

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

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**RESPONSE TO QUERIES FROM THE SGX-ST IN RESPECT OF THE ANNOUNCEMENTS  
RELEASED BY THE COMPANY ON 17 DECEMBER 2018 IN RESPECT OF THE PROPOSED  
ACQUISITION, THE PROPOSED PLACEMENT, THE PLACEMENT WARRANTS ISSUE, THE  
CONVERTIBLE LOAN AGREEMENT AND THE CL WARRANTS ISSUE**

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**1. INTRODUCTION**

The Board of Directors of GS Holdings Limited, (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 17 December 2018 in respect of the following transactions:

- (a) the proposed acquisition of Hao Kou Wei Pte. Ltd. by Hawkerway Pte. Ltd., a wholly-owned subsidiary of the Company (the “**Proposed Acquisition**”);
- (b) the proposed placement of 26,675,555 new ordinary shares in the capital of the Company to Marvel Earn Limited and Chong Paw Long (the “**Proposed Placement**”);
- (c) the proposed issue and allotment of 20,000,000 free non-listed and non-transferable warrants to Alto Vencap Pte. Ltd., as consideration for introducing Marvel Earn Limited to the Company (the “**Placement Warrants Issue**”);
- (d) the entry by the Company into a convertible loan agreement with Guangzhou Yue Da Environmental Technology Development Co. Ltd. and Guangzhou Green Valley Ecological Environment Co. Ltd. (the “**Lenders**”) pursuant to which the Lenders have agreed to extend to the Company loan facilities of an aggregate amount of RMB 68,000,000 (or approximately S\$13,600,000) (the “**Convertible Loan Agreement**”); and
- (e) the proposed issue and allotment of 30,000,000 free non-listed and non-transferable warrants to Alto Vencap Pte. Ltd., as consideration for introducing the Lenders to the Company (the “**CL Warrants Issue**”),

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

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

*Unless otherwise defined, all capitalised terms used in the section herein shall bear the same meanings ascribed to them in the Company’s announcement dated 17 December 2018 on the Proposed Acquisition.*

**SGX-ST Query 1:** It appears from the announcement that the Target has only one subsidiary being Rasa Sayang Village Pte. Ltd (incorporated in April 2018). Does the Target have any other operating entities? Otherwise, what accounted for the NTA and profit before tax of the Target of the amount S\$597,281 (as at 31 Dec 2017) and S\$627,664 (FY2017) respectively?

**Company’s Response:** The Target does not have any other operating subsidiaries other than Rasa Sayang Village Pte. Ltd. However, the Target is currently operating 3 food courts/food centres located in Bukit Batok and Sungei Kadut Way. Hence, the Target’s NTA as at 31

December 2017 and profit before tax for FY2017 are derived from the operating activities of the Target for FY2017.

**SGX-ST Query 2: What are the Group's existing business segment(s)? Does the Group have any experience in the food and beverage industry?**

**Company's Response:** The Company's existing business segments comprise the following:

- (a) dishwashing services and automated cleaning services and solutions;
- (b) cleaning services and landscape care and maintenance services;
- (c) sale of dishwashing and other equipment/machinery, and rental of equipment/machinery and tangible goods;
- (d) the business of letting and operating of food courts, coffee shops and eating houses;
- (e) installation of dishwashing machines and other equipment and mechanical engineering works, and repair, servicing and maintenance of dishwashing machines and other equipment; and
- (f) cleaning services including hotel-related dishwashing.

The Company's Executive Chairman and Chief Executive Officer, Mr Pang Pok, has over 20 years of experience in the food & beverage ("F&B") industry and had previously ran Aik Hua, a F&B business of 56 coffee shops, restaurants and food courts from December 1990 to December 2012. In addition, the Company may also consider entering into an employment agreement with the Vendor, Ms Ang Siew Kiock, for the management of the Target.

Notwithstanding the foregoing, as the Proposed Acquisition may or may not be a material change to the risk profile of the Group, the Company will be seeking Shareholders' approval for the Proposed Acquisition at an extraordinary general meeting of the Company to be convened. In this regard, please refer to paragraph 9 of the announcement on the Proposed Acquisition.

**SGX-ST Query 3: What accounted for the high consideration amount above the Target's net tangible asset value?**

**Company's Response:** In determining and agreeing on the purchase consideration for the Proposed Acquisition, the Company had mainly considered the potential profits that the Target could generate in the future. The consideration for the Proposed Acquisition represents a price-to-earnings ratio ("PER") of approximately 5.7 times of the Target for FY2017.

The Company has not considered an asset-based approach in determining the consideration for the Proposed Acquisition as the Target does not own any major assets. In addition, an asset-based approach would not take into consideration the future earning potential of the Target.

**3. SGX-ST'S QUERIES ON THE PROPOSED PLACEMENT, PLACEMENT WARRANTS ISSUE, CONVERTIBLE LOAN AGREEMENT AND THE CL WARRANTS ISSUE AND THE COMPANY'S RESPONSE**

*Unless otherwise defined, all capitalised terms used in the section herein shall bear the same meanings ascribed to them in the Company's announcements dated 17 December 2018 on the Proposed Placement and Convertible Loan Agreement.*

**SGX-ST Query 1: We note that the maximum number of Placement Warrants Shares to be issued is 20,000,000, which is even higher than the First Tranche Marvel Placement itself. If the Second Tranche Marvel Placement fails to materialise, will this affect the**

**number of Placement Introducer Warrants to be issued to the Introducer? If not, why not?**

**Company's Response:** Besides acting as the introducer for the placement and the convertible loan, the Introducer is also a potential investor in the Company. It is pertinent to distinguish between the issuance of the Placement Introducer Warrants and the issuance of the Placement Warrant Shares pursuant to the exercise of the Placement Introducer Warrants. While the issuance of the Placement Introducer Warrants is the Company's consideration for the Introducer's introduction of Marvel, as placee, to the Company, the issuance of the Placement Warrant Shares is subject to the Introducer's exercise of the Placement Introducer Warrants and the Introducer's payment to the Company of the exercise price of S\$0.18 per Placement Introducer Warrant, which is the same as the issue price for the Placement. Accordingly, the Company regards the Introducer as a potential investor in the Company.

In any event, the Company's controlling shareholder, Mr Pang Pok, who currently holds more than 70% of the issued share capital of the Company, has executed an irrevocable undertaking in favour of the placee to vote in favour of the Second Tranche Marvel Placement and the Company has already received the placee's payment of the First Tranche Marvel Placement.

Accordingly, based on the above paragraphs, the Company is of the view that it is not necessary to reduce the number of the Placement Introducer Warrants to be issued to the Introducer if the Second Tranche Marvel Placement fails to materialise.

**SGX-ST Query 2: The Introducer, Alto Vencap Pte. Ltd, for the Marvel Placement is also the Introducer for the Convertible Loan Agreement (refer to announcement on Convertible Loan Agreement). In total, it is proposed that 50,000,000 warrants to be issued to the Introducer, for the potential conversion into 50,000,000 warrant shares. Will this potentially result in the Introducer being a controlling shareholder of the Company as well?**

**Company's Response:** Assuming the Introducer exercises all of the Placement Introducer Warrants and CL Introducer Warrants, the issuance of 50,000,000 new Shares to the Introducer will result in the Introducer being a controlling shareholder of the Company (i.e. holding more than 15% of the enlarged share capital of the Company, after taking into consideration the Placement Shares, Consideration Shares, Conversion Shares, Placement Introducer Warrants and the CL Warrant Shares). However, the percentage of equity shareholdings of the Introducer in the Company would be dependent on the number of Placement Introducer Warrants and/or CL Introducer Warrants that was exercised into new Shares at the relevant point in time.

Notwithstanding this and due to the above, the Company will be seeking Shareholders' approval pursuant to Rule 803 in this regard. The Circular to be released by the Company will reflect the dilutive effects of the Proposed Transactions on the shareholding structure of the Company.

**SGX-ST Query 3: The PRC Subsidiary is meant for the proposed expansion into the food and beverage industry only? Does the Company have any experience in the PRC market?**

**Company's Response:** The PRC Subsidiary will primarily carry out F&B and other related businesses in its initial stage of development. If there are other good business opportunities, the Group, through the PRC Subsidiary, may venture into such other areas of business after due consideration by the Board and conducting the requisite financial and legal due diligence. The Company intends to seek Shareholders' approval in respect of the acquisition of any new businesses which may change the risk profile of the Group.

Mr Pang Pok has had experience doing business in the PRC. The Company's financial controller also possessed more than 10 years' experience working in the PRC. In addition, the Company may recruit a General Manager based in the PRC to manage the Group's businesses in the PRC. Subject to the relevant due diligence checks, the Company may also consider appointing a director with relevant work experience in the PRC, if necessary.

**SGX-ST Query 4: Has the Company reached out to the Lenders to request for the Financial Proof? What is the status of this?**

**Company's Response:** Yes, the Company has reached out to the Lenders to request for the Financial Proof. The Company understands that the Lenders are in the process of obtaining the requisite supporting documents in respect of the Financial Proof. However, due to the current festive period and office closures, there may be some delays in obtaining such supporting documents from the Lenders.

**SGX-ST Query 5: In the announcement, why did the Company not take into consideration the 20,000,000 Placement Introducer Warrants to the Introducer in relation to the Marvel Placement when computing the share capital of the Company on an enlarged basis?**

**Company's Response:** As the CL Introducer Warrants are issued solely in connection with the Convertible Loan, the Convertible Loan announcement therefore only took into consideration the CL Introducer Warrants. Similarly, as the Placement Introducer Warrants are issued solely in connection with the Marvel Placement, the Placement Announcement therefore only took into consideration the Placement Introducer Warrants. As the Circular will set out details of all the Proposed Transactions for Shareholders' consideration, the Company intends to set out the financial effects of all the Proposed Transactions and their effects on the shareholding structure of the Company in the Circular.

**SGX-ST Query 6: Has Marvel Earn Ltd proposed nominees on the Board of GS Holdings?**

**Company's Response:** Yes. Marvel Earn Ltd has proposed a nominee to be appointed as a director of the Company. Subject to the results of the Sponsor's due diligence on such nominee being satisfactory and the completion of the First Tranche Marvel Placement, the Company will announce the appointment of the new director.

**SGX-ST Query 7: Does the introducer have any relationships or past business dealings or associations with (i) Marvel Earn Ltd and / or Abigail Zhang and / or Raffles Capital; (ii) the convertible loan lenders?**

**Company's Response:** No, the Company has received confirmation from the introducer that it does not have any relationships or past business dealings or associations with (i) Marvel Earn Ltd and / or Abigail Zhang and / or Raffles Capital; and (ii) the convertible loan lenders.

**SGX-ST Query 8: The Company had requested for financial proof from the convertible loan lenders. Did the Company request of the same from Marvel Earn and / or Abigail Zhang?**

**Company's Response:** Yes, the Company had also requested for financial proof from Marvel Earn and/or Abigail Zhang.

**SGX-ST Query 9: We note that the Company is raising a substantial amount of funds via the placement and convertible loan. Company has announced that the proceeds will be used for acquisition of new businesses in F&B, expansion into Hong Kong and PRC and for working capital purposes. Has the Company identified the new business and /or in discussions on expansion plans?**

**Company's Response:** No, the Company has yet to identify the exact new business and/or engage in definitive discussions with any third parties on acquisition/expansion plans. The Company will make the necessary announcement if there is any significant development.

**SGX-ST Query 10: The Board have confirmed adequacy of working capital to meet present requirements and the Company is undertaking the fund raising exercises to strengthen its financial position in view of potential expansions. What is the rationale for splitting the Proposed Placement to Marvel Earn Ltd into 2 tranches, with the first**

**tranche being issued pursuant to the general mandate and the second tranche subject to shareholders' approval given potential change in control?**

**Company's Response:** The funds to be raised from the First Tranche Marvel Placement would enable the Company to start engaging in negotiations or discussions in good faith with potential vendors. While the Company has yet to identify/confirm the identity of its acquisition targets in the F&B business, based on its experience, the management is of the view that it would be easier and more effective to procure the owners of potential acquisition targets to engage in preliminary discussions if the Company is able to demonstrate its ability to raise funds to finance the potential acquisition.

In addition, during the course of negotiations with Marvel on the Proposed Placement, the Company sought firm commitment from Marvel that it was prepared and able to fulfill the entirety of its obligations in connection with the Proposed Placement to Marvel, including but not limited to seeking proof of sufficient financial resources from Marvel. To be prudent in managing the risks of the Proposed Placement to Marvel, the Company decided to structure the Proposed Placement to Marvel into 2 tranches, with a smaller tranche to be issued pursuant to the general mandate preceding a larger tranche subject to Shareholders' approval.

By Order of the Board

PANG POK  
CHIEF EXECUTIVE OFFICER  
3 January 2019

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This announcement and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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