

INCORPORATION OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY AND ENTRY INTO LETTER OF INTENT

1. INTRODUCTION

The Board of Directors (the "**Board**") of GS Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company's indirect wholly-owned subsidiary, Hao Kou Wei Pte. Ltd. ("**Hao Kou Wei**") has incorporated a wholly-owned subsidiary, Sing Zhong Brands Management Pte. Ltd. ("**Sing Zhong Brands Management**") in Singapore on 28 December 2021 for an initial issued and paid-up share capital of S\$10,000 for 10,000 ordinary shares.

2. INCORPORATION OF SING ZHONG BRANDS MANAGEMENT

Sing Zhong Brands Management was incorporated to facilitate the Company's execution of its plans to promote and sell food originating from the People's Republic of China and Singapore. The principal activities of Sing Zhong Brands Management are (i) restaurants (including operating of food outlets in coffee shop and food court) and (ii) management consultancy services (provision of consultancy and management services in relation to food and beverage ("**F&B**") business).

The director of Sing Zhong Brands Management is Ms Pang Yiling, being the Director of Operation of the Group.

The subscription for issued and paid-up shares in Sing Zhong Brands Management was funded through internal resources and the incorporation of Sing Zhong Brands Management is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2021.

3. ENTRY INTO THE LETTER OF INTENT

A letter of intent (the "**Letter of Intent**") was entered into between Sing Zhong Brands Management and a third party, Action Culture Pte. Ltd. ("**Action Culture**") today with the aim of establishing 10 China's F&B brands and 10 Singapore F&B brands, which will be sold as franchise in Asian countries including but not limited to People's Republic of China and Singapore. All 20 F&B brands developed will be owned and registered as the intellectual properties of Sing Zhong Brands Management.

The directors of Action Culture are Qiu Yue, Li Te and Li Jian Wei and the shareholders of Action Culture are Wang Lei, Hua Lei, Qiu Yue and Li Te. Action Culture was introduced by a corporation from China to Mr Pang Pok, the Executive Director and Chief Executive Officer of the Company.

3.1 KEY TERMS OF THE LETTER OF INTENT

Pursuant to the Letter of Intent, Sing Zhong Brands Management and Action Culture (collectively, the "**Parties**") have agreed, among others, that:

- (i) Action Culture was engaged mainly for identifying and designing 10 China F&B brands and concepts and sourcing for interested franchisees or investors.

- (ii) Fees payable to Action Culture will be by way of issuance of new shares in the Company in four tranches (the “**Consideration Shares**”). The number of Consideration Shares to be issued shall be computed by dividing the agreed consideration payable for each tranche by such price representing not more than 10% discount against the volume weighted average price for the shares of the Company for the last trading day immediately preceding the date of Action Culture’s invoice for Tranche 1 payment (the “**Issue Price**”). The Parties agree that Action Culture shall issue its invoice for Tranche 1 Payment within 2 business days from the receipt of written confirmation from the Company and/or Sing Zhong Brands Management that the deliverables stated in the appendix of the Letter of Intent have been completed. The issuance of the Consideration Shares shall be subject to the Company’s receipt of listing and quotation notice (“**LQN**”) from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and shareholders’ approval, if required.
- (iii) The Parties agree that Sing Zhong Brands Management and the Company shall be deemed to have fully discharged their payment obligations with no further recourse to Sing Zhong Brands Management and/or the Company with the issuance of the Consideration Shares to Action Culture.
- (iv) Payment for 4 tranches are as follows:
 - a. Tranche 1 payment

Upon receiving all the deliverables stated in the appendix of the Letter of Intent from Action Culture and approval given from Sing Zhong Brands Management on the deliverables submitted, Action Culture will be issued such number of Consideration Shares with an aggregate value of S\$500,000 at the Issue Price.
 - b. Tranche 2 payment

Upon achieving the franchise fee target of S\$1,000,000 (procured through the introduction by Action Culture) and the receipt of such franchise fee payments in full from franchisees within 30 days from the date of signing of franchise agreements, Action Culture will be issued with such number of Consideration Shares with an aggregate value of S\$500,000 at the Issue Price. The franchise fee target includes the franchise fee chargeable for the initial term of franchise period to be agreed with franchisee, but excludes the franchise fee chargeable for renewal term.
 - c. Tranche 3 payment

Upon achieving an additional franchise fee target of S\$1,000,000 subsequent to tranche 2 payment (procured through the introduction by Action Culture), and the receipt of such franchise fee payments in full from franchisees within 30 days from the date of signing of the franchise agreements, Action Culture will be issued with such number of Consideration Shares with an aggregate value of S\$500,000 at the Issue Price. The franchise fee target includes the franchise fee chargeable for the initial term of franchise period to be agreed with franchisee, but excludes the franchise fee chargeable for renewal term.
 - d. Tranche 4 payment

Upon achieving an additional franchise fee target of S\$1,000,000 subsequent to tranche 3 payment (procured through the introduction by Action Culture), and the receipt of such franchise fee payments in full from franchisees within 30 days from the date of signing of the franchise agreements, Action Culture will be issued with such number of Consideration Shares with an aggregate value of S\$500,000 at the Issue Price. The franchise fee target includes the franchise fee chargeable for the initial term of franchise period to be agreed with franchisee, but excludes the franchise fee chargeable for renewal term.

- (v) A definitive agreement will be entered into by the Parties after all the other terms for the transaction with Action Culture have been finalised.

3.2 RATIONALE FOR THE ENTRY INTO THE LETTER OF INTENT

As set out above, the Group is seeking to establish China's and Singapore's F&B brands with such brands and concepts to be sold as franchise in Asian countries. Action Culture has deep understanding of the culture and food consumption pattern in both China and Singapore as the directors are from China and been in Singapore for many years. With its understanding of both countries' market cultures and its expertise and experience in social media, marketing and content creation which in the Group's view, are crucial to the future of F&B development, the entry into the Letter of Intent would be beneficial to the Group in gaining popularity and recognition for the F&B brands developed and/or established.

In addition, the Group believes that in executing its plans pursuant to the Letter of Intent, it would be able to contribute towards assisting individuals in realising their aspirations to become entrepreneurs by way of franchise while creating job opportunities in the community.

4. CONSIDERATION SHARES

The Company intends to allot and issue the Consideration Shares either pursuant to the general share issue mandate granted by the Shareholders by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 29 July 2021 ("**2021 AGM**") or a subsequent General Mandate to be obtained once the Issue Price and the actual amount of Consideration Shares have been determined. If required, shareholders' approval will be obtained.

The Consideration Shares shall be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that the Consideration Shares will not rank for any dividends, rights, allotments, or other distributions, the record date for which falls on or before that date of allotment and issue of the Consideration Shares.

The Consideration Shares (i) will not be placed to any person who is a director or a substantial shareholder of the Company or any other person in the categories set out in Rule 812(1) of the Catalist Rules, and (ii) will not result in any transfer of controlling interest in the Company.

The issuance of Consideration Shares is not underwritten and there is no placement agent appointed for the purposes of issuance of Consideration Shares. The offer, allotment and issue of the Consideration Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). As such, no prospectus or offer information statement will be issued by the Company in connection with the issuance of the Consideration Shares.

5. ADDITIONAL LISTING APPLICATION

The Company will apply to SGX-ST through its sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for, *inter alia*, the dealing in, listing of and quotation for the Consideration Shares on the Catalist board of the SGX-ST after the definitive agreement has been entered into and only after the Issue Price and the total amount of Consideration Shares have been determined. The Company will make the necessary announcements upon receipt of LQN from the SGX-ST.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company, as well as their respective associates, has any direct or indirect interest in the incorporation of Sing Zhong Brands Management and the Letter of Intent, other than through their respective shareholdings (if any) in the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the incorporation of Sing Zhong Brands Management, the Letter of Intent, the Company and its subsidiaries, and the Board are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Letter of Intent is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Letter of Intent and entry into the definitive agreement with Action Culture.

10. CAUTIONARY STATEMENT

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 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

28 December 2021

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 information, statements or opinions made or reports contained in this announcement.

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