

# G. K. GOH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199000184D)

---

## THE PROPOSED DISPOSAL OF 100% SHAREHOLDING INTERESTS IN G. K. GOH FINANCIAL SERVICES (S) PTE. LTD.

---

### 1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of G. K. Goh Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 12 December 2016 entered into a sale and purchase agreement (“**SPA**”) with an independent third party (the “**Purchaser**”) for the proposed disposal by the Company of its entire shareholding interests (the “**Sale Shares**”) in its wholly owned subsidiary, G. K. Goh Financial Services (S) Pte. Ltd. (“**Sale Company**”) (the “**Proposed Disposal**”).

The completion of the Proposed Disposal will result in the Sale Company ceasing to be a subsidiary of the Company.

The Company appointed Platinum Securities Company Limited as its financial adviser for the Proposed Disposal.

### 2. INFORMATION ON SALE COMPANY AND THE PURCHASER

#### 2.1 Sale Company

The Sale Company was incorporated in Singapore on 25 August 1998. The principal activity of the Sale Company is the provision of financial services in relation to exchange-traded futures and options, OTC (over-the-counter) leveraged foreign exchange, precious metals and outright.

#### 2.2 The Purchaser

The Purchaser, an independent third party, is a Singapore incorporated investment holding company belonging to an international financial institution with established presence in Asia.

### 3. CONSIDERATION FOR THE PROPOSED DISPOSAL

The consideration for the Sale Shares (“**Consideration**”) will be an amount equivalent to the net tangible assets value (“**NTA**”) of the Sale Company as at 30 September 2016 based on the audited accounts of the Sale Company for the 9-month period ended on 30 September 2016 (“**9M2016**” and “**9M2016 NTA**”, respectively), subject to the following adjustment (“**Adjustment**”):

- (a) if the Relevant Date NTA is less than the 9M2016 NTA by more than S\$1.2 million, the Consideration will be reduced by the variance amount in excess of S\$1.2 million;
- (b) if the Relevant Date NTA is more than the 9M2016 NTA by more than S\$1.2 million, the Consideration will be increased by the variance amount in excess of S\$1.2 million.

**“Relevant Date NTA”** means the Sale Company’s NTA as at the last day of the financial month immediately preceding the financial month of the fulfilment or waiver (if applicable) of the last of the Relevant CPs (as defined in paragraph 5.3 below) (**“Relevant Date”**).

The Relevant Date NTA shall be based on the unaudited accounts of the Sale Company for the period commencing on 1 October 2016 and ended on the Relevant Date (**“Relevant Accounts”**). The Company shall use its best endeavours to procure the Sale Company to prepare and deliver to the Purchaser the Relevant Accounts within ten (10) business days after the fulfilment or waiver (if applicable) of the last of the Relevant CPs.

The 9M2016 NTA based on the Sale Company’s audited 9M2016 accounts is S\$12.5 million (**“Pre-Adjustment Consideration”**).

For the avoidance of doubt, no Adjustment will be made if the variance of the Relevant Date NTA as compared to the 9M2016 NTA is equal to or less than S\$1.2 million.

**The Pre-Adjustment Consideration is not to be taken as the actual Consideration for the Proposed Disposal, which will only be determined upon finalisation of the Relevant Accounts to determine if any Adjustment is required.**

#### Basis of Consideration

The Consideration was arrived at after arms’ length negotiations between the Company and the Purchaser on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the following factors:

- (a) the value of the ongoing business of the Sale Company;
- (b) the book value and NTA of the Sale Shares of S\$12.6 million based on the latest announced unaudited consolidated financial statements of the Group for 9M2016;
- (c) the 9M2016 NTA of S\$12.5 million;
- (d) the audited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for the financial years ended 31 December 2013, 31 December 2014, and 31 December 2015 of S\$2.1 million, S\$3.7 million and S\$0.5 million respectively;
- (e) the unaudited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for 9M2016 of S\$1.7 million; and
- (f) the rationale for and benefits to the Company of the Proposed Disposal as set out in paragraph 4.

#### **4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Sale Company has been loss-making since 2013. The audited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for the financial years ended 31 December 2013, 31 December 2014, and 31 December 2015 are S\$2.1 million, S\$3.7 million, and S\$0.5 million respectively. The audited net loss before income tax, minority interest

and extraordinary items attributable to the Sale Company for the 9 months ended 30 September 2016 is S\$1.8 million.

The Company is of the view that the business of the Sale Company requires a bigger platform and capital base than the Group can provide to grow effectively, and wishes to exit this loss-making business to focus its resources and capital for allocation to its other core profitable businesses.

The Proposed Disposal is expected to result in a favourable impact on the Group's financial position. For illustrative purposes, based on the Pre-Adjustment Consideration and disregarding the expenses in connection with the Proposed Disposal, if the Proposed Disposal had completed on 1 January 2015, the Group would have reflected a higher net profit after tax of approximately S\$13.2 million, and the Company's earnings per share would have been S\$0.0410 instead of S\$0.0399.

In view of the foregoing, the Board is unanimously of the opinion that the Proposed Disposal is in the best interests of and not prejudicial to the Company and its shareholders ("**Shareholders**").

Following the Proposed Disposal, the Company's remaining businesses will include the provision of corporate services, residential aged care services, and investment holding activities.

The Company intends to utilise the net proceeds from the Proposed Disposal to supplement its existing working capital and for future investments.

## **5. OTHER SALIENT TERMS OF THE PROPOSED DISPOSAL**

### **5.1 Conditions Precedent**

Completion of the Proposed Disposal ("**Completion**") is conditional upon the fulfilment of, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) approval by the Monetary Authority of Singapore ("**MAS**") for the Proposed Disposal on terms reasonably satisfactory to the Purchaser;
- (b) approval by MAS for the appointment of two persons specified by the Purchaser as directors of the Sale Company;
- (c) approval by International Enterprise Singapore for the Proposed Disposal on terms reasonably satisfactory to the Purchaser;
- (d) where any contract to which the Sale Company is a party accords any right to the Sale Company's counterparty to terminate such contract as a result of any matter contemplated by the SPA, and/or imposes any restriction on the change in control of the Sale Company, relevant consents and/or waivers by the counterparties to such contracts being obtained in a form and on terms reasonably acceptable to the Purchaser. This Condition Precedent does not apply to the respective agreements under the Maybank Facilities (as defined below);
- (e) all licences, authorisations, confirmations and other approvals necessary for the Proposed Disposal (besides the approvals referred to in paragraphs 5.1(a) and (c) above and the approval required from MAS for the appointment of new directors to the Sale

Company) having been obtained from all appropriate government or regulatory bodies on terms reasonably satisfactory to the Purchaser;

- (f) no breach of warranties by the Company in any material respect<sup>(1)</sup>;
- (g) warranties by the Purchaser being accurate and not misleading in all material aspects;
- (h) no breach of the relevant undertakings by the Company in the SPA (“**Pre-Completion Undertakings**”) relating to, *inter alia*, the running of the Sale Company prior to Completion;
- (i) no claim, legal action, proceeding or investigation against the Sale Company (or as far as the Company is aware, any person for whose acts the Sale Company may be vicariously liable) at Completion;
- (j) no event(s) having occurred from the date of the SPA up to Completion which in the opinion of the Purchaser have or are likely to have a material and adverse effect on the turnover, profitability, financial or trading position or prospects of the Sale Company;
- (k) delivery by the Company to the Purchaser of written confirmation of the cancellation or withdrawal of several facilities of the Sale Company obtained through the Group’s credit facilities with Maybank (“**Maybank Facilities**”) and the banker’s guarantees issued through one of the Maybank Facilities on or before Completion;
- (l) written consents to the Proposed Disposal obtained from HSBC Bank plc and Citibank N.A., in respect of prime broking facilities of the Sale Company;
- (m) delivery by the Company to the Purchaser of written acknowledgement of the Company’s receipt of repayment by the Sale Company of the shareholder loan granted by the Company to the Sale Company; and
- (n) the Purchaser being satisfied with the results of legal due diligence investigations on the Sale Company and matters contemplated under the SPA.

The Purchaser shall, as soon as practicable after the date of the SPA, notify the Company as to whether the Condition Precedent in paragraph 5.1(n) is fulfilled.

## 5.2 Long Stop Date

If any of the Conditions Precedent is not fulfilled or waived (where applicable) or the Relevant Accounts are not delivered by 31 March 2017 or such other date as may be agreed between the Company and the Purchaser, either party may elect to terminate the SPA. Upon such termination, neither party shall have any claim against the other under the SPA, except for any claim arising from breach of each party’s respective obligations to, *inter alia*, use best endeavours to ensure the fulfilment of relevant Conditions Precedent.

## 5.3 Completion

Completion will take place on the tenth (10<sup>th</sup>) business day after the fulfilment (or where applicable, the waiver) of the Conditions Precedent set out in paragraphs 5.1(a) to (e) and (k) to (m) above (“**Relevant CPs**”), and if the Relevant Accounts have not been delivered by the

Company to the Purchaser on such date, the date falling three (3) business days after the delivery of the Relevant Accounts, or such other date as the parties may agree (“**Completion Date**”).

#### 5.4 **Restrictions on the Company**

For two (2) years commencing on Completion, without the prior written consent of the Purchaser, the Company cannot, and will procure that the members of the Group or any person connected with any member of the Group or any person carrying on with the consent or privity of the Company any business in succession to the Company not, in Singapore:

- (a) directly or indirectly carry on or be interested in any business similar to the business of futures, foreign exchange and commodity broking carried on by the Sale Company and/or which is or is likely to be in competition with the current business of the Sale Company;
- (b) in competition with the current business of the Sale Company solicit the custom of any person who has within twenty four (24) months prior to Completion been a customer of the Sale Company or (in respect of the provision of prime broking facilities for leverage foreign exchange business) HSBC Bank plc, BNP Paribas and Citibank N.A.; or
- (c) induce any present employee of the Sale Company who (i) has access to trade secrets or confidential information of the Sale Company; (ii) has participated in discussions relating to the SPA; or (iii) holds the position of head of department or higher, to become employed whether as employee, consultant or otherwise by the Company or any subsidiary or fellow subsidiary or holding company of the Company.

(collectively, the “**Restrictions**”)

Notwithstanding the above, the Restrictions shall not prevent the Company from being interested in up to 20% of the outstanding issued share capital of a company listed on any stock exchange.

#### 5.5 **Change of name of Sale Company and other transitional matters**

The transitional matters following Completion include the following:

- (a) within three (3) months commencing from and on the Completion Date, the Purchaser shall, *inter alia*:
  - (i) procure the change of name of the Sale Company to a name which does not include or bear no similarities to the words “G. K. Goh”, in whatever form or presentation; and
  - (ii) procure the assignment of certain trademarks and domain names to the Company; and
- (b) other transitional arrangements relating to, *inter alia*, payroll processing, door access and CCTV system, IT support, and cost-sharing for utilities, internet and telecommunications services.

#### 5.6 **Limitation of Liability**

Provisions relating to limitation of the Company’s liability under the SPA in respect of breaches of warranties by the Company as well as the indemnities given by the Company to the Purchaser and the Sale Company include, *inter alia*, that the total maximum liability of the Company in

respect of all claims for breach of warranties by the Company and under the indemnities shall be limited to an amount equal to the Consideration.

## 5.7 Termination

The Purchaser shall be entitled to terminate the SPA if prior to Completion, the Company is in breach of the Pre-Completion Undertakings or the warranties by the Company are breached in any material respect<sup>(1)</sup>.

The Company shall be entitled to terminate the SPA if prior to Completion, the warranties by the Purchaser are not complied with or otherwise untrue or misleading in any material respect.

**Note:**

(1) "material respect" in relation to a breach of warranty by the Company means a breach with the consequence of (i) the Sale Company incurring a loss or liability of more than S\$1.2 million (whether actual or contingent); (ii) the net tangible asset of the Sale Company being reduced by more than S\$1.2 million; (iii) the Sale Company is restricted or prohibited from conducting its business as currently conducted; (iv) a regulatory breach by or penalties on the Sale Company; or (v) the Sale Company losing its CMS licence.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Proceeds over Book Value

The Pre-Adjustment Consideration is equivalent to the 9M2016 NTA of S\$12.5 million.

Based on the Pre-Adjustment Consideration and disregarding the expenses in connection with the Proposed Disposal ("**Transactional Costs**"), the Proposed Disposal will not result in a loss on disposal or any deficit of gross proceeds over book value. The Company does not expect the Transactional Costs to exceed 5% of the Consideration.

### 6.2 Illustrative Financial Effects

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per ordinary share in the issued share capital of the Company ("**Share**") and earnings per Share ("**EPS**") of the Group, nor do they not reflect the future financial position of the Company or the Group after Completion. There will not be any change in the share capital of the Company as a result of the Proposed Disposal.

The following *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 with the following assumptions:

- (a) for the purpose of computing the financial effects of the Proposed Disposal on the NTA per Share of the Group, the Proposed Disposal is assumed to have been completed on 31 December 2015 and based on the Pre-Adjustment Consideration;
- (b) for the purpose of computing the financial effects of the Proposed Disposal on the EPS of the Group, the Proposed Disposal is assumed to have been completed on 1 January 2015 and based on the Pre-Adjustment Consideration; and

- (c) the Transactional Costs are disregarded for the purposes of calculating the financial effects.

#### NTA

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
NTA (S\$ million)	261.6	261.5
Number of Shares as at 31 December 2015 (million)	326.7	326.7
NTA per Share (S\$)	0.80	0.80

#### EPS

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
Net profit attributable to Shareholders (S\$ million)	12.8	13.2
Weighted average number of Shares (million)	322.3	322.3
EPS (S\$)	0.0399	0.0410

### **7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual and the latest announced unaudited consolidated financial statements of the Group for 9M2016 are as follows:

		<b>Relative Figures (%)</b>
<b>Rule 1006(a)</b>	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	3.36 <sup>(1)</sup>
<b>Rule 1006(b)</b>	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	(26.27) <sup>(2)</sup>
<b>Rule 1006(c)</b>	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	4.66 <sup>(3)(4)</sup>
<b>Rule 1006(d)</b>	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.

<b>Rule 1006(e)</b>	<p>The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.</p> <p>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.</p>	Not applicable.
---------------------	--	-----------------

**Notes:**

- (1) *Based on the unaudited net asset value of the Sale Company as at 30 September 2016 of S\$12.6 million and the Group's unaudited consolidated net asset value as at 30 September 2016 of S\$374.7 million.*
- (2) *Based on the unaudited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for 9M2016 of S\$1.7 million and the unaudited net profit before income tax, minority interest and extraordinary items of the Group for 9M2016 of S\$6.5 million.*
- (3) *The Pre-Adjustment Consideration is S\$12.5 million.*
- (4) *The Company's weighted average share price as at 9 December 2016 being the market day preceding the date of the SPA is S\$0.8201. Source: Bloomberg L.P.*

*The market capitalisation of the Company is S\$267.9 million, based on 326,686,537 Shares in issue as at 9 December 2016 (being the market day preceding the date of the SPA) and the weighted average share price of the Company's shares transacted on the SGX-ST on the same date of S\$0.8201.*

Based on the latest announced unaudited consolidated accounts for the Group for 9M2016, the relative figure computed on the basis set out in Rule 1006(b) exceeds 20% and the Proposed Disposal constitutes a major transaction under Rule 1014 of the Listing Manual.

The Company has obtained a waiver from the SGX-ST ("**SGX Waiver**") from the requirement to obtain Shareholders' approval for the Proposed Disposal under Rule 1014(2) of the Listing Manual, on the following grounds:

- (a) The Company is exiting a loss-making business to focus its resources on its other core profitable businesses. In fact, the Sale Company has been loss-making since 2013.

The audited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for the financial years ended 31 December 2013, 31 December 2014, and 31 December 2015 are S\$2.1 million, S\$3.7 million, and S\$0.5 million respectively. The unaudited net loss before income tax, minority interest and extraordinary items attributable to the Sale Company for the 9 months ended 30 September 2016 is S\$1.7 million.

Pursuant to paragraph 4.1 of Practice Note 10.1 of the Listing Manual, shareholders generally would not be concerned if the assets to be disposed of are loss-making;

- (b) The Company deems the Sale Company as a non-core asset as it does not form a significant portion of the Group's business in terms of turnover, assets or staff headcount, and functions independently from the rest of the Group's businesses. Furthermore, the Sale Company being loss-making, does not contribute to the Group's profits;
- (c) The Board is of the opinion that there will be no material change in the risk profile of the Group arising from the Proposed Disposal as it involves the disposal of a loss-making,

non-core subsidiary of the Group, and the business of the Sale Company functions independently from the rest of the Group's businesses;

- (d) Based on the terms of the Proposed Disposal as being negotiated between the Company and the Purchaser, the Proposed Disposal is not expected to result in a loss on disposal;<sup>(1)</sup>
- (e) The Proposed Disposal is expected to result in a favourable impact on the Group's financial position as the Sale Company is loss-making. The audited net loss after tax attributable to the Sale Company for the most recently completed financial year ended 31 December 2015 is S\$0.5 million. If the Proposed Disposal had completed on 1 January 2015, the Group would have reflected a higher net profit after tax of approximately S\$13.3 million<sup>(2)</sup>, and the Company's earnings per share would have been S\$0.0413 instead of S\$0.0399<sup>(2)</sup>;
- (f) The controlling Shareholder of the Company, GKG Investment Holdings Pte Ltd, having an aggregate shareholding interest of approximately 60.03% in the Company, has agreed to irrevocably undertake to vote in favour of the Proposed Disposal, if an extraordinary general meeting is required;
- (g) The Board is unanimously of the opinion that the Proposed Disposal is in the best interests of and not prejudicial to the Company and the Shareholders, as it will allow the Group to rationalise its financial and capital resources since the Sale Company has been loss-making since 2013 and will require a bigger platform and capital base than the Group can provide to grow effectively. The Proposed Disposal will enable the Company to free up its resources and capital for allocation to its other profitable operations; and
- (h) The Company will make an announcement of the Proposed Disposal on the SGXNET.

**Notes:**

- (1) *Based on the Pre-Adjustment Consideration and disregarding the Transactional Costs, the Proposed Disposal will not result in a loss on disposal or any deficit of gross proceeds over book value. The Company does not expect the Transactional Costs to exceed 5% of the Consideration.*
- (2) *These figures were computed on the assumption that the Consideration is S\$12.6 million, being the Sale Company's NTA as at 30 September 2016 based on the Sale Company's unaudited 9M2016 accounts.*

The SGX Waiver was granted subject to the following:

- (a) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Listing Rule 107;
- (b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company;
- (c) the Company announcing the details of the Proposed Disposal as required under Listing Rule 1010;
- (d) submission of the irrevocable undertaking from the controlling Shareholder, GKG Investment Holdings Pte Ltd, that it will vote in favour of the Proposed Disposal, if an extraordinary general meeting is required; and

- (e) submission of a written confirmation from the Company that:
  - (i) the relative figures, based on the SPA, computed on the bases set out under Listing Rule 1006(a) or 1006(c) do not exceed 20%; and
  - (ii) upon the completion of the Proposed Disposal, the loss on disposal including any related or transactional costs of disposal, will not exceed 20% of the Company's net profits, based on the Company's FY2016 results.

## **8 SERVICE CONTRACTS**

No person will be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

## **9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for Mr David Lim Teck Leong (Independent Director of the Company) who is the managing partner of David Lim & Partners LLP, the Company's legal adviser for the Proposed Disposal, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

## **10 DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection at the registered office of the Company at 50 Raffles Place #33-00, Singapore Land Tower, Singapore 048623 during normal business hours for three (3) months from the date of this announcement.

**Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out in paragraph 5.1 above, and accordingly should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers. The Company will make further announcements on the Proposed Disposal as and when appropriate.**

## **BY ORDER OF THE BOARD**

Thomas Teo Liang Huat  
Company Secretary

12 December 2016