GS HOLDINGS LIMITED
(Company Registration No. 201427862D)
Incorporated in the Republic of Singapore

PROPOSED DISPOSAL OF THE ENTIRE ISSUED CAPITAL OF GS CLEANING SERVICES PTE. LTD. AND GS EQUIPMENT SUPPLY PTE. LTD.

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1. INTRODUCTION

1.1 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 6 July 2020 entered into a conditional sale and purchase agreement (the "**SPA**") with GreatSolutions Pte. Ltd. (the "**Purchaser**") pursuant to which the Company has agreed to dispose to the Purchaser (i) 100% of the entire issued share capital of GS Cleaning Services Pte. Ltd. and (ii) 100% of the entire issued share capital of GS Equipment Supply Pte. Ltd. (the "**Proposed Disposal**").

1.2 Upon completion of the Proposed Disposal, GS Cleaning Services Pte. Ltd. ("**GCS**") and GS Equipment Supply Pte. Ltd. ("**GES**", and collectively with "**GCS**", the "**Targets**" and each a "**Target**") will cease to be subsidiaries of the Company. Pursuant to the SPA, both parties have agreed that the long stop date for the Proposed Disposal shall be 3 months from the date of the SPA or such other date as both parties may mutually agree in writing.

2. RATIONALE FOR THE PROPOSED DISPOSAL

2.1 The Proposed Disposal is being undertaken, and is line with the Group's plan, to complete the Group's divestment in the centralised commercial dishwashing and cleaning business (the "**Cleaning and Dishwashing Business**"), following the disposal of GreatSolutions Pte. Ltd., the Purchaser, which was completed on 14 January 2020 (the "**GreatSolutions Disposal**"). Prior to the GreatSolutions Disposal, the Purchaser, was a wholly-owned subsidiary of the Company engaged principally in the Cleaning and Dishwashing Business.

2.2 The Company had undertaken the GreatSolutions Disposal as part of its initial steps to reduce the Group's dependence on, and to facilitate the eventual complete divestment of, the Cleaning and Dishwashing Business. This strategy was also to facilitate and ease the Group's foray into the following business segments:

(a) the food and beverage business (the "**F&B Business**") with its acquisition of Hao Kou Wei Pte. Ltd., and subsequently Chicken Supremo Pte Ltd (which operates and manages a chicken rice restaurant under the brand name of "Sin Swee Kee") which were completed on 1 April 2019 and 1 July 2019, respectively. Shareholders may wish to refer to the Company's circular dated 11 February 2019 in respect of the Group's expansion into the F&B Business; and

(b) the business of branding, operation and procurement business (the "**BOP Business**"). Shareholders may wish to refer to the Company's circular dated 13 December 2019 in respect of the Group's expansion into the BOP Business.

2.3 Over the course of the financial year ended 31 December 2019 ("**FY2019**"), the Group's expansion into the F&B Business and BOP Business have shown promising results despite being a new entrant in those markets. Given the success to date with the Group's venture into the new business segments and the potential to further scale up the F&B Business and BOP Business, the Company is undertaking the Proposed Disposal to complete the Group's divestment of its Cleaning and Dishwashing Business (which has primarily been non-profitable since 2016). The Proposed Disposal will allow the Group to focus on managing and expanding the new F&B Business and BOP Business.

3. INFORMATION ON THE PURCHASER

3.1 The Purchaser is a company incorporated in Singapore and is wholly owned by GSG Capital Pte. Ltd. ("**GSG Capital**"), an investment holding and management consultancy services company. GSG Capital is wholly owned by Mr Tay Joo Heng ("**Mr Tay**"), a businessman who is an acquaintance of Mr Pang Pok ("**Mr Pang**"), an Executive Director and the Chief Executive Officer of the Company. Mr Tay and Mr Pang got acquainted with each other through their common social circles. Mr Tay and Mr Pang know each other on a personal basis but are not related to each other. They do not have any commercial or working relationship with each other. Save for the foregoing, the Purchaser does not have any connection (including business relationship) with the Company, its Directors and/or substantial shareholders of the Company.

3.2 In the interests of good corporate governance, Mr Pang had abstained from any deliberations by the Board on the Proposed Disposal notwithstanding that Mr Tay is not related to or an immediate family member of Mr Pang.

4. INFORMATION ON THE TARGETS

4.1 GCS and GES are wholly owned subsidiaries of the Company. GCS was incorporated in Singapore on 21 November 2013 and its principal business activities are in general cleaning services and the manufacturing of kitchen and household utensils. The issued and paid-up capital of GCS comprises one (1) ordinary share (the "**GCS Sale Share**"). GES was incorporated in Singapore on 7 February 2014 and its principal business activities are in the sales, and renting out, of dishwashing and other equipment and machinery. The issued and paid-up capital of GES comprises one (1) ordinary share (the "**GES Sale Share**" and together with the GCS Sale Share, the "**Sale Shares**").

4.2 Based on the latest audited consolidated financial statements of the Group for FY2019:

(a) the net liability value of the Sale Shares is approximately S$913,000; and

(b) the net profit attributable to the Sale Shares is approximately S$148,000.

4.3 Based on the unaudited management accounts of the Targets for the financial period for the 5 months ended 31 May 2020:

(a) the net liability value of the Sale Shares is approximately S$937,000; and

(b) the net loss attributable to the Sale Shares is approximately S$24,000.

4.4 The aggregate adjusted net asset value (the "**Adjusted NAV**") of the Targets is approximately S$100. Please refer to paragraph 5.2 below for more information on the computation of the Adjusted NAV. There is no open market value of the Sale Shares as they are not publicly traded.

5. THE CONSIDERATION

5.1 Pursuant to the SPA, the aggregate consideration payable by the Purchaser for the Sale Shares is S$2.00 (or S$1.00 in respect of each Sale Share) (the "**Consideration**"). The Consideration shall be payable in cash to the Company on the date of completion of the Proposed Disposal 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 Targets of approximately S$100 as at 31 May 2020.

5.2 The Adjusted NAV was arrived at after taking into account the following:

(a) (as at 31 May 2020) the net liability value (the "**NLV**") of GCS being S$852,000 and the NLV of GES being S$85,000, amounting to an aggregate NLV of the Targets of S$937,000;

(b) the waiver by the Group of all amounts owed by the Targets to the Group as at 31 May 2020, such amount waived being in the sum of approximately S$900,500. Such amount waived comprise accumulated advances from the Company and its subsidiaries to the Targets from the commencement of their business till 31 May 2020, mainly for the Targets' working capital purposes. As such amount only arose due to losses suffered by the Targets in past financial years, parties have agreed for such amount to be waived; and

(c) the exclusion of non-cash items and non-payment liabilities, being the provision of doubtful debt of approximately S$5,600 and the unutilized leave balance of approximately S$31,000.

6. RELATIVE FIGURES UNDER RULE 1006

6.1 The relative figures computed on the relevant bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "**Catalist Rules**") in respect of the Proposed Disposal and based on the audited consolidated financial statements of the Group for FY2019 (being the latest announced consolidated accounts of the Group) are set out below.

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.	Not meaningful (1)
Rule 1006(b) The net profit attributable to the assets disposed, compared with Group's net profits(2)	0.65(3)
Rule 1006(c) The aggregate value of the consideration received, compared with the Company's market capitalisation(4) based on the total number of issued shares excluding treasury shares	(0.99)(5)
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 of its interest in its subsidiaries
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 relative figure under Rule 1006(a) would be less than 0.001% based on the Adjusted NAV of the Targets of approximately S$100 as at 31 May 2020, as compared to the Group's net asset value ("**NAV**") of approximately S$31,258,000 for FY2019.

For illustrative purposes, based on the audited accounts of the Group for FY2019, the NLV of the Targets is approximately S$913,000, as compared to the Group's NAV of approximately S$31,258,000. Accordingly, on this basis, the relative figure under Rule 1006(a) would be approximately (2.92)%.

(2) For the purpose of computation of the net profit figures, in compliance with Rule 1002(3)(b) of the Catalist Rules, "**net profit**" means profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Based on the audited accounts of the Group for FY2019, the net profit attributable to the Proposed Disposal is determined based on the total net profit of the Targets of approximately S$148,000 for FY2019 and the latest audited net profit of the Group of approximately S$22,630,000 for FY2019.

(4) The Company's market capitalisation is approximately S$90,702,195 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 2 July 2020 (being the last full market day immediately preceding the date of the SPA on which Shares were traded) of S$0.4903 per Share. The Company does not have any treasury shares.

(5) Pursuant to paragraph 3.2(b)(iii) of Practice Note 10A of the Catalist Rules, in computing the aggregate value of consideration received under Rule 1006(c), any additional liabilities (whether actual or contingent) waived by the Company (as seller) under the terms of the SPA shall be included in computing the aggregate value of consideration. Pursuant to the terms of the SPA, a total of S$900,500 (being amounts owed by the Targets to the Group) is waived by the Company. Accordingly, in the event that the amount of S$900,500 waived is included in computing the aggregate consideration received by the Company, the aggregate value of the consideration received by the Company shall be S$(900,498), and the relative figure computed under Rule 1006(c) will be approximately (0.99)%.

For illustrative purposes, assuming that the value of the consideration is S$2.00 based on the terms of the SPA, the relative figure computed under Rule 1006(c) of the Catalist Rules will be less than 0.001%.

6.2 Based on the relative figures in respect of the Proposed Disposal as computed on the relevant bases set out in Rule 1006 of the Catalist Rules, none of the relative figures is more than 5%. Accordingly, the Proposed Disposal qualifies as a non-discloseable transaction pursuant to Rule 1008 and the guidance provided in paragraph 4.3 of Practice Note 10A of the Catalist Rules. Notwithstanding the foregoing, the Company is making this announcement pursuant to Rule 1008(2) of the Catalist Rules.

7. FINANCIAL EFFECTS

7.1 The Consideration of S$2.00 represents a deficit of approximately S$98 over the Adjusted NAV of the Targets of approximately S$100. Accordingly, the Group will recognise a loss of approximately S$98 from the Proposed Disposal. The inter-company debts waiver will be eliminated at Group, and therefore it will not have any financial impact on the Group.

7.2 The Proposed Disposal is not expected to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current financial year ending 31 December 2020.

8. DISCLOSURE OF INTERESTS

Save for their respective interests in the Company and save as disclosed herein, none of the Directors of the Company or, as far as the Company is aware, substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Disposal is subject to the conditions precedents in the SPA being fulfilled and there is no certainty or assurance that the Proposed Disposal will be completed or that no changes will be made to the terms of the SPA. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants, and/or other professional advisers if they are in doubt about the actions that they should take.

10. UPDATES

The Company will update Shareholders on any further material developments in connection with the Proposed Disposal where required under the Catalist Rules.

By Order of the Board

Pang Pok
Executive Director and Chief Executive Officer

6 July 2020

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.

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