



GS HOLDINGS LIMITED
(Company Registration Number: 201427862D)
(Incorporated in the Republic of Singapore)

**RESPONSE TO QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) IN RELATION TO EXTRAORDINARY GENERAL MEETING (“EGM”) CIRCULAR
DATED 27 NOVEMBER 2024**

The Board of Directors (“**Board**”) of GS Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to provide the following information in response to questions raised by the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s EGM circular dated on 27 November 2024 (“**Circular**”).

SIAS’s Question 1:

The company is proposing to acquire all the shares of Octopus Distribution Networks Pte. Ltd. (ODN) for a total purchase consideration of \$11.8 million.

- (i) Has the company disclosed ODN’s historical financial performance and key metrics, including revenue, gross profit, net assets, cash flow, and other material information, to enable shareholders to make a fully informed decision at the EGM?
- (ii) What is the book value of ODN, and could the board provide further insights into its financial position? Specifically, how much inventory does ODN carry, and does it own its warehousing infrastructure?
- (iii) Is ODN currently generating positive cash flow from operations? Are there any anticipated major capital expenditures required to sustain or grow the business post-acquisition?

Response to Question 1(i), (ii) and (iii):

The Company has disclosed the information required under the Catalist Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in its previous announcements and Circular.

- (iv) Could the board provide a detailed overview of the due diligence process, including the key findings from the commercial, legal, and financial reviews?

Response to Question 1(iv):

For the purpose of this proposed acquisition, the Board had engaged third party professionals to carry out relevant due diligence appropriate for such a transaction. This transaction is carried out under the guidance and advice of our Sponsor and Financial Adviser, Evolve Capital Advisory Private Limited, along with consultation from our appointed legal advisor and

independent valuer. The Board has also reviewed and deliberated on the findings and recommendations of the due diligence carried out.

- (v) How did the independent directors evaluate the strategic and financial merits of the proposed acquisition? What specific risks have they identified, and what measures are in place to manage or mitigate these risks to protect shareholder value?

Response to Question 1(v):

The Board is of the view that the strategic and financial merits of the proposed acquisition have been addressed in Section 2.4 of the Circular and the press release announced on 23 October 2024.

The Board has, amongst other things, evaluated the history, operations, assets, liabilities, customer/supplier profile and management of the Target and the Target's businesses, deliberated on the findings and recommendations of the due diligence carried out, and assessed that the terms of the Sale and Purchase Agreement for the proposed acquisition ("**Agreement**"), including the undertakings, indemnities, representation and warranties given by the Vendor, are appropriate to manage or mitigate the risks of the transaction, to protect shareholder value.

SIAS's Question 2:

The company is also seeking shareholders' approval to allot consideration shares to the vendor which will result in the transfer of controlling interest in the company. Upon completion of the allotment and issuance of new shares, the vendor, Octopus Global Hldgs Pte. Ltd., will hold approximately 16.01% of the company's enlarged share capital.

The vendor's ultimate beneficial owner is Teh Chooi Peng, also referred to as Dato Elaine Teh in the company's press release dated 23 October 2024.

- (i) Can the board clarify if the target company is the same as the one proposed for acquisition by Ascent Bridge Limited, another SGX-listed company, in 2022 and that Ms Teh Chooi Peng is the same beneficial owner of the target? Please refer to the announcement posted in 2022 – https://links.sgx.com/FileOpen/20220424_ABL_Ann_PropAcquisitions_Att.ashx?App=Announcement&FileID=713555

Response to Question 2(i):

In the transaction referred to in the above question ("**ABL Transaction**"), the target was a group of entities which included ODN, Cape Exim Pte. Ltd., and Luen Heng F&B Sdn. Bhd. Ms Teh Chooi Peng was also the same beneficial owner of some of those entities.

- (ii) In the board's due diligence and deliberation on the acquisition, did it review the circumstances and details of the proposed sale of ODN in 2022? If so, what were the board's key findings, and how have these influenced the current proposal?

Response to Question 2(ii):

Please refer to responses to question 1(v).

- (iii) Are there any known liabilities, liens, or unresolved matters related to the 2022 aborted sale of the target company to Ascent Bridge Limited that could affect the current acquisition? Could

the board also confirm that there are no legal or financial contingencies involving the target, the vendor, or its beneficial owner that might impact this transaction?

Response to Question 2(iii):

Please refer to responses to question 1(v)

The company is seeking shareholders' approval to appoint Teh Chooi Peng as a director at the EGM.

- (iv) Should the acquisition proceed, how will the company manage ODN and GSV?
- (v) What is the size and composition of the management teams for ODN and GSV? What specific roles will the current executive director, Mr Loo Hee Guan, play in overseeing these businesses post-acquisition?

Response to Question 2(iv) and 2(v):

There are no plans to change the Target's current management team, which includes its chairman, managing director, financial controller and operations director, who will all remain, with the Company and the Board having an oversight over the Target's and its operations.

The Company's current Executive Director and acting CEO, Mr Loo Hee Guan, will continue to oversee the Group's corporate affairs to lead and drive regularisation and restructuring plan, business rationalisation and development, investors relations, compliance and corporate governance and responsible for the overall business operation of the Group.

In Section 7 of the circular, the company provided further details of the proposed appointment of Teh Chooi Peng (TCP) as a director of the company. The company stated the following:

Pursuant to the terms of the Agreement and subject to Completion, the Company shall be entitled to appoint one (1) nominee of the Vendor as director of the Company, subject to her qualification under the Act and clearance by the Company's Nominating Committee, the Sponsor, and where applicable, the relevant regulator(s). TCP is the Vendor's proposed director pursuant to the terms of the Agreement.

- (vi) Can the nominating committee and the sponsor clarify if they have provided their "clearance" for the proposed appointment of Teh Chooi Peng as a director of the company? What was the process carried out by the nominating committee and sponsor in arriving at their opinions? What role, if any, did the relevant regulator(s) play in providing clearance on the proposed appointment of Teh Chooi Peng?

Response to Question 2(vi):

The Nominating Committee has carried out the due process in the appointment of Teh Chooi Peng, and the Sponsor has performed the necessary due diligence in relation to the appointment.

SIAS's Question 3:

The company has engaged FHMH Corporate Advisory Sdn Bhd as the independent valuer to conduct a valuation of the target company, which is incorporated in Singapore and primarily operates in the wholesale trade of various food and beverages in Singapore.

- (i) What criteria did the board use to select FHMH Corporate Advisory Sdn Bhd as the independent valuer?

Response to Question 3(i):

The Board has reviewed the professional qualifications of the valuer, a Certified Chartered Valuer and Appraiser under the Institute of Valuers and Appraisers Singapore by the Singapore Accountancy Commission, with prior experience in carrying out valuation for other SGX listed companies, and has obtained the Sponsor's clearance in the appointment of FHMH Corporate Advisory Sdn Bhd as the independent valuer.

- (ii) What is the level of valuation expertise within the board, particularly among the independent directors? How involved were the independent directors in reviewing and approving the assumptions and methodology employed in the valuation of the target?

Response to Question 3(ii):

The Board has the relevant valuation and business expertise.

The Board, including the independent directors, with the advice of the Sponsor had reviewed the reasonableness of the assumptions and methodology used in the valuation exercise.

- (iii) Given the target company's incorporation and operations in Singapore, what strategic or practical considerations led to the selection of a Malaysian-based valuer? Could the board elaborate on the factors that made FHMH Corporate Advisory the preferred choice over Singapore-based valuation firms?

Response to Question 3(iii):

Notwithstanding that the FHMH Corporate Advisory is a Malaysian-based valuer, the independent valuer is a Certified Chartered Valuer and Appraiser under the Institute of Valuers and Appraisers Singapore by the Singapore Accountancy Commission.

The independent valuer has determined that the income approach was the most appropriate valuation approach to value the target company. The assumptions in the capital asset pricing model (CAPM) are shown below:

CAPM Inputs

Net Debt/Equity Ratio of Comparable Companies	66.27%
Risk-Free Rate ^[1]	2.63%
Equity Risk Premium ^[2]	4.60%
Re-gearred Beta ^[3]	0.87
Small Cap Premium ^[4]	4.00%
Cost of Equity derived using CAPM	10.61%
Cost of Debt	5.75%
Tax Rate	17%
Weighted average cost of capital	8.29%

(Source: Circular to shareholders dated 27 November 2024)

- (iv) Did the board, particularly the independent directors, assess whether the 8.29% WACC used in the valuation is reasonable? Has the board benchmarked this WACC against comparable companies and industry standards?
- (v) How sensitive is the valuation outcome to changes in the WACC? Was a sensitivity analysis performed to demonstrate the potential impact of variations in the assumptions underlying the CAPM?
- (vi) What comparable companies were selected by the independent valuer to benchmark the valuation? Has this list been disclosed to shareholders, and how representative is it of the target's business and operating environment?

Response to Question 3(iv), 3(v) and 3(vi):

The valuation exercise was carried out by the independent valuer who is a Certified Chartered Valuer and Appraiser under the Institute of Valuers and Appraisers Singapore by the Singapore Accountancy Commission. Through the valuation exercise, the Board is of the view that the valuer had used the appropriate parameters and comparables to determine the value of ODN.

- (vii) What is the implied Enterprise Value (EV)/EBITDA multiple derived from the valuation?

Response to Question 3(vii):

The implied Enterprise Value (EV)/EBITDA multiple is in the full text of the Valuation Report made available for inspection by appointment as disclosed in Section 16 of the Circular.

BY ORDER OF THE BOARD

Lim Kee Way Irwin
Independent and Non-Executive Chairman
GS Holdings Limited

12 December 2024

This announcement has been prepared by GS Holdings Limited, and its contents have been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "Sponsor").

It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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