

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

**RESPONSE TO THE QUERIES FROM THE SGX-ST IN RESPECT OF THE ANNOUNCEMENT
RELEASED BY THE COMPANY ON 27 MAY 2019 IN RESPECT OF THE PROPOSED
ACQUISITION OF CHICKEN SUPREMO PTE LTD**

1. INTRODUCTION

The Board of Directors of GS Holdings Limited, (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 27 May 2019 (the “**Announcement**”) in respect of the proposed acquisition of Chicken Supremo Pte Ltd by Hao Kou Wei Pte. Ltd., a wholly-owned subsidiary of the Company (the “**Proposed Acquisition**”).

The Company sets out below the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the Proposed Acquisition, and the Company’s responses.

2. SGX-ST’S QUERIES ON THE PROPOSED ACQUISITION AND THE COMPANY’S RESPONSES

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Announcement.

SGX-ST Query 1: What does ‘zero cash, zero liabilities basis’ mean?

Company’s Response: Pursuant to the SPA, Completion is subject to, among others, the following conditions precedent being fulfilled or satisfied: (i) all liabilities, or the Vendors having procured that all liabilities, of the Target, having been satisfied and settled irrevocably and unconditionally in full; and (ii) all cash in the bank account(s) held by the Target having been distributed to the Vendors. As such, upon Completion and subject to, among others, the foregoing conditions being satisfied, the Target is expected to have zero liabilities and zero cash. Accordingly, the Company (via HKW) is acquiring the Target on a “zero cash, zero liabilities” basis.

SGX Query 2: Please provide information on the respective Vendors.

Company’s Response: Details of the Vendors are set out below:-

Vendor	Details
Aroma Food Services Pte Ltd (“ AFS ”)	<p>AFS is a company incorporated in Singapore. Its principal activities are in the management and operation of restaurants.</p> <p>The shares in AFS are held by several individual shareholders (the “AFS Shareholders”). Details on the shareholding structure of AFS are available from the Accounting and Corporate Regulatory Authority of Singapore.</p> <p>The Company confirms, to the best of its knowledge, that there is no relationship between the AFS Shareholders and the Company (and its directors/controlling shareholders) that may result in the Proposed Acquisition being an interested person transaction for the purposes of Chapter 9 of the Catalist Rules.</p>

Vendor	Details
	<p><i>*Note: The AFS Shareholders hold all of the issued shares in the capital of AFS. The shareholding figures however do not aggregate to 100% due to rounding.</i></p>
<p>Do & Me Food Systems Pte Ltd (“DMFS”)</p>	<p>DMFS is a company incorporated in Singapore. Its principal activities are (i) in franchising fast food outlets, and (ii) the provision of management services to fast food restaurants.</p> <p>The shares in DMFS are held by several individual shareholders (the “DMFS Shareholders”). Details on the shareholding structure of DMFS are available from the Accounting and Corporate Regulatory Authority of Singapore.</p> <p>The Company confirms, to the best of its knowledge, that there is no relationship between the DMFS Shareholders and the Company (and its directors/controlling shareholders) that may result in the Proposed Acquisition being an interested person transaction for the purposes of Chapter 9 of the Catalyst Rules.</p>

SGX Query 3: Why did the Company only take into consideration the Target’s profit for the FY2018? How about the previous years?

Company’s Response: The Company took into consideration the Target’s profit for the financial year ended 31 July 2018 as, in the Company’s view, the Target’s latest audited accounts for the financial year ended 31 July 2018 would better reflect the current profitability of the Target and its business. In addition to the foregoing, the Company noted the net profit for the Target’s financial year ended 31 July 2017 of approximately S\$192,000 was quite similar to the Target’s profit for the financial year ended 31 July 2018.

SGX Query 4: Please elaborate how the consideration amount of S\$800,000 was arrived at.

Company’s Response: As disclosed in the Announcement, the Consideration of S\$800,000 was arrived at after arm’s length negotiations and on a willing buyer willing seller basis after taking into consideration (i) the Target’s latest audited profit of approximately S\$190,000 for the financial year ended 31 July 2018, (ii) the Target’s expected earnings for the financial year ending 31 July 2019, (iii) the “Sin Swee Kee” brand name, and (iv) the Target’s history of operating and managing its restaurant for a period of nearly 2 decades.

In addition, the Company took into account the following:

- (a) the Consideration represents a price-to-earnings ratio (“PER”) of approximately 4 times of the audited profits of the Target for the financial year ended 31 July 2018, which is lower than the PER in respect of the consideration paid for the Company’s recent acquisition of Hao Kou Wei Pte. Ltd. (“HKW”) via its subsidiary Hawkerway Pte. Ltd.. The independent financial advisor (“IFA”) appointed for the acquisition of HKW had amongst others, noted that the PER in respect of the consideration paid for the Company’s acquisition of HKW is below the range of the PER of the Comparable Companies (as defined in Appendix A of the IFA letter in the circular dated 11 February 2019); and
- (b) the “Sin Swee Kee” brand name which, in the Company’s view, has a long established history and is a familiar name in Singapore and amongst foreign tourists

visiting Singapore, especially Chinese tour groups which patronise the Target's restaurant in order to try the signature Singapore chicken rice.

By Order of the Board

Pang Pok
Executive Chairman and Chief Executive Officer

3 June 2019

This announcement has been prepared by GS Holdings Limited ("**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 (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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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