GS HOLDINGS LIMITED
(Incorporated in Singapore on 19 September 2014)
(Company Registration Number: 201427862D)

THE PROPOSED DISPOSAL OF ALL THE SHARES IN THE ENTIRE ISSUED CAPITAL OF GREATSOLUTIONS PTE. LTD.

---

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of GS Holdings Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") wishes to announce that the Company has on 19 November 2019 entered into a conditional sale and purchase agreement (the "**SPA**") with GSG Capital Pte. Ltd. (the "**Purchaser**") pursuant to which the Company has agreed to transfer to the Purchaser all 6,500,000 shares (the "**Sale Shares**") held by the Company in GreatSolutions Pte. Ltd. (the "**Target**"), a wholly-owned subsidiary of the Company (the "**Proposed Disposal**"), for an aggregate consideration of S$2,000,000 (the "**Consideration**").

2. INFORMATION ON THE PURCHASER AND THE TARGET

2.1 The Purchaser

The Purchaser is a company incorporated in Singapore. The principal activities of the Purchaser are investment holding and management consultancy services. The Purchaser is wholly owned by a businessman who is an acquaintance of Mr Pang Pok, a Director and the Executive Chairman and Chief Executive Officer of the Company.

Save for the foregoing, the Purchaser does not have any connection (including business relationship) with the Group, its Directors and substantial shareholders of the Company (the "**Shareholders**").

2.2 The Target

The Target is a wholly owned subsidiary of the Company. It was incorporated in Singapore on 16 February 2012. Its principal business activities are in the provision of dishwashing services and automated cleaning services and solutions.

The Target holds 100% shareholding interests in GS Hospitality Services Pte. Ltd., a company incorporated in Singapore which provides cleaning services including hotel-related dishwashing. For the purposes of this announcement, the Target and GS Hospitality Services Pte. Ltd., collectively, shall be referred to as the "**Target Group**" and each a "**Target Group Company**".

The Target also holds the title to the leasehold property at 8 Loyang Way 4 Singapore 507604 (the "**Loyang Property**"). As disclosed in the Group's annual report for the financial year ended 31 December 2018 ("**FY2018**"), the Loyang Property was previously occupied by the Group for operational use. The Group currently does not need to conduct any operations at the Loyang Property and the Loyang Property is considered a non-core asset.

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period for the six months ended 30 June 2019 ("**HY2019**"):

(a) the net liability value of the Target is approximately S$8,700,000; and

(b) the net loss attributable to the Target is approximately S$1,000,000.

Based on the unaudited management accounts of the Target for the financial period for the nine months ended 30 September 2019:

(a) the net liability value of the Target is approximately S$9,100,000; and

(b) the net loss attributable to the Target is approximately S$1,400,000.

The adjusted net asset value (the "**Adjusted NAV**") of the Target is approximately S$2,100,000. Please refer to paragraph 3.2 below for more information on the computation of the Adjusted NAV.

The financials of the Target Group are not materially different from that of the Target as GS Hospitality Services Pte. Ltd. is currently a dormant company.

2.3 Independent Valuation

For the purpose of the Proposed Disposal, the Company has commissioned Cushman & Wakefield VHS Pte Ltd (the "**Independent Valuer**") to perform an independent valuation on the Target. Based on discussions with the Independent Valuer, as at the date of this announcement, the mid-point value of the Target (the "**Valuation**") is indicated to be approximately S$2,500,000.

The Valuation does not take into account the distribution of cash and bank balances of the Target Group of approximately S$400,000 based on the accounts of the Target Group as at 30 September 2019 that will be distributed to the Company on Completion (as defined in paragraph 3.3 herein) pursuant to the SPA. Please refer to paragraph 3.3(e) below for more details relating to such condition precedent.

Shareholders should note that the final Valuation is subject to the Independent Valuer finalising its valuation report (the "**Independent Valuation Report**"). Details of the Valuation (including the basis of the Valuation) will be set out in the Independent Valuation Report which will be a document for inspection with its summary provided in the Circular (as defined below) which will be despatched to Shareholders in due course.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 The Proposed Disposal

Subject to the terms and conditions of the SPA, the Company shall sell to the Purchaser, and the Purchaser agrees to acquire from the Company, the Sale Shares. The Sale Shares represent 100% of the issued share capital of the Target.

The transfer of the Sale Shares to the Purchaser pursuant to the SPA is on a "zero cash" basis which means that all cash and bank balances in the bank account(s) held by the Target Group Companies up to completion of the Proposed Disposal shall be distributed to the Company immediately before completion of the Proposed Disposal. The foregoing is provided as a condition precedent to the completion of the Proposed Disposal. Please also refer to paragraph 3.3 below for the relevant term in the SPA.

3.2 Consideration

Pursuant to the SPA, the aggregate consideration payable by the Purchaser for the Sale Shares is S$2,000,000. The Consideration shall be payable in two (2) tranches, as follows:

(a) an amount equivalent to S$400,000 payable on the date of Completion; and

(b) an amount equivalent to S$1,600,000 payable within six (6) months from the date of Completion.

The Consideration shall be satisfied by the Purchaser entirely in cash and was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis after taking into consideration the Adjusted NAV of the Target of approximately S$2,100,000 as at 30 September 2019 and the Valuation.

The Adjusted NAV is arrived at by deducting and adjusting for the following items from the net liability of the Target of S$9,100,000 as at 30 September 2019:

(i) addition of S$12,000,000 being the waiver by the GS Group of such amounts approximately owed by the Target Group to the GS Group as at 30 September 2019.

For the purposes of this announcement, the "**GS Group**" refers to the Group but excluding the Target Group Companies, and a "**GS Group Company**" shall refer to a company within the GS Group;

(ii) reduction of S$700,000 being the difference between the current market value of the Loyang Property of S$7,500,000 (based on the independent valuation report (the "**Property Valuation Report**") dated 31 October 2019 issued by PREMAS Valuers & Property Consultants Pte. Ltd., being the valuer commissioned by the Company to conduct an independent valuation on the Loyang Property) and the net book value of the Loyang Property as at 30 September 2019 of approximately S$8,200,000;

(iii) addition of S$520,000 being non-payment liabilities relating to deferred income;

(iv) reduction of S$400,000 being the estimated cash and bank balances in the Target Group that will be distributed to the Company immediately before Completion; and

(v) reduction of S$220,000 being other net adjustments such as additional provision for doubtful debts and reinstatement costs for rented properties which are deemed fair and reasonable to reflect the true fair value of the Target.

The Company has agreed to the Consideration of S$2,000,000 being at a discount of approximately 5% of the Target's Adjusted NAV of S$2,100,000, having considered that the Target has been loss making for the past three (3) financial years and that the Proposed Disposal is undertaken on a "zero cash" basis.

For accounting purposes, the non-payment liabilities of approximately S$520,000 as set out in sub-paragraph (iii) above will remain in the books of the Target after Completion. Therefore the adjusted book value of the Target will be approximately S$1,580,000 as at 30 September 2019, being the Adjusted NAV of approximately S$2,100,000 less the non-payment liabilities of approximately S$520,000.

The Consideration of S$2,000,000 represents an excess of approximately S$420,000 over the adjusted book value of the Target of approximately S$1,580,000. Accordingly, the Group will recognise a gain of approximately S$420,000 from the Proposed Disposal.

The estimated net proceeds from the Proposed Disposal, after deducting expenses of approximately S$100,000 incurred in connection with the Proposed Disposal, is expected to amount to approximately S$1,900,000. The Company intends to use the net proceeds from the Proposed Disposal solely for working capital purposes.

3.3 Conditions Precedent

Completion of the Proposed Disposal (the "**Completion**") is further conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in accordance with the SPA, to the extent legally permissible):

(a) the Company obtaining such approval(s) required from the Board in connection with the SPA and the transactions contemplated therein;

(b) the Company receiving all necessary approvals from its Shareholders at an extraordinary general meeting (the "**EGM**") to be convened including such approvals as may be required pursuant to Section B: Rules of Catalist (the "**Catalist Rules**") of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and other applicable laws, such approvals having been obtained (each on terms and conditions acceptable to the parties, each acting reasonably), remaining in full force and effect and not being revoked or amended);

(c) in respect of each party and the Target (as the case may be), all consents and approvals as may be required or appropriate for or in connection with the sale and purchase of the Sale Shares or the transactions contemplated in the SPA having been obtained and not withdrawn or revoked by such third parties and where any such consents and approvals are obtained subject to any conditions, such conditions being acceptable to the parties;

(d) business and operational, financial and legal due diligence on the Target and Target Group having been completed by the Purchaser, and the results of the such due diligence being satisfactory to the Purchaser (acting reasonably); and

(e) all cash and bank balances in all bank account(s) held by the Target Group Companies up to completion of the Proposed Disposal having been distributed to the Company, and the Company having confirmed receipt of such cash to its satisfaction.

3.4 Completion

Completion of the Proposed Disposal shall take place within 14 calendar days after the fulfilment of all of the conditions precedent under the SPA, unless they are waived by the relevant parties in accordance with the SPA.

3.5 Purchaser's Post-Completion Undertaking

3.5.1 <u>Repayment of Relevant Amounts</u>

Pursuant to the SPA, the Purchaser shall procure each Target Group Company to repay the Relevant Amounts to the GS Group Companies within six (6) months from the completion of the Proposed Disposal. For purposes of this announcement:

(a) "**Relevant Amounts**" refers to all Payables owing by a Target Group Company and due to any of the GS Group Companies and which accrued at any time during the period commencing on and from 1 October 2019 until completion of the Proposed Disposal; and

(b) "**Payables**" refers to payments made by the relevant GS Group Companies on behalf of a Target Group Company including but not limited to service payments, utilities bill, trade payables to suppliers and repayment of bank loans.

3.5.2 <u>Discharge of Securities</u>

The Company has also provided securities to secure certain loans taken out by the Target in the form of a corporate guarantee by the Company. Pursuant to the SPA, the Purchaser shall do all things necessary and as may be required by the Company to:

(a) procure the release by the relevant bank(s); and

(b) full discharge by the Company,

of all securities provided by the Company (or any GS Group Company) in respect of loans extended by the relevant bank(s) to the Target Group, within three (3) months from Completion, including but not limited to the provision by the Purchaser of such replacement securities as may be required by the relevant bank(s) in respect of the foregoing loans. The Purchaser also agrees that the Company shall not be obliged to provide any such securities for the benefit of the Target Group after such date falling three (3) months from Completion.

In addition, as set out in the Group's annual report for FY2018, Shareholders should note that certain of the Group's loans and borrowings are secured by a legal mortgage over the Loyang

Property. As such loans and borrowings are taken out by the Target (being the borrower), the GS Group will no longer have access to such loans after Completion. This is not expected to negatively affect the operations of the GS Group as the GS Group is no longer reliant on such loans for its operations.

3.6 Long Stop Date

If any of the conditions precedent for the Proposed Disposal is not fulfilled or waived by the relevant parties (subject to whether such condition precedent is capable of being waived by the relevant party) by the Long Stop Date (as defined below) in respect of the SPA, the SPA shall cease and determine and (save for any antecedent breach) no party shall have any claim against the other party for costs, damages, compensation or anything whatsoever.

Pursuant to the SPA, the Company and the Purchaser have agreed that the long stop date for the Proposed Disposal (the "**Long Stop Date**") shall be such date falling six (6) months from the date of the SPA or such other date as the parties may mutually agree in writing.

4. RATIONALE FOR THE PROPOSED DISPOSAL

While the business of the Target had represented a significant business segment (being the dishware washing and cleaning services business) for the Group in terms of revenue and asset contribution, the Target had been loss-making for the past three (3) financial years. Based on the audited consolidated financial statements of the Group for FY2018, the Group reported a net loss of approximately S$3,500,000, of which such loss was mainly attributable to the Target.

The Group had in the earlier part of the current financial year ending 31 December 2019 diversified into the food and beverage business which has shown promising and positive results. Conversely, the Board believes that the Company's continued investment in the Target is unlikely to reap any material benefits in the foreseeable future without significant additional capital investment. The Proposed Disposal will thus allow the Company to focus on its other business and re-strategise and re-allocate its financial and capital resources, resulting in more working capital for the expansion of the Group's new business. This may in turn result in higher value to the Shareholders.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Relative Figures computed on the bases set out in Rule 1006 of the Catalist Rules

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for HY2019 are as follows: -

Catalist Rule	Relative Figures (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	11%(1)
Rule 1006(b) The net loss attributable to the assets disposed, compared with Group's net profits(2)	(12%)(3)
Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation(4) based on the total number of issued shares excluding treasury shares	1%(5)

Catalist Rule	Relative Figures (%)
Rule 1006(d) The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable as the Company is disposing interest in its subsidiary
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company

Notes:

(1) The net liability value of the assets to be disposed of is approximately S$8,700,000 for HY2019, as compared to the Company's net asset value of approximately S$19,000,000 for HY2019, based on the latest announced consolidated accounts of the Group, is approximately 46%.

For illustrative purposes, based on the Adjusted NAV of the Target of S$2,100,000 as at 30 September 2019, as compared to the Company's net asset value of approximately S$19,000,000 for HY2019, the relative figure under Rule 1006(a) would be approximately 11%.

(2) For the purpose of computation of the net profit (or net loss) figures, in compliance with Rule 1002(3)(b) of the Catalist Rules, "**net profits**" or "**net loss**" means profit or loss before income tax, minority interests and extraordinary items.

(3) The net loss attributable to the Proposed Disposal is determined based on the net loss of approximately S$1,000,000 of the Target for HY2019 and the latest net profit of the Group of approximately S$8,550,000 for HY2019 based on the latest announced consolidated accounts of the Group.

(4) The Company's market capitalisation is approximately S$137,000,000 derived by multiplying the issued share capital of the Company of 184,993,260 Shares by the volume weighted average price of such Shares transacted on 15 November 2019 (being the last full market day immediately preceding the date of the SPA on which Shares were traded), of S$0.74 per Share. The Company does not have any treasury shares.

(5) The aggregate consideration of S$2,000,000 is approximately 1% of the Company's market capitalisation of approximately S$137,000,000.

5.2 Shareholders' Approval

The relative figures computed based on Rule 1006(b) of the Catalist Rules is negative in value. Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction at the discretion of the SGX-ST. However, as the Proposed Disposal relates to a disposal of a key business segment as highlighted in paragraph 4 above, the Company will, in any event, seek Shareholders' approval for the Proposed Disposal at an EGM to be convened.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

The financial effects of the Proposed Disposal on the share capital, net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**") or loss per Share ("**LPS**") of the Group have been prepared based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2018. The *pro forma* financial effects of the Proposed Disposal are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Disposal.

For illustration purposes only, the financial effects of the Proposed Disposal have been computed based on the following assumptions:

(a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Disposal was completed on 31 December 2018, being the end of the most recently completed financial year;

(b) the financial effects on the Group's earnings/loss attributable to the Shareholders and EPS/LPS have been computed assuming that the Proposed Disposal was completed on 1 January 2018, being the beginning of the most recently completed financial year; and

(c) that the expenses in connection with the Proposed Disposal have been disregarded.

6.2 Share Capital

	Before Completion	**After Completion**
Number of Shares	184,993,260	184,993,260
Issued and paid-up share capital (S$'000)	22,795	22,795

6.3 NTA per Share

	Before Completion	**After Completion**
NTA attributable to Shareholders (S$'000)	551	1,044
Number of Shares	132,000,000	132,000,000
NTA per Share attributable to Shareholders (Singapore cents)	0.42	0.79

6.4 EPS/LPS

	Before Completion	**After Completion**
Net (loss)/profit attributable to Shareholders (S$'000)	(3,551)	597
Weighted average number of Shares	132,000,000	132,000,000
(LPS)/EPS (Singapore cents)	(2.69)	0.45

Please note that the above financial figures are for illustrative purpose only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Disposal.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for (i) the Purchaser's sole shareholder being an acquaintance of Mr Pang Pok, and (ii) the Directors' and substantial Shareholders' shareholding interests and / or directorships in the Company (if any and as the case may be), none of the Directors or, as far as the Company is aware, substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal.

8. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal.

9. EGM AND CIRCULAR

The Company will convene the EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular (the "**Circular**") containing, *inter alia*, details thereof, and enclosing the Independent Valuation Report, Property Valuation Report and notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

The Company will make further announcements in the event that there are any material developments in connection with the Proposed Disposal.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and Property Valuation Report will be available for inspection during normal business hours at the Company's registered office at 8 Loyang Way 4, Singapore 507604 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 Disposal, 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 the 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 the announcement in its proper form and context.

12. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that no changes will be made to the terms of the SPA or that the Proposed Disposal will be completed. 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 should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Pang Pok
Executive Chairman and Chief Executive Officer

19 November 2019

This announcement has been prepared by GS Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.