversion Shares on the Mainboard of SGX-ST.

¹The Offer Information Statement, lodged the Monetary Authority of Singapore on 16 September 2021, is accessible at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at http://www.gshcorporation.com/ir_annual_report.html.

Issue Manager(s) / Arranger(s)	No manager has been appointed for the Rights Issue.	Underwriter(s)	The Rights Issue is not underwritten in view of the Irrevocable Undertaking.
Credit rating of Issuer/ Guarantor (if applicable)/the Convertible Bonds (if any) and Credit Rating Agencies	The Convertible Bonds and the Company are not rated by any credit rating agency. That means that no independent assessment by a credit rating agency of the default risk of the Company and the Convertible Bonds has been made.	Trustee (if applicable) / Registrar	<ul style="list-style-type: none"> • Trustee – Pacific Trustees (Singapore) Ltd. • Principal Agent and Bond Registrar – Pacific Trustees (Singapore) Ltd.

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

The Convertible Bonds are only suitable for you if you:

- o are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- o are prepared to rank lower in priority compared to secured creditors in an insolvency situation; and
- o are prepared to lose a substantial amount of your principal investment if you sell your Convertible Bonds in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Convertible Bonds. Please refer to the section titled “Risk Factors” of the OIS and in particular, the sub-section titled “Risks Relating to the Rights Issue, the Convertible Bonds and the Shares” for a summary of the risks relating to an investment in the Convertible Bonds. The considerations and risks referred to above are not exhaustive.

KEY PRODUCT FEATURES

Background information on the Issuer

WHO ARE YOU INVESTING IN?

Our Company was incorporated in Singapore on 18 September 2001 and has been listed on the Mainboard of the Singapore Exchange since 22 August 2003. Our Company is a growing property developer in Southeast Asia, with five properties under development in Malaysia and China. We also own and operate the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort on the Mantanani Islands in Sabah.

Our board of directors comprise the following directors: (a) Mr. Sam Goi Seng Hui (Executive Director and Executive Chairman); (b) Mr. Gilbert Ee Guan Hui (Executive Director and Chief Executive Officer); (c) Mr. Goi Kok Ming (Wei Guoming) (Executive Director and Chief Operating Officer); (d) Mr. Francis Lee Choon Hui (Lead Independent Director and Vice Chairman); (e) Mr. Michael Grenville Gray (Independent Director); (f) Ms. Juliette Lee Hwee Khoon (Non-Executive Director); (g) Ms. Huang Lui (Independent Director); (h) Mr. Wendell Wong Hin Pkin (Independent Director); and (i) Mr. Tam Chee Chong (Independent Director).

Our key executive officers are Mr. Sam Goi Seng Hui, Mr. Gilbert Ee Guan Hui and Mr. Goi Kok Ming (Wei Guoming).

Our controlling shareholder is Mr. Sam Goi Seng Hui. As at the Latest Practicable Date, Mr. Sam Goi Seng Hui has a direct and deemed interest in approximately 63.58% of the Shares.

Refer to –

- Paragraph 8 of “Part 4 – Key Information” on pages 49 to 57 of the OIS for more information on our business.
- Paragraph 1 of “Part 2 – Identity of Directors, Advisers and Agents” on pages 42 to 43 of the OIS for more information on our directors, key executives and controlling shareholders.

Key Features of the Convertible Bonds

WHAT ARE YOU INVESTING IN?

We are offering up to S\$78,277,342 in aggregated principal amount of Convertible Bonds to Entitled Shareholders. The Issue Price is 100% of the principal amount of the Convertible Bonds, being S\$1.00 for each Convertible Bond. The Convertible Bonds shall bear interest at the rate of 5.20% per annum on the outstanding principal amount of the Convertible Bonds from (and including) the Issue Date. Interest is payable semi-annually in arrear.

The Convertible Bonds are convertible into Shares at your option, at monthly intervals commencing on 15 December 2021, up to the close of business on a date 30 days prior to the Maturity Date (but, except as provided in Condition 5(A)(v) of the Terms and Conditions, in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than ten days prior to the date fixed for redemption thereof (but, except as provided in Condition 5(A)(v) of the Terms and Conditions, in no event thereafter) but excluding the Closed Periods (as defined in the Terms and Conditions); provided that, in each case, if such final date for the exercise of Conversion Rights is not a Business Day, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding Business Day.

The Conversion Price is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation, subdivision or reclassification in relation to the Shares which alters the number of Shares in issue; (b) capitalisation of profits or reserves; (c) capital distribution; (d) rights issues of Shares or options over Shares at less than the market price; (e) rights issues of other securities; (f) issues of Shares or options over Shares at less than the market price; (g) issues of securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration at less than the market price; (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than the market price; (i) issues of securities in the context of an offer to Shareholders; and (j) if the Company determines that an adjustment should be made or should not be made or that the effective date for the relevant adjustments should be another date, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting of such events or circumstances had not occurred.

The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3 of 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 Condition 3 of 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.

If an Event of Default (as defined in the Trust Deed) has occurred, the Trustee at its discretion may, and if so requested by Bondholders of at least 25% in principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject in each case to being first indemnified, secured and/or pre-funded to its satisfaction) shall, give notice to the Company that the Convertible Bonds are immediately due and payable at 100% of their principal amount plus unpaid accrued interest (subject as provided in Condition 9 of the Terms and Conditions and without prejudice to the right of the Bondholders to exercise the Conversion Right in respect of their Convertible Bonds in accordance with Condition 5 of the Terms and Conditions).

We have only one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up shares, including voting rights. Shareholders will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in the section titled “**Offering, Selling and Transfer Restrictions**” in the OIS, there are no restrictions on the transferability of the Conversion Shares.

Refer to the section titled “Summary of the Rights Issue” on pages 17 to 24 and the section titled “Appendix B – Terms and Conditions of the Convertible Bonds” on pages 110 to 132 of the OIS for more information on our Convertible Bonds.

Key Features of the Convertible Bonds

Key profit and loss information

	FY2018	FY2019	FY2020	1H2021	1H2020
	S\$('000)	S\$('000)	S\$('000)	S\$('000)	S\$('000)
Revenue	99,981	153,709	120,213	39,749	65,787
Profit/ (loss) before tax	13,424	10,482	(16,438)	(14,024)	(362)
Profit/ (loss) after tax	8,542	9,989	(15,835)	(12,374)	(756)
Profit/ (loss) attributable to owners of the Company	5,940	7,602	(14,139)	(10,113)	395
Before the Rights Issue					
Basic EPS (cents) ⁽¹⁾	0.30	0.39	(0.72)	(0.52)	0.02
Diluted EPS (cents) ⁽²⁾	0.30	0.39	(0.72)	(0.52)	0.02
After the Rights Issue but before the conversion of any Convertible Bonds into Convertible Shares ⁽³⁾					
Basic EPS (cents) ⁽¹⁾	0.30	0.39	(0.72)	(0.52)	0.02
Diluted EPS (cents) ⁽²⁾	0.30	0.39	(0.72)	(0.52)	0.02
After the Rights Issue assuming conversion of all the Convertible Bonds into Conversion Shares ⁽³⁾					
Basic EPS (cents) ⁽¹⁾	0.25	0.31	(0.58)	(0.42)	0.02
Diluted EPS (cents) ⁽²⁾	0.25	0.31	(0.58)	(0.42)	0.02

Refer to paragraphs 1 to 7 of the section titled "Part V – Operating and Financial Review and prospects" on pages 58 to 68 of the OIS for more information on our financial performance.

Notes:

- (1) Basic EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year.
- (2) Diluted EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential Shares into Shares.
- (3) For illustrative purposes, EPS has been calculated on the assumption that: (a) the Rights Issue was completed and S\$78,277,342 in aggregate principal amount of Convertible Bonds were issued on 1 January 2018, 2019, 2020 or 2021, as the case may be; (b) 460,454,952 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.17 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$78.0 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$0.3 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. The calculation of EPS does not take into account any theoretical ex-rights adjustment factor.

Key cash flows information

	FY2020	1H2021
	S\$('000)	S\$('000)
Net cash generated from operating activities	(33,154)	(70,267)
Net cash used in investing activities	103,989	12,352
Net cash (used in)/ generated from financing activities	(100,036)	28,512
Net decrease in cash and cash equivalents	(29,201)	(29,403)
Cash and cash equivalents at end of financial year	51,488	23,091

Key balance sheet information

	FY2020	1H2021
	S\$('000)	S\$('000)
Total assets	1,059,793	1,073,218
Total liabilities	573,085	576,031
Net assets attributable to owners of the Company before the Rights Issue	372,160	357,663
Net assets attributable to owners of the Company after the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares ⁽¹⁾	372,160	357,663
Net assets attributable to owners of the Company after the Rights Issue and the issue of the Conversion Shares ⁽¹⁾	450,160	435,663
NAV per Share before the Rights Issue	0.19	0.18
NAV per Share after the Rights Issue and the issue of the Conversion Shares ⁽¹⁾	0.19	0.18

Notes:

(1) Calculated on the assumption that: (a) the Rights Issue was completed and S\$78,277,342 in aggregate principal amount of Convertible Bonds were issued on 31 December 2020 and 30 June 2021; (b) 460,454,952 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.17 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$78.0 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$0.3 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. Does not take into account any theoretical ex-rights adjustment factor.

The most significant factors contributing to our financial performance in 1H2021 compared to 1H2020 are as follows:-

- The Group's property business registered a 65% decline in revenue to S\$14.7 million in 1H2021, due to slower progressive sales recognised from the Group's Eaton Residences and Coral Bay projects in Malaysia.
- The Group's hospitality segment similarly posted a dip in revenue, retreating 50% to S\$7.4 million in 1H2021, due to continued international border closures by Malaysian government. Meanwhile, the Group continued to carry out its cost and overhead reduction initiatives.
- In 1H2021, the Group's frozen food trading business continued to grow and registered a 91% increase in revenue to S\$17.6 million.

The most significant factors contributing to our financial performance in FY2020 compared to FY2019 are as follows:-

- The Group's property business registered a 30% decrease in revenue to S\$50.4 million in FY2020, due to slower progressive sales recognised from the Group's Eaton Residences and Coral Bay projects in Malaysia.
- The Group's hospitality segment posted a 71% decline in revenue to S\$22.3 million in FY2020, due to international border closures by Malaysian government. Meanwhile, the Group continued to carry out its cost and overhead reduction initiatives.
- The Group commenced its frozen foods supply chain trading business in China in 2H2019. In FY2020, the trading business continued to grow and registered revenue of S\$47.2 million.

The most significant factors contributing to our financial performance in FY2019 compared to FY2018 are as follows:-

- The Group's property business registered an 238% increase in revenue to S\$72.2 million in FY2019, boosted by the progressive sales recognised from the Group's Eaton Residences and Coral Bay projects in Malaysia.
- The Group's hospitality business, driven mainly by its two hotels in Kota Kinabalu, Sabah, posted revenue of S\$77.4 million in FY2019, a 1.6% decline year-on-year, as a result of increased competition from new hotel openings in the city.
- Other expenses in FY2019 increased by S\$13.7 million to S\$13.7 million, due to the impairment loss on assets held for sale of S\$13.7 million in FY2019.

The above factors are not the only factors contributing to our financial performance in 1H2021, FY2020, FY2019 and FY2018. Please refer to paragraph 4 of the section titled "Part 5 – Operating and Financial Review and Prospect" for the other factors set out on pages 60 to 71 of the OIS.

Business Strategies and Future Plans

The key principal activities of the Group include property development, hospitality and frozen food trading, in Malaysia and the PRC.

The Group's competitive strengths includes an experienced and committed management team, a diversified business portfolio to achieve balanced revenue profile, a driven mission to create value for our customers through innovation, and stringent quality control processes to ensure delivery of premium quality products"

Property Development

The Group is accelerating the launch of its first luxury residential and commercial development project in Bishan District, near Chongqing. Construction of the commercial component is slated for completion by end 2022, while the residential component is targeted to commence in early 2023 and complete by end 2024. The real estate market in Chongqing has been robust over the past year, and Bishan District, which is where our project is located, will benefit from this. As such, the outlook for the project is promising.

The Group continues to look for property projects in China (projects located in prime, unique locations with good entry prices) and may invest in such projects as long as they are feasible. We have a positive view of the property market in China and will continue to look for development opportunities in unique locations.

Hospitality

The Group continues to develop quality hospitality experience and active development of hospitality-related assets to provide value accretion.

Due to the continued international border closures in Malaysia, the Group's resorts focused on the domestic business. Meanwhile, the Group continued to carry out its cost and overhead reduction initiatives which were partially mitigated by the various support measures from the Malaysian Government. The strategy is to achieve operational EBITDA neutrality to ride out the pandemic until the reopening of international borders.

Frozen Food Trading

Since the commencement of the frozen food trading business in 2019, the Group continues to grow in 2020 and 1H2021. The Group expects the trading business to increase steadily as China's consumption for frozen meats is expected to continue to grow. However, fresh pork prices in China have been declining since early 2021. The Group is of the view that the decline in prices of fresh pork is only temporary. Prices are expected to recover by Q4 2021, which is traditionally the peak demand season.

This is a new strategic business to help diversify the Group's revenue streams. The Group is optimistic about its potential, but recognise that it is still in its early stages of growth.

Refer to paragraph 8 of the section titled "Part 4 - Key Information on the Relevant Entity" on pages 49 - 57 and paragraphs 1 to 5 of the section titled "Part 5 - Operating and Financial Review and Prospects" on pages 58 - 64 of the OIS for more information on our strategies and future plans.

Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to have a Material Effect

Barring unforeseen circumstances and the risk factors described under the section “**Risk Factors**” set out in Appendix A to the OIS occurring, the Directors are of the view that the outlook for the Group’s businesses in Malaysia for the next twelve (12) months remains challenging. The Group aims to improve its bottom line by continued efforts to explore opportunities to grow the Group’s revenue and continued efforts in controlling costs and reducing overheads to streamline operations to improve overall efficiency. With the stabilisation of the COVID-19 situation in China, the real estate market in Chongqing has been robust over the past year, and Bishan District, which is where our project is located, will benefit from this. As such, the outlook for the Group’s project in Bishan is promising. Barring any unforeseen circumstances, the Group expects (i) a steady recovery to its businesses in Malaysia once the COVID-19 situation stabilises, (ii) to meet its liability obligations to banks and creditors, (iii) no cash flow issues to meet its operations needs and (iv) no material impairment of assets.

Refer to the paragraph 10 of the section titled “Part 5 – Operating and Financial Review and Prospects – Operating Results” on page 69 of the OIS for more information on trends and prospects.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the section titled “Appendix A – Risk Factors” on pages 98 to 109 of the OIS.

Use of Proceeds

The net proceeds to be raised in the offer (after deducting estimated expenses to be borne by us) are S\$78.0 million. The following represents our estimate of the allocation of the gross proceeds expected to be raised from the offer:

Details of utilisation	S\$ (million)	Allocation for each S\$1.00 of gross proceeds raised
(1) Net proceeds:	-	-
(a) Repayment of loans and interest	39.0 – 46.8	S\$0.4982 – S\$0.5979
(b) General working capital	31.2 – 39.0	S\$0.3986 – S\$0.4982
(2) Estimated listing expenses	0.35	S\$0.0035

Refer to paragraphs 2 to 6 of the section titled “Part 4 – Key Information – Use of Proceeds from Offer and Expenses Incurred” on pages 47 to 49 of the OIS for more information on use of proceeds.

KEY RISKS

Investing in the Convertible Bonds involves substantial risks. Set out below are some of the key risks of investing in the Convertible Bonds. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Convertible Bonds or your decision to purchase the Convertible Bonds. Please refer to the section “Appendix A – Risk Factors” on pages 98 to 109 of the OIS for more information on risk factors. These risk factors may cause you to lose some or all of your investment.

Refer to the section titled “Appendix A – Risk Factors” on pages 98 to 109 of the OIS for more information on risks factors.

Business-Related Risks

The ongoing COVID-19 global outbreak and any future occurrence of force majeure events, natural disasters, industrial accidents or outbreaks of contagious diseases may have a material and adverse effect on the Group’s business operations, financial condition, results of operations and prospects. Volatile and uncertain economic conditions have become the new ‘normal’ for businesses operating in the global marketplace. This is no exception for the Group which operates in the property development and hospitality sectors in Malaysia and the PRC. Other external environment risks include those relating to commodity market volatilities; global trade and economy; stability of the global financial and banking systems; foreign exchange fluctuations; political risks; regulatory landscape; and natural disasters and pandemics. In particular, the outbreak of COVID-19 has spread globally and triggered a global economic contraction, causing disruptions in demand and supply chains. The number of reported COVID-19 cases worldwide and COVID-19 associated deaths have significantly exceeded those observed during the Severe Acute Respiratory Syndrome (“**SARS**”) epidemic that occurred in 2002/2003 and have resulted in a more widespread health crisis than that observed during the SARS epidemic. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on domestic, regional and global economies remains uncertain. Governments around the world have introduced measures designed to slow the spread of the virus, including strict border controls and travel restrictions and ordering residents to stay at home with a limited range of exceptions. If in the future there is an outbreak of SARS, bird flu, Ebola or any contagious diseases, it could similarly affect the Group’s operations and its employees, where there are suspected or positive cases. The Group may have to temporarily shut down the affected premises and quarantine the relevant employees to prevent the spread of the disease. This will result in delays and may have an adverse effect on the Group’s business, results of operation and its financial performance.

The Group may be adversely affected if it fails to obtain, or if there are material delays in obtaining, requisite governmental approvals for its land acquisitions and property development projects. The property development industry in the countries in which the Group operates are governed by laws and regulations which have been implemented to regulate and protect individual consumers as well as to establish the minimum standard for the property development and construction industry. Real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development project, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. There can be no assurance that the Group will not encounter problems in obtaining governmental approvals for new acquisitions of land or in fulfilling the conditions required for obtaining such approvals, or that it will be able to adapt to, and comply with, all new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry or the particular processes with respect to the granting of approvals in the countries in which it operates. If the Group fails to obtain the relevant approvals on time or at all, or to fulfil the conditions of those approvals for a significant number of its property developments, and these property developments do not proceed on schedule, its business, financial condition, results of operations and prospects may be adversely affected.

Growth and expansion of the Group's business is dependent on its ability to identify new land sites and projects for development. The Group is required to constantly identify land sites for its property development business to maintain the growth of its business. The Group usually replenishes and sources for new plots of land by acquiring plots of land from private owners as well as sourcing for suitable development sites through external property agents. There is no certainty that the actual demand for the Group's projects in the future will meet expectations. If the Group fails to achieve its business objectives or sales targets, there will be an adverse effect on its profitability. The Group's performance is also dependent on its ability to identify property development projects with good potential returns and by completing its projects within a scheduled time frame to realise such returns. This is dependent on the Group's understanding of the operational environment and anticipation of future market conditions. Hence, the viability and profitability of the Group's property development projects may be affected by factors such as unexpected project delays, changes in interest rates, construction costs, land costs and market conditions. Accordingly, there is no assurance that the Group will be consistently successful in identifying profitable property development projects, and in completing and launching such projects under the best possible market conditions as planned. There is also no assurance that a project, which may be assessed to be profitable at the initial phases, will not turn out to be a loss-making asset or investment of the Group due to changes in circumstances not within the Group's control. Should the Group fail to identify suitable projects and complete them profitably or within a reasonable time, its profitability and financial performance will be adversely affected.

The Group's revenue and earnings may be volatile. The Group is vulnerable to revenue volatility which is characteristic of property development companies. The amount of revenue to be recognised in a financial year is materially dependent on the number, value and stage of completion of projects undertaken by the Group, which in turn depend on various factors, such as availability of its resources, market sentiment, market competition and general economic conditions. There can be no assurance that the Group's revenue will remain comparable every year. As a substantial proportion of the Group's revenue is generated by its property development business, market conditions or any other factors that result in the Group undertaking fewer or no new property development projects or any delay in the progress of any of the projects in the Group's portfolio, could have a material and adverse impact on the amount of revenue recognised by the Group in a given year. The historical financial performance and position of the Group may therefore not be indicative of its future performance.

Legal, Regulatory and Enforcement Risks

The Convertible Bonds are not secured. The Convertible Bonds constitute direct, unconditional, unsubordinated and 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 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. On a winding-up or dissolution of the Company, the Bondholders will not have recourse to any specific assets of the Company and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Convertible Bonds owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Company, after meeting all claims ranking ahead of the Convertible Bonds, to discharge all outstanding payment and other obligations under the Convertible Bonds owed to the Bondholders.

Shareholders will suffer dilution of their ownership interest if they do not or are unable to accept their Nil-Paid Rights, or do not exercise their Conversion Right if other Bondholders do, and may also suffer economic dilution and may not receive interest if they do not or are unable to subscribe for the Convertible Bonds. If any Shareholder does not, or is unable to, accept his Nil-Paid Rights, his proportionate voting and ownership interest will be reduced upon the issue of the Conversion Shares. The percentage that such Shareholder's Shares represent of the Company's enlarged share capital after the issue of the Conversion Shares will also be diluted. The magnitude of the reduction of a Shareholder's percentage ownership will depend upon the number of Convertible Bonds ultimately converted into Conversion Shares. Furthermore, if any Shareholder does not accept his Nil-Paid Rights, he will not be entitled to receive interest on the Convertible Bonds and will not be granted any right to receive Conversion Shares. Even if a Shareholder sells his Nil-Paid Rights or his Nil-Paid Rights are sold on his behalf, any consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in the Company as a result of the Rights Issue. In particular, Foreign Shareholders will not be eligible to participate in the Rights Issue. The Company may, at its absolute discretion and if it is practicable to do so, arrange for the Nil-Paid Rights which would otherwise have been allotted to such Foreign Shareholders to be sold on SGX-ST as soon as practicable after dealings in the Nil-Paid Rights commence. However, there is no guarantee that such sale will be successful and even if successful, the proceeds of any such sale may not be sufficient to compensate a Foreign Shareholder fully for the dilution of his interest in the Company as a result of the Rights Issue. Additionally, the Company may seek to raise additional funding after the Rights Issue, which may be by way of a further rights offering or through the issuance and placement of new Shares. In the event that a Bondholder is not a Shareholder at the time of such fundraising, he may be unable to participate in such fundraising and thereafter, if there is no adjustment to the Conversion Price in accordance with the Terms and Conditions, the percentage of such Bondholder's interest in the Company upon the exercise of his Conversion Right may also be diluted.

The Trustee may request that the Bondholders provide an indemnity, security and/or pre-funding to its satisfaction. In certain circumstances (including, but not limited to, before the giving of a notice to the Company that the Convertible Bonds are immediately due and payable pursuant to Condition 9(A), or before taking any action pursuant to the Trust Deed or the Terms and Conditions to enforce the performance by the Company of any of the provisions of the Issue Documents or the Convertible Bonds), the Trustee may, at its discretion, request the Bondholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken, or at all. The Trustee may not be able to take actions notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Market and Credit Risks

The market value of the Convertible Bonds and the Shares may be subject to fluctuation. The trading prices of the Convertible Bonds and the Shares may be subject to fluctuation in response to numerous factors, including (i) the market for similar securities, (ii) the periodic operating results and financial condition of the Group, (iii) (in the case of the Convertible Bonds) the trading price of the Shares and (iv) political, economic, financial and any other factors that can affect capital market conditions, the Group and the industries in which the Group operates. Adverse economic developments in Singapore as well as countries in which the Group operates or has business dealings could have a material adverse effect on the business, results of operations, financial position and prospects of the Group and the market value of the Convertible Bonds and the Shares. As a result of any of the above, the market price of the Convertible Bonds may fall below the Issue Price and/or the market price of the Shares may fall below the Conversion Price.

The Rights Issue may cause the price of the Shares to decrease and the Issue Price and the Conversion Price are not an indication of any underlying value of the Shares. The initial Conversion Price of S\$0.17 represents a discount of approximately 9.6% to the closing price of S\$0.188 per Share quoted on SGX-ST on 30 June 2021, being the last Market Day on which trades were done in the Shares prior to the 30 June 2021 Announcement. The discount of the Conversion Price may result in an immediate decrease in the market value of the Shares, and any such decrease in market value may continue after the completion of the Rights Issue. In addition, the Issue Price and the Conversion Price do not bear a direct relationship to the book value of the Group's assets, past operations, cash flows, earnings, financial condition or other established criteria for value. Hence, the Issue Price or the Conversion Price should not be taken as an indication of any underlying value of the Shares.

An investment in the Convertible Bonds is subject to interest rate risk. Bondholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Convertible Bonds are a form of fixed interest security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Convertible Bonds. The market value of the Convertible Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Convertible Bonds and the prices at which the Convertible Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested at lower prevailing interest rates.

Liquidity Risks

The Convertible Bonds may not be listed on SGX-ST. SGX-ST has granted its approval-in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Mainboard of the SGX-ST, subject to certain conditions, including there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. There is no assurance that the Convertible Bonds will, upon issue, be listed and quoted on the Mainboard of the SGX-ST. In the event that permission is not granted by the SGX-ST for the listing and quotation of the Convertible Bonds on the Mainboard of the SGX-ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System. In such event, Bondholders will not be able to trade their Convertible Bonds on SGX-ST. The approval-in-principle granted by SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Convertible Bonds, the Conversion Shares, the Company and/or its subsidiaries.

There is no prior market for the Convertible Bonds nor any assurance that one will develop to provide liquidity for the Convertible Bonds. The Convertible Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Convertible Bonds will develop or, if a market does develop, as to the liquidity or sustainability of any such market and the ability of Bondholders to sell their Convertible Bonds or the price at which Bondholders will be able to sell their Convertible Bonds. If an active market for the Convertible Bonds fails to develop or is not sustained, the trading price for the Convertible Bonds could fall below the Issue Price of the Convertible Bonds. Even if an active trading market for the Convertible Bonds were to develop, the Convertible Bonds could trade at prices that may be lower than the Issue Price

Other Pertinent Risks

Modifications and waivers. The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interest generally, including modification to the Terms and Conditions or any provision of the Trust Deed. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed also provides that the Trustee may, without the consent or sanction of Bondholders, concur with the Company in making any modification in writing (i) to the Convertible Bonds, the Trust Deed or the Agency Agreement (except as mentioned in Condition 11(A) of the Terms and Conditions and other than any provisions of the Trust Deed referred to in the proviso of paragraph 17 of Schedule 3 of the Trust Deed) which, in the opinion of the Trustee, may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or (ii) to the Convertible Bonds, the Trust Deed or the Agency Agreement (including as mentioned in Condition 11(A) of the Terms and Conditions and any provisions of the Trust Deed referred to in the proviso of paragraph 17 of Schedule 3 of the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or an error which is, in the opinion of the Trustee, proven, or to comply with mandatory provisions of Singapore law or is required by CDP.

DEFINITIONS

Unless otherwise defined herein or in the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meaning ascribed to them in the OIS.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

If you have questions, please contact the Company at (65) 6585 8888.