



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

**ENTRY INTO SUPPLEMENTAL AGREEMENT
IN RESPECT OF THE CONVERTIBLE LOAN AGREEMENT DATED 17 DECEMBER 2018**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s circular dated 11 February 2019 (the “**Circular**”) in respect of, among others, the Company’s entry into a convertible loan agreement (the “**Convertible Loan Agreement**”) with Guangzhou Yue Da Environmental Technology Development Co. Ltd. and Guangzhou Green Valley Ecological Environment Co. Ltd. (collectively, the “**Lenders**”) pursuant to which the Lenders have agreed to extend to the Company certain loan facilities.

Unless otherwise defined herein, all capitalised terms used and not defined herein shall bear the same meanings ascribed to them in the Circular.

2. SUPPLEMENTAL AGREEMENT

The Board wishes to announce that the Company has, on 19 June 2020, entered into a supplemental agreement with the Lenders (the “**Supplemental Agreement**”) to vary certain terms of the Convertible Loan Agreement. Pursuant to the Supplemental Agreement, the variations to the terms of the Convertible Loan Agreement are set out below. For ease of reference, the relevant provisions in the original Convertible Loan Agreement are also set out below.

Subject Matter	Original provision in the Convertible Loan Agreement	Amended provision pursuant to the Supplemental Agreement
Aggregate amount of the Facilities	The Lenders are to make available to the Company the aggregate sum of RMB 68,000,000 (or approximately S\$13,600,000) under the Facilities.	The Loan amounts to be disbursed under the Facilities are now fixed, and shall be disbursed, in Singapore Dollars. In addition, as at the date of this announcement, the Company has drawn down from the Facilities a sum of RMB 8,033,077 (or approximately S\$1,600,000) (the “ First Drawdown ”) around the middle of 2019. The principal amount of the First Drawdown has been fully settled by the Company in cash in December 2019. Under the original provisions of the Convertible Loan Agreement, this would mean that the remaining amount of Loans that can now be drawn down by the Company under the Facilities is S\$12,000,000. However, under the Supplemental Agreement, the

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		<p>Lenders have agreed that:</p> <p>(a) the amount of the First Drawdown shall not be counted towards the maximum amount of Loans available for drawdown under the Facilities; and</p> <p>(b) upon execution of the Supplemental Agreement, the maximum amount of Loans available for drawdown under the Facilities shall be S\$13,600,000 notwithstanding the First Drawdown made. Such Loans to be disbursed after the date of the Supplemental Agreement will be subject to the terms and conditions of the Convertible Loan Agreement (as amended and supplemented by the Supplemental Agreement) (the “Amended Convertible Loan Agreement”). No amount of Loans disbursed after the execution of the Supplemental Agreement may be re-borrowed.</p>
Availability period of the Facilities	None	Pursuant to the Amended Convertible Loan Agreement, the Facilities shall be made available until 18 June 2023 (date inclusive).
Conversion Right	The Lenders have the right to convert all (or in parts) all the Loans which have been disbursed to the Company, including accrued interests thereof, into fully paid new Shares.	<p>The conversion right granted to the Lenders shall be applicable to only the principal amount of the Loans and not to any interest accrued in respect of such Loans.</p> <p>Accordingly, pursuant to the Amended Convertible Loan Agreement, each Lender shall have the right to convert all (or in parts) the Loans which have been disbursed by the Lender (<u>but excluding accrued interest in respect thereof</u>) into fully paid new Shares.</p>
Repayment	<p>Any repayment of Loans by the Company shall be made in RMB.</p> <p>Each Loan shall be repaid on such date falling 3 years from the disbursement date of such Loan.</p>	<p>As all Loans are now fixed, and to be disbursed, in Singapore Dollars, all payments by the Company in respect of a Loan to the relevant Lender, including any Interest in respect thereof, shall be made in Singapore Dollars unless such Lender exercises its conversion right in respect of such Loan.</p> <p>There is no change to the maturity date of the Loans. Each Loan shall continue to be fully repaid on such date falling 3 years from the</p>

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		disbursement date of such Loan.
Interest	<ul style="list-style-type: none"> • Each Loan is to bear interest at the rate of 8% per annum. • Interest on a Loan shall be paid by the Company in arrears to the relevant Lender within 30 days of the end of each Interest Period of 12 months (with the first Interest Period commencing on and from the disbursement date of such Loan). 	<ul style="list-style-type: none"> • Each Loan disbursed after the date of the Supplemental Agreement will bear interest at a lower rate of 5% per annum. • Interest accrued on a Loan from January to December in a calendar year will be payable by 31st January of the following calendar year provided always that all (or any remaining) interests in respect of such Loan shall be payable by, whichever is the earlier of, (i) the Maturity Date in respect of such Loan, or (ii) any date on which the Company prepays the Loan in full. <p>For the avoidance of doubt, as the First Drawdown was disbursed and fully repaid prior to the date of the Supplemental Agreement, the Interest Rate applicable on the First Drawdown will be the original rate of 8% per annum. As at the date of this announcement, the interest accrued on the First Drawdown is approximately S\$72,000. Shareholders should note that under the original Convertible Loan Agreement, the First Drawdown (and all interests in respect thereof) has to be fully repaid on such date falling 3 years from its disbursement (i.e. in 2022) and that no prepayment may be made save with the prior written consent of the relevant Lender. However, with respect to the First Drawdown, the relevant Lender had agreed for the Company to prepay the principal amount of the First Drawdown in December 2019 and for interests on the First Drawdown to be paid by the Company in cash in Singapore Dollars by 31 July 2020 or such other date as may be mutually agreed by parties.</p> <p>Shareholders should note that as at the date of this announcement, save for the First Drawdown, the Company has not drawn down any further Loan amount under the Facilities.</p>

3. CONVERSION SHARES

Pursuant to the Amended Convertible Loan Agreement, the maximum number of Conversion Shares that may be issued to the Lenders will be lesser than 93,688,888 Shares, being the number set out in the Circular as the maximum number of Conversion Shares to be issued and allotted to the Lenders should they elect to convert the entire

amount of the Loans and the maximum amount of interest accrued thereto into Conversion Shares.

Accordingly, pursuant to the terms and conditions of the Amended Convertible Loan Agreement, assuming that:

- (a) the Company draws down S\$13,600,000, being the maximum amount permitted under the Facilities (notwithstanding the First Drawdown);
- (b) the Lenders elect to exercise their conversion right under the Amended Convertible Loan Agreement in respect of the amount of S\$13,600,000; and
- (c) there is no change to the Conversion Price of S\$0.18 per Conversion Share,

the maximum number of Conversion Shares that may be issued to the Lenders, based on a Conversion Price of S\$0.18 per Conversion Share, will be 75,555,554 (or 37,777,777 Conversion Shares to each Lender).

The issuance of up to 75,555,554 Conversion Shares to the Lenders pursuant to the Amended Convertible Loan Agreement is within (i) the specific mandate approved by the Shareholders on 26 February 2019 in respect of the Proposed Conversion Shares Issue, and (ii) the approval obtained by Company pursuant to the listing and quotation notice issued by the SGX-ST in respect of the listing and quotation of up to 93,688,888 Conversion Shares. Shareholders may wish to refer to the Circular and the Company's announcement dated 25 March 2019 for further details on the listing and quotation notice.

4. RATIONALE FOR ENTRY INTO THE SUPPLEMENTAL AGREEMENT

The Company is entering into the Supplemental Agreement for the following reasons:-

4.1 To allow the Company to enjoy lower interest rate on the Loans

As set out above, pursuant to the Supplemental Agreement, the interest rate on any Loans disbursed after the date of the Supplemental Agreement will be subject to a lower interest rate of 5% per annum. The lower interest rate will reduce the finance costs of the Group arising from the Facilities.

4.2 To minimise financial impact on the profit and loss statement of the Group (the "P&L")

As set out in the Circular, the Company had entered into the CL Introducer Agreement, pursuant to which the Company shall issue and allot 30,000,000 CL Introducer Warrants to Alto Vencap Pte. Ltd. (being the Introducer) as consideration for the introductory services provided by the Introducer with regards to the Facilities. As at the date of this announcement, the Company has issued 15,000,000 CL Introducer Warrants to the Introducer. Please refer to the Company's announcement dated 22 April 2019 in respect of such issuance.

In accordance with the CL Introducer Agreement, the remaining 15,000,000 CL Introducer Warrants (or remaining 50% of the aggregate CL Introducer Warrants) will be issued to the Introducer upon the Company having confirmed receipt of at least 50% of the maximum amount of the Loan under the Facilities. As the Company anticipates further drawdowns under the Facilities whether in this financial year or any time in the future as and when the need for additional funds arises for, among others, business expansion of the Group and growth and acquisition opportunities, the remaining 15,000,000 CL Introducer Warrants may be issued by the Company within the current financial year or such relevant time

when the Company has confirmed receipt of at least 50% of the maximum amount of the Loan under the Facilities. In this regard, the Company will make the necessary announcement(s) upon the completion of the allotment and issuance of the remaining CL Introducer Warrants to the Introducer as and when appropriate.

As the CL Introducer Warrants issued (or to be issued) are deemed to be a “Financial Instrument”, the Company understands that there may be substantial impact on the Group’s P&L arising from the application of the accounting standards relating to “FRS 102 – Share-based Payment”, “FRS 109 – Financial Instruments”, “FRS 113 – Fair Value Measurement” and other applicable accounting standards. The foregoing impact on the P&L mainly arises due to the high value of the Facilities and fluctuations in the Company’s Share price. With the variations made to the terms of the Convertible Loan Agreement pursuant to the Supplemental Agreement, the change in currency and non-conversion of the accrued interest into Shares will reduce the impact on the Group’s P&L due to the change in the accounting treatment for such financial instruments. The Board has been advised and is therefore of the view that the Company should enter into the Supplemental Agreement to avoid or minimise the foregoing potential financial impact on the Group’s P&L.

5. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement will be available for inspection at the Company’s registered office at 8 Loyang Way 4 Singapore 507604 during normal business hours for a period of 3 months commencing from the date of this announcement.

6. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Pang Pok
Chief Executive Officer and Executive Director

19 June 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 Catalyst.

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 statements or opinions made or reports contained in this announcement.

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