

CIRCULAR DATED 11 FEBRUARY 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares in the capital of GS Holdings Limited (the "**Company**") held through CDP, you need not forward this Circular with the Notice of EGM and the attached Shareholder Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Shareholder Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical certificate(s), you should immediately forward this Circular and the enclosed Notice of EGM and Shareholder Proxy Form to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Circular has been prepared by the Company and its contents have been reviewed by UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this Circular, including the accuracy, completeness, or correctness of any information, statements or reports contained in this Circular. The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



GS HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- | | |
|--|--|
| (1) THE PROPOSED EXPANSION | (7) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 93,688,888 CONVERSION SHARES UNDER THE CONVERTIBLE LOAN AGREEMENT |
| (2) THE PROPOSED GEOGRAPHICAL EXPANSION | (8) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE LENDERS ARISING FROM THE PROPOSED CONVERSION SHARES ISSUE |
| (3) THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES | (9) THE PROPOSED ALLOTMENT AND ISSUE OF 50,000,000 INTRODUCER WARRANTS, EACH INTRODUCER WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.18 PER WARRANT SHARE |
| (4) THE PROPOSED ALLOTMENT AND ISSUE OF 14,000,000 CONSIDERATION SHARES AT AN ISSUE PRICE OF S\$0.18 FOR EACH CONSIDERATION SHARE TO THE VENDOR, AS PART SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION | (10) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INTRODUCER ARISING FROM THE PROPOSED WARRANTS ISSUE |
| (5) THE PROPOSED ALLOTMENT AND ISSUE OF 18,655,555 PLACEMENT SHARES AT AN ISSUE PRICE OF S\$0.18 PER PLACEMENT SHARE TO MARVEL | |
| (6) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MARVEL ARISING FROM THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT | |

Independent Financial Adviser in connection with the Proposed Acquisition



RHT CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	24 February 2019 at 12.30 p.m.
Date and time of Extraordinary General Meeting	:	26 February 2019 at 12.30 p.m.
Place of Extraordinary General Meeting	:	8 Loyang Way 4, Singapore 507604

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

General

“Acquisition Agreement”	:	The sale and purchase agreement dated 17 December 2018 for the Sale Shares entered into by and between the Purchaser and the Vendor
“Acquisition Completion Date”	:	Has the meaning ascribed to it in <u>Section 4.5.4</u> of this Circular
“Acquisition Conditions Precedent”	:	Has the meaning ascribed to it in <u>Section 4.5.3</u> of this Circular
“Audit Committee”	:	The audit committee of the Company as at the Latest Practicable Date
“Board”	:	The board of Directors of the Company
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“Circular”	:	This circular to Shareholders dated 11 February 2019
“CL Conditions Precedent”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“CL Introducer Agreement”	:	The introducer agreement dated 17 December 2018 entered into by the Company with the Introducer pursuant to which the Company has agreed to, as consideration for introducing the Lenders to the Company, issue and allot to the Introducer 30,000,000 free non-listed and non-transferable warrants, each warrant carrying the right to subscribe for one (1) Share, subject to, among others, the satisfaction of the CL Conditions Precedent
“CL Introducer Warrants”	:	The 30,000,000 warrants to be issued and allotted to the Introducer pursuant to the CL Introducer Agreement
“CL Net Proceeds”	:	Has the meaning ascribed to it in <u>Section 10.4.2</u> of this Circular
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Controlling Interest”	:	The interest of Controlling Shareholder(s)

DEFINITIONS

“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or(b) in fact exercises control of a company
“Consideration”	:	Has the meaning ascribed to it in <u>Section 4.5.1(a)</u> of this Circular
“Consideration Shares”	:	Has the meaning ascribed to it in <u>Section 4.5.1(b)</u> of this Circular
“Conversion Price”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“Conversion Shares”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular, being the Shares to be allotted and issued by the Company to the Lenders upon the Lenders’ exercise of the conversion right pursuant to the Convertible Loan Agreement
“Convertible Loan Agreement”	:	The convertible loan agreement dated 17 December 2018 entered into by the Company with the Lenders
“Deed Poll”	:	The deed poll to be executed by the Company constituting the Introducer Warrants
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be held at 8 Loyang Way 4, Singapore 507604 on 26 February 2019 at 12.30 p.m., notice of which is set out on pages N-1 to N-7 of this Circular
“Exercise Period”	:	Has the meaning ascribed to it in <u>Section 11.3</u> of this Circular
“Exercise Price”	:	Has the meaning ascribed to it in <u>Section 11.3</u> of this Circular
“Expanded Business”	:	Has the meaning ascribed to it in <u>Section 3.4</u> of this Circular

DEFINITIONS

“Existing Core Business”	:	Has the meaning ascribed to it in <u>Section 2.1</u> of this Circular
“Facilities”	:	Has the meaning ascribed to it in <u>Section 10.1.1</u> of this Circular
“F&B”	:	Food and beverage
“F&B Business”	:	Has the meaning ascribed to it in <u>Section 2.2</u> of this Circular
“F&B Outlets”	:	Has the meaning ascribed to it in <u>Section 2.5.4</u>
“Financial Proof”	:	Has the meaning ascribed to it in <u>Section 11.3</u> of this Circular
“First Tranche Marvel Placement”	:	The issuance and allotment of 6,900,000 Shares to Marvel under the first tranche placement pursuant to the Marvel Placement Agreement
“First Tranche Marvel Placement Shares”	:	Has the meaning ascribed to it in <u>Section 9.1(a)</u> of this Circular
“FY2017”	:	Financial year ended on 31 December 2017
“HY2018”	:	Half year ended 30 June 2018
“IFA Letter”	:	The letter dated 11 February 2019 issued by the IFA to the Independent Directors in respect of the Proposed Acquisition as an interested person transaction, as set out in Appendix A of this Circular
“Independent Directors”	:	The Directors who are considered to be independent for the purpose of making the recommendation to Shareholders in respect of the Proposed Acquisition and the Proposed Consideration Shares Issue, being Mr Lee Dah Khang, Mr Chong Eng Wee, Mr Chow Kek Tong and Mr Liu Changsheng
“Interest Period”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“Interest Rate”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“Introducer Agreements”	:	The CL Introducer Agreement and Placement Introducer Agreement, collectively

DEFINITIONS

“Introducer Warrants”	:	The Placement Introducer Warrants and CL Introducer Warrants
“Issue Price”	:	The issue price of S\$0.18 per Consideration Share as set out in <u>Section 4.5.1</u> of this Circular
“Joint Venture”	:	The joint venture between the JV Parties pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	:	The joint venture agreement dated 17 January 2019 entered into by and between the Company and Ms Zhang
“JV Business”	:	Has the meaning ascribed to it in <u>Section 8.2</u> of this Circular
“JV Minority Equity Consideration”	:	Has the meaning ascribed to it in <u>Section 8.4.7</u> of this Circular
“JV NPAT”	:	Has the meaning ascribed to it in <u>Section 8.4.7</u> of this Circular
“JV Option”	:	Has the meaning ascribed to it in <u>Section 8.4.7</u> of this Circular
“JV Option Date”	:	Such date falling one year from the date of completion of the JV Subscription
“JV Subscription”	:	Has the meaning ascribed to it in <u>Section 8.4.1</u> of this Circular
“JV Subscription Shares”	:	The 400 new ordinary shares in the share capital of the JV Company to be issued to the Company pursuant to the Joint Venture Agreement
“JV Territory”	:	Has the meaning ascribed to it in <u>Section 8.4.5</u> of this Circular
“Latest Practicable Date”	:	28 January 2019 being the latest practicable date prior to the printing of this Circular
“Loan”	:	Has the meaning ascribed to it in <u>Section 10.1.1</u> of this Circular
“Long Stop Date”	:	Has the meaning ascribed to it in <u>Section 4.5.5</u> of this Circular
“LPS”	:	Loss per Share

DEFINITIONS

“Marvel Placement Agreement”	:	The placement agreement dated 17 December 2018 entered into by the Company with Marvel
“Maturity Date”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“Maximum Number of Conversion Shares”	:	Has the meaning ascribed to it in <u>Section 10.6.1</u> of this Circular
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-7 of this Circular
“Ordinary Resolutions”	:	The ordinary resolutions as set out in the Notice of EGM
“Placement Agreements”	:	The placement agreements dated 17 December 2018 entered into by the Company with each of the Placees
“Placement Conditions Precedent”	:	Has the meaning ascribed to it in <u>Section 9.5.1</u> of this Circular
“Placement Introducer Agreement”	:	The introducer agreement dated 17 December 2018 entered into by the Company with the Introducer pursuant to which the Company has agreed to, subject to, among others, the satisfaction of the conditions precedent and as consideration for introducing Marvel (being one of the Placees) to the Company, issue and allot to the Introducer 20,000,000 free non-listed and non-transferable warrants, each warrant carrying the right to subscribe for one (1) Share
“Placement Introducer Warrants”	:	The 20,000,000 warrants to be issued and allotted to the Introducer pursuant to the Placement Introducer Agreement
“Placement Net Proceeds”	:	Has the meaning ascribed to it in <u>Section 9.9</u> of this Circular
“Placement Shares”	:	The Shares to be issued pursuant to the Placement Agreements
“PRC”	:	People’s Republic of China

DEFINITIONS

“Proposed Acquisition”	:	The proposed acquisition by the Purchaser from the Vendor of the Vendor’s entire shareholding interests in the Target, for an aggregate consideration of S\$3,600,000, on the terms and conditions of the Acquisition Agreement
“Proposed Consideration Shares Issue”	:	The proposed allotment and issue of 14,000,000 Consideration Shares to the Vendor at an issue price of S\$0.18 per Consideration Share as part satisfaction of the Consideration, in accordance with the terms of the Acquisition Agreement
“Proposed Conversion Shares Issue”	:	Has the meaning ascribed to it in <u>Section 1.1.5</u> of this Circular
“Proposed Expansion”	:	The proposed expansion of the Group’s business into the F&B Business
“Proposed Geographical Expansion”	:	Has the meaning ascribed to it in <u>Section 3.1</u> of this Circular
“Proposed Placement”	:	The issuance and allotment of 26,675,555 Shares to the Placees pursuant to the Placement Agreements
“Proposed Second Tranche Marvel Placement”	:	The proposed allotment and issue of the Second Tranche Marvel Placement Shares
“Proposed Transactions”	:	Has the meaning ascribed to it in <u>Section 1.1</u> of this Circular
“Proposed Warrants Issue”	:	Has the meaning ascribed to it in <u>Section 1.1.6(a)</u> of this Circular
“Record Date”	:	The date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares
“Sale Shares”	:	All the shares in the entire issued and paid-up share capital of the Target currently owned and held by the Vendor
“Securities Account”	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“Second Tranche Marvel Placement Shares”	:	The 18,655,555 Shares to be issued and allotted to Marvel under the second tranche placement pursuant to the Marvel Placement Agreement, as further described in <u>Section 9.1</u> of this Circular

DEFINITIONS

“Shareholder Proxy Form”	:	Has the meaning ascribed to it in <u>Section 19.1</u> of this Circular
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“VWAP”	:	Volume weighted average price
“Warrants Net Proceeds”	:	Has the meaning ascribed to it in <u>Section 11.5.2</u> of this Circular
“Warrant Share”	:	Has the meaning ascribed to it in <u>Section 11.3</u> of this Circular

Companies, Persons, Organisation and Agencies

“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	GS Holdings Limited
“Green Valley”	:	Guangzhou Green Valley Ecological Environment Co. Ltd., being a Lender
“Group”	:	The Company together with its subsidiaries
“IFA” or “Independent Financial Adviser”	:	RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors on the Proposed Acquisition
“Introducer”	:	Alto Vencap Pte. Ltd
“JV Company”	:	Wish Hospitality Holdings Private Limited, a company incorporated in Singapore
“JV Parties”	:	The Company and Ms Zhang, collectively
“Lenders”	:	Green Valley and Yue Da, being the Lenders in respect of the Facilities
“Marvel”	:	Marvel Earn Limited, being a placee under the Marvel Placement Agreement

DEFINITIONS

“Ms Zhang”	:	Ms Zhang Liying, being the sole shareholder and director of Marvel (one of the Placees) and also the joint venture partner under the Joint Venture Agreement
“Placees”	:	Marvel Earn Limited and Chong Paw Long, and “Placee” means each or any one of them (as the context may require)
“PRC Subsidiary”	:	Has the meaning ascribed to it in <u>Section 10.4.1</u> of this Circular
“Purchaser”	:	Hawkerway Pte. Ltd. (Company Registration No. 199408601G), a company incorporated in Singapore with its registered office at 8 Loyang Way 4, Singapore 507604, and a wholly-owned subsidiary of the Company
“RSVPL”	:	Rasa Sayang Village Pte. Ltd., a company incorporated in Singapore and wholly-owned by the Target
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	UOB Kay Hian Private Limited
“Target”	:	Hao Kou Wei Pte. Ltd. (Company Registration No.: 200602516D), a company incorporated in Singapore with its registered address at 16A Sungei Kadut Way Singapore 728794
“Target Group”	:	The Target and RSVPL, collectively
“Vendor”	:	Ms Ang Siew Kiok, being the vendor to the Proposed Acquisition
“Yue Da”	:	Guangzhou Yue Da Environmental Technology Development Co. Ltd., being a Lender

Currencies, Units and Others

“RMB”	:	Renminbi, the lawful currency of the PRC
“S\$” and “cents”	:	Singapore Dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Section 5 of the Companies Act.

The term “**associate**” shall having the meaning ascribed to it in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall include corporations.

References to “**Section**” are to the sections of this Circular, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or Chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

GS HOLDINGS LIMITED

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

Directors:

Pang Pok (*Executive Chairman and Chief Executive Officer*)
Lee Dah Khang (*Lead Independent Director*)
Chow Kek Tong (*Independent Director*)
Chong Eng Wee (*Independent Director*)
Liu Changsheng (*Non-Independent and Non-Executive Director*)

Registered Office:

8 Loyang Way 4
Singapore 507604

11 February 2019

To: The Shareholders of GS Holdings Limited

Dear Sir/Madam,

- (1) THE PROPOSED EXPANSION
- (2) THE PROPOSED GEOGRAPHICAL EXPANSION
- (3) THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION
- (4) THE PROPOSED CONSIDERATION SHARES ISSUE
- (5) THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT
- (6) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MARVEL ARISING FROM THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT
- (7) THE PROPOSED CONVERSION SHARES ISSUE
- (8) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE LENDERS ARISING FROM THE PROPOSED CONVERSION SHARES ISSUE
- (9) THE PROPOSED WARRANTS ISSUE
- (10) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INTRODUCER ARISING FROM THE PROPOSED WARRANTS ISSUE

1. INTRODUCTION

1.1 Purpose of Circular

The Board is proposing to convene the EGM to seek Shareholders' approval for the following (collectively, the "**Proposed Transactions**"):-

1.1.1 (Ordinary Resolution 1) the Proposed Expansion;

LETTER TO SHAREHOLDERS

1.1.2 (Ordinary Resolution 2) the Proposed Geographical Expansion of the Group's business (including such new businesses under the Proposed Expansion) to the PRC.

1.1.3 In relation to the Proposed Acquisition:

- (a) (Ordinary Resolution 3) the Proposed Acquisition as an interested person transaction pursuant to Chapter 9;
- (b) (Ordinary Resolution 4) the proposed allotment and issue of 14,000,000 Consideration Shares at the Issue Price to the Vendor (being an associate of the Company's Executive Chairman and Chief Executive Officer, Mr Pang Pok) as part satisfaction of the Consideration for the Proposed Acquisition pursuant to Rule 804.

1.1.4 In relation to the Proposed Second Tranche Marvel Placement:

- (a) (Ordinary Resolution 5) the proposed allotment and issue of the Second Tranche Marvel Placement Shares to Marvel; and
- (b) (Ordinary Resolution 6) the potential transfer of Controlling Interest in the Company to Marvel arising from the Proposed Second Tranche Marvel Placement.

1.1.5 In relation to the Convertible Loan Agreement:

- (a) (Ordinary Resolution 7) the proposed allotment and issue of up to 93,688,888 Conversion Shares to the Lenders (or up to 46,844,444 Conversion Shares to each Lender) pursuant to the Lenders' exercise of their conversion right under the Convertible Loan Agreement (the "**Proposed Conversion Shares Issue**"); and
- (b) (Ordinary Resolution 8) the potential transfer of Controlling Interest in the Company to the Lenders arising from the Proposed Conversion Shares Issue.

1.1.6 In relation to the Introducer Agreements:

- (a) (Ordinary Resolution 9) the proposed allotment and issue of 50,000,000 Introducer Warrants, each Introducer Warrant carrying the right to subscribe for one (1) Share each at the Exercise Price (the "**Proposed Warrants Issue**"); and
- (b) (Ordinary Resolution 10) the potential transfer of Controlling Interest in the Company to the Introducer arising from the Proposed Warrants Issue.

The purpose of this Circular is therefore to provide Shareholders with the relevant information relating to the Proposed Transactions, and to seek Shareholders' approval in respect of the same at the EGM. The Notice of EGM is set out on pages N-1 to N-7 of this Circular.

1.2 Conditionality of Resolutions

Ordinary Resolution 1 (in respect of the Proposed Expansion) is independent, and the passing of Ordinary Resolution 1 (in respect of the Proposed Expansion) shall not be conditional on the passing of any other Ordinary Resolutions tabled at the EGM.

LETTER TO SHAREHOLDERS

However, Shareholders should note that the passing of Ordinary Resolution 2 (in respect of the Proposed Geographical Expansion), Ordinary Resolution 3 (in respect of the Proposed Acquisition) and Ordinary Resolution 4 (in respect of the Proposed Consideration Shares Issue) are conditional on the passing of Ordinary Resolution 1 (in respect of the Proposed Expansion). This means that if Ordinary Resolution 1 is not approved by Shareholders, Ordinary Resolutions 2, 3 and 4 would not be passed.

Shareholders should note that the passing of Ordinary Resolution 3 (in respect of the Proposed Acquisition) and Ordinary Resolution 4 (in respect of the Proposed Consideration Shares Issue) are inter-conditional. This means that if any one of Ordinary Resolutions 3 or 4 is not approved, the other resolution will not be passed.

Shareholders should note that the passing of Ordinary Resolution 5 (in respect of the Proposed Second Tranche Marvel Placement) and Ordinary Resolution 6 (in respect of the potential transfer of Controlling Interest in the Company to Marvel arising from the Proposed Second Tranche Marvel Placement) are inter-conditional. This means that if any one of Ordinary Resolutions 5 or 6 is not approved, the other resolution will not be passed.

Shareholders should note that the passing of Ordinary Resolution 7 (in respect of the Proposed Conversion Shares Issue) and Ordinary Resolution 8 (in respect of the potential transfer of Controlling Interest in the Company to the Lenders arising from the Proposed Conversion Shares Issue) are inter-conditional. This means that if any one of Ordinary Resolutions 7 or 8 is not approved, the other resolution will not be passed.

Shareholders should note that the passing of Ordinary Resolutions 9 (in respect of the Proposed Warrants Issue) and Ordinary Resolution 10 (in respect of the potential transfer of Controlling Interest in the Company to the Introducer arising from the Proposed Warrants Issue) are inter-conditional. This means that if any one of Ordinary Resolutions 9 or 10 is not approved, the other resolution will not be passed.

2. THE PROPOSED EXPANSION

2.1 Introduction

The Group is presently principally involved in the business of providing end-to-end cleaning services for Singapore's F&B industry with a focus on centralised commercial dishware washing services (the "**Existing Core Business**"). Since its incorporation, the Group has expanded the scope of its services from a pure-play centralised dishware washing business to include a range of dishware washing and cleaning related services, including (i) on-site cleaning and stewarding services, (ii) centralised dishware washing, (iii) sale of dishware washing related equipment and consumables, and (iv) cleaning and dishware washing consultancy service so as to provide its customers with a "one-stop shop" for comprehensive cleaning services which were suited to their needs. The Group currently renders its services to food courts, coffee shops, restaurants, hawker centres, and F&B tenants located in shopping malls.

As announced by the Company on 17 December 2018 and 17 January 2019, the Company intends to undertake the Proposed Acquisition and enter into the Joint Venture. The

LETTER TO SHAREHOLDERS

Proposed Acquisition and the Joint Venture however entails the expansion of the Group's business into the F&B industry. Hawkerway Pte. Ltd., being the Purchaser in respect of the Proposed Acquisition and a wholly-owned subsidiary of the Company, is currently in the business of letting and operating of food courts, coffee shops and eating houses. However, such business does not represent the core business of the Group. As the Proposed Acquisition involves the acquisition of a 100% stake in the Target whose core business is in the F&B industry and the Joint Venture contemplates the Group's growth and expansion into the F&B industry, the Proposed Acquisition and the Joint Venture will further expand the Group's business into the F&B industry such that the risk profile of the Group may change upon the completion of the Proposed Acquisition and the JV Subscription. Accordingly, the Company is seeking Shareholders' approval for the Proposed Expansion.

Shareholders should refer to Sections 4, 5 and 7 of this Circular for further details on the Proposed Acquisition, and Section 8 of this Circular for further details on the Joint Venture.

2.2 F&B Business

With the Proposed Acquisition and the Company's entry into the Joint Venture, subject to the relevant Shareholders' approval being obtained, the Company intends to expand the scope of its Existing Core Business to include the following business(es):

- (a) the management, letting and operating of food courts, coffee shops and eating houses;
- (b) the provision of F&B management services;
- (c) the acquisition and holding of investments in businesses providing F&B services and/or products and holding the same for long term investment;
- (d) the provision of other related and ancillary services in connection with the F&B industry; and
- (e) the JV Business,

(collectively, the "**F&B Business**").

The Group may, as part of the F&B Business, invest in or purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity that is in the F&B Business. Any business activities as aforesaid (including those listed in (a) to (e) above) shall upon approval of the Proposed Expansion by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the F&B Business as and when the opportunity arises.

Please see Section 2.5 of this Circular for more information on the risks associated with the F&B Business.

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2.3 Shareholders' Approval

Paragraph 7(b) of Practice Note 10A of the Catalist Rules requires the Company to seek Shareholders' approval if an acquisition will change the risk profile of the Company. As the nature of the F&B Business may be different from those of the Existing Core Business, it is envisaged that the Proposed Expansion will change the existing risk profile of the Group. Accordingly, the Shareholders shall be given an opportunity to have their say on the Proposed Expansion.

Accordingly, a separate resolution (Ordinary Resolution 1) has been included in this Circular to seek the Shareholders' approval on the Proposed Expansion.

Shareholders should note that once Shareholders' approval for Ordinary Resolution 1, in respect of the Proposed Expansion, is obtained, the Group may, in the ordinary course of business, enter into transactions relating to the F&B Business without having to seek Shareholders' approval. This will reduce substantially the administrative time and expenses in convening such meetings, allowing the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature.

For the avoidance of doubt, notwithstanding the Proposed Expansion, in respect of transactions:

- (a) (in respect of an acquisition of assets whether or not such acquisition is deemed in the issuer's ordinary course of business) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting; and
- (b) which constitute "interested person transactions" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company must comply with the provisions of Chapter 9 of the Catalist Rules.

Further, the Company will seek the approval of Shareholders should a transaction change the risk profile of the Company as set out in Practice Note 10A of the Catalist Rules.

Shareholders should note that Ordinary Resolution 2, in respect of the Proposed Geographical Expansion, Ordinary Resolution 3, in respect of the Proposed Acquisition, and Ordinary Resolution 4, in respect of the Proposed Consideration Shares Issue, are each conditional on the passing of Ordinary Resolution 1, in respect of the Proposed Expansion. This means that if Ordinary Resolution 1 is not approved, Ordinary Resolutions 2, 3 and 4 will not be deemed passed.

For the avoidance of doubt, Ordinary Resolution 1, in respect of the Proposed Expansion, is independent, and the passing of Ordinary Resolution 1, in respect of the Proposed Expansion, shall not be conditional on the passing of any other Ordinary Resolutions tabled at the EGM.

2.4 Rationale for Venturing into the F&B Business

In pursuit of the Group's growth strategy and to improve Shareholders' value, the Group has identified the business of the Target to be a suitable segment to expand into, and the

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Joint Venture to be a strategic platform for the Company to execute its expansion plans. The Proposed Acquisition and the Joint Venture is a strategic move for the Group as currently, the Group already has access (albeit limited) to the F&B Business via the Purchaser, a wholly-owned subsidiary of the Company. The Proposed Acquisition and the Joint Venture will therefore further complement the Existing Core Business of the Group which already provides services to the F&B industry. The Proposed Acquisition and the Joint Venture will enable the Group to capitalise on the current business contacts available to the Target Group and the Joint Venture and, potentially, be a stepping stone for the Group to eventually expand into the F&B market.

In addition, the Group's existing platform of services will be enhanced as both the Proposed Acquisition and the Joint Venture create opportunities for the Group to provide not only dishware washing and cleaning services to the F&B outlets and coffee shops but also offer rental opportunities and/or other F&B services for such F&B outlets and coffee shops to consider. This may create an attractive additional revenue stream for the Group and increase the Group's prospects of profitability.

Furthermore, the Group's further expansion into the F&B Business will support the long term growth of the Group and reduce the Group's dependence on the Existing Core Business. The F&B Business is complementary to the Existing Core Business, and the expansion into the F&B Business through the Proposed Acquisition and the Joint Venture offers potential operational synergies to the Group.

2.5 Risk Factors in Relation to the Expansion into the F&B Business

To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, all the risk factors that are material to the Shareholders in making an informed decision on the Proposed Expansion are set out below. Shareholders should carefully consider and evaluate the risk factors set out herein and all other information contained in this Circular in light of your own investment objectives and financial circumstances and should seek professional advice from your accountant, stock broker, bank manager, solicitor or other professional advisers if you have any doubt about the actions you should take.

Any of the risks described below could materially and adversely affect the Group's ability to comply with its obligations, including those under the Catalist Rules, and may have a material adverse effect on the Company's or the Group's business, financial condition, operations and prospects. In that event, the market price of the Shares may decline, and the Shareholders may lose all or part of their investments in the Shares.

The risks and uncertainties described below are not intended to be exhaustive and are not the only risks and uncertainties that the Group may face. The Group could be affected by a number of risks which relate to the industries and countries in which the Group intends to operate as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deem immaterial may also impair the Company's or the Group's business, financial condition, operations and prospects.

The risks discussed below may include forward-looking statements and the Company's and the Group's actual results may differ substantially from those discussed in these forward-looking statements (if any). Shareholders should not place undue reliance on

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such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency. Sub-headings are for convenience only.

The following are potential risks associated with the Proposed Expansion of the Group as a result of the Proposed Acquisition and the Joint Venture.

2.5.1 We may become subject to regulatory requirements for our operations in the F&B business

The F&B business in Singapore is subject to various laws, rules and regulations, including but not limited to the Environmental Public Health Act and the Sale of Food Act. In the event that we operate F&B Outlets, we will be required to comply with the regulations and policies of relevant authorities, such as the National Environment Agency. We may be required to comply with any further and/or stricter requirements if there are changes to the applicable laws, regulations or policies in Singapore. This may restrict or hamper our business or result in higher operating costs which may adversely affect our business and financial performance. In addition, there can be no assurance that we will be able to comply with the requirements of such new laws, regulations and policies in Singapore. Regulatory licences are required for the operations of F&B Outlets in Singapore. Such licences are granted for fixed periods of time and need to be renewed upon expiry. There can be no assurance that such licences will be processed, issued or renewed in time or at all. Any failure to obtain, maintain or renew any of such licences may materially and adversely affect our business, operations and financial performance. Further, if we are found to be in breach of any applicable laws, regulations, conditions or policies, the relevant government or regulatory authority may take action against us.

2.5.2 We may be exposed to the risk of manpower shortage in the F&B industry in Singapore

The F&B industry requires large amount of labour, in particular skilled and experienced personnel, for our operations. There is a supply shortage of qualified individuals with requisite skills and/or experience in the F&B industry in Singapore and thus, the competition for these personnel especially skilled master chefs is intense. Our success will be dependent on our ability to attract, recruit, motivate and retain a sufficient number of suitable employees at competitive remuneration. Any material increase in employee turnover rates in any of our restaurants or failure to recruit suitable personnel and to retain our key employees may have an adverse impact on our operations and expansion plans. In addition, competition for qualified employees may require us to pay higher wages to attract and retain sufficient and capable employees. This could result in higher labour and related expenses and adversely affect our profitability.

In addition, due to the nature of the F&B industry, we may be reliant on foreign workers to assist in the conduct of our business operations. If there is an increase in the competition for foreign workers, in Singapore or globally, we may be required to increase our level of wages to attract or retain them. An increase in labour costs may in turn cause prices of our products and services to increase. If these costs cannot be passed on to our customers, our financial condition may be materially and adversely affected. In the event that there is a shortage of foreign or local workers to meet our operational requirements, we may not

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be able to fulfil our customers' demands in a timely manner or our labour costs may increase. This is likely to lead to an adverse effect on our business, financial condition and prospects.

2.5.3 We may be subject to labour and immigration laws and policies that govern the employment of foreign workers

Any changes in applicable laws, regulations or policies of Singapore or those of the foreigners' countries of origin may result in labour shortages and/or increase our operating costs. In Singapore, the availability of foreign workers is regulated by the Singapore Ministry of Manpower through policy instruments such as the imposition of levies and quotas. We are susceptible to any increase in such levies and any changes in the supply and/or quota of foreign workers that we are permitted to hire and thus, our labour costs may increase. Further, we may be restricted from hiring more foreign workers and could face difficulties in procuring alternative sources of foreign workers with the same or lower costs. If our labour costs increase substantially, our business, operations and financial performance may be materially and adversely affected.

In addition, we are required to comply with the conditions stipulated in work permits issued to our foreign workers, and may be liable if we contravene such conditions. If we contravene the conditions stipulated in the work permits issued to our foreign workers, such contravention may result in a statutory penalty, a curb in our foreign workers' quota and/or a ban by the Singapore Ministry of Manpower on our applications and renewals of work permits for foreign workers. Such an event may result in the disruption of our operations and/or an increase in our labour costs, which may materially and adversely affect our business and financial performance.

2.5.4 We may not be able to secure new strategic locations to expand our F&B business

Our Group's growth in the F&B industry will be dependent on its network of coffee shops/food outlets and/or restaurants (collectively, "**F&B Outlets**") at strategic locations so as to allow us to reach out to wide customer bases. However, as the competition for strategic locations is very high in Singapore, there is no assurance that we will be able to secure strategic locations for new F&B Outlets. Any failure to secure strategic locations for new F&B Outlets may result in the slowdown of future business expansion and may present opportunities to our competitors to increase their market share, thereby affecting our Group's business and financial performance. In respect of new locations for F&B Outlets to be secured by our Group, there is no assurance that we can generate the expected levels of revenue for such new F&B Outlets. Notwithstanding so, our Group would have to incur the fixed costs and expenses for the setting up and operation of such F&B Outlets, which will include rentals for the entire duration of the lease term for such premises and staff costs, regardless of the expected levels of revenue of each new restaurant. This will in turn negatively affect our Group's business and financial performance.

2.5.5 We face food contamination and tampering risks, and may be exposed to negative publicity, customer complaints and potential litigation

Food contamination and tampering is a risk inherent to F&B operations. Fresh ingredients are perishable and susceptible to contamination and tampering if not properly stored or packed. They may also be contaminated during the food preparation process as a result of lapses in food handling hygiene or cleanliness of our restaurants. Poor food handling

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and storage can also cause pest infestation. Contaminated ingredients may result in customers falling ill and may give rise to bad publicity, and we may be ordered by the relevant authorities to suspend or cease all or part of our business operations, which will materially affect our business. We may also be adversely affected by negative publicity or health concerns about certain food groups. Further, our F&B Outlets may also be subject to customer complaints regarding food or service quality. Bad publicity, whether merited or not, may adversely affect our reputation and business. In the event of legal actions taken by customers, we would have to divert management resources and expend costs, thereby further affecting our business and financial performance. There is no assurance that material litigation will not be brought against us in the future. Any loss, liability or expense incurred pursuant to such claims may adversely affect our financial position and results of operations.

2.5.6 We may be adversely affected by any failure to maintain the premises of our F&B Outlets and the quality of food and service we offer at our F&B Outlets

It is essential in the F&B industry that the quality of food and service is consistent. Inconsistency in the quality of our food and service would result in customer dissatisfaction and a reduction in patronage of our F&B Outlets. High staff turnover, shortage of staff or the lack of proper supervision may affect the quality of food and service at our F&B Outlets. In addition, it is important that the furniture and fixtures in our F&B Outlets are properly maintained in order to encourage repeat patronage by our customers. Although we may refurbish and renovate our F&B Outlets, we are unable to assure Shareholders that these updates will always meet with our customers' satisfaction. Failure to maintain or update the premises in which we operate to our customers' satisfaction may materially and adversely affect our business, financial condition and results of operations.

2.5.7 We are vulnerable to changes in consumer preferences and economic conditions that could harm our business, financial condition, results of operations and cash flow

F&B businesses depend on consumer discretionary spending and are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. In addition, economic downturns, inflation or increased food or energy costs could harm the F&B industry in general and our locations in particular. Adverse changes in any of these factors could reduce consumer traffic or impose practical limits on pricing that could harm our business, financial condition, results of operations and cash flow. There can be no assurance that consumers will continue to regard healthy-inspired food favorably or that we will be able to develop new menu items that appeal to consumer preferences. Our business, financial condition and results of operations depend in part on our ability to anticipate, identify and respond to changing consumer preferences and economic conditions. If we are unable to adapt to changes in consumer preferences and trends, we may lose customers and our revenues may decline.

2.5.8 The F&B business may be affected by macroeconomic factors and other factors beyond our control

Macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence, may affect the F&B Business. Various factors may influence these macroeconomic conditions, including without limitation, unemployment rates and real disposable income, inflation, recession, stock market performance, the interest rate environment, the availability of consumer credit, and regulatory (including fiscal and other governmental policies), social or political change, all of which are beyond our control. Any

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adverse macroeconomic conditions may lead customers to becoming more budget conscious which will result in a decrease in discretionary consumer spending. Further, unforeseeable circumstances and other factors such as changes in consumer preferences, labour disputes, severe weather conditions and natural disasters, may disrupt our operations and cause loss and damage to our F&B Outlets. Terrorist attacks or other acts of violence, may also materially and adversely affect the global businesses and general consumer confidence. If any of these events occur, our business, operations and financial performance may be materially and adversely affected.

2.5.9 The Group may be exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group may participate in joint ventures, strategic alliances, acquisitions or other investment opportunities involving numerous risks, including the possible diversion of management's time and resources from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. Furthermore, the Group may also rely on its joint venture partner(s) at the initial stage of its foray into the F&B Business and there is a risk that if any of its joint venture partner(s) is unable to deliver its obligations or commitments under the joint venture (such as failure to perform in accordance with the expertise expected of the joint venture partner or its ability to meet the financial obligations), it may result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

In addition, in connection with the Group's participation in joint ventures, the Group may make investments in entities that are not the Group's subsidiary and over which the Group does not have majority control. The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the F&B Business that affect the Group as described herein. There is no assurance that the Group will be able to influence the management, operation and performance of these entities through its voting rights, in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

2.5.10 The Proposed Expansion is subject to general risks associated with operating businesses outside Singapore

Although the Company has identified the PRC as a potential geographical market for the Company to undertake the Proposed Expansion (see Section 3.1 of this Circular), the Company does not plan to restrict the Proposed Expansion to only the PRC or to any specific geographical market.

There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

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In addition, if the governments of countries in which the Group operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group will be adversely affected.

Shareholders may wish to also refer to Section 3 of this Circular for further details on the risks associated with the Proposed Geographical Expansion.

2.6 Risk Factors in Relation to the Entry into a New Business

2.6.1 The Group has limited prior track record and operating history in the F&B Business

As the Group has limited track record in carrying out the F&B Business, there is no assurance that the F&B Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the F&B Business. The F&B Business may require substantial capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses. The F&B Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the F&B Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the trends and developments affecting the F&B industry in general. The F&B industry is in turn affected by general economic conditions, market sentiment and consumer confidence.

The Group's future plans with regard to the F&B Business may not be profitable, may not achieve the targeted sales levels and profitability that justify the investments made and may take a long period of time before the Group could realise any return. The activities of the F&B Business may entail financial and operational risks, including diversion of the management's attention in recruiting suitable personnel, and a possible negative impact on the Group's existing business relationships with its existing clients under its Existing Core Business who may also be operators of F&B Outlets themselves.

2.6.2 The Group may face intense competition from exiting competitors and new market entrants in the F&B Business and may not be able to maintain our competitiveness

The F&B industry is highly competitive, and barriers of entry are low. We may face competition from a large and diverse group of restaurant chains and individual restaurants in the markets where we will potentially have a presence. Our competitors may be well-established in the markets in which we will operate and may have substantially greater financial, marketing and other resources than us. We may compete by offering different dining concepts, quality food, competitive pricing, good customer service and strategic locations for our restaurants. While we will endeavour to distinguish our F&B Outlets from those of our competitors, we are aware that there are other F&B Outlets that may offer similar dining concepts and pricing. In the event we are unable to maintain our competitiveness, our financial performance may be negatively affected.

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2.6.3 The Group may not have the ability or sufficient expertise to execute the expansion into the F&B Business

The Group's ability to successfully diversify into the F&B Business is dependent upon its ability to adapt its existing knowledge and expertise and leverage on such to navigate the F&B Business. There is no assurance that the Group's existing experience and expertise will be sufficient for the F&B Business now and in the future as it incrementally expands, or that the Group will be able to hire employees with the relevant experience and knowledge. The Group may not be able to successfully implement the F&B Business and this may adversely affect the Group's financial performance and profitability.

While the Group has planned its expansion into the F&B Business based on the Group's understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the expansion into the F&B Business will match the Group's expectations. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

3. THE PROPOSED GEOGRAPHICAL EXPANSION

3.1 Introduction

As set out in Section 10.4.3 of this Circular, the Group intends to use part of the proceeds from the Loans for the F&B Business in the PRC. Subject to the relevant Shareholders' approval being obtained for the Proposed Transactions, the Company therefore envisages the expansion of the Group's business into the F&B industry in the PRC (the "**Proposed Geographical Expansion**").

Notwithstanding the foregoing, the Company does not intend to restrict the expansion of the F&B Business to only the PRC or any other specific geographical markets in the future as each project and investment will be evaluated and assessed by the Board on its merits.

3.2 Rationale for the Proposed Geographical Expansion

The Group believes that there is potential in the F&B industry in the PRC. In view of the positive outlook for the growth of the F&B industry in the PRC, the Board believes that the Proposed Geographical Expansion will provide the following benefits to the Group:

- (a) the Proposed Geographical Expansion will help to reduce the Group's reliance on its F&B Business in Singapore, which may become more competitive due to new market entrants;
- (b) the Proposed Geographical Expansion will provide the Group with diversified returns and contribute an additional stream of revenue and earnings for the Group due to its business outside Singapore; and
- (c) the Proposed Geographical Expansion will help to diversify the risk involved in the F&B Business of a particular country due to the macroeconomic conditions existing there.

The Board is therefore of the view that the undertaking of the Proposed Geographical Expansion is in the best interests of the Company.

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3.3 Management and Manpower required for the Proposed Geographical Expansion

Mr Pang Pok, the Company's Executive Chairman and Chief Executive Officer, 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 the relevant work experience in the PRC, if necessary.

3.4 Risk Factors in Relation to Proposed Geographical Expansion

The risks set out below are the material risks which the Group may face following the proposed expansion of the F&B Business in the PRC. If any of the following considerations, risks or uncertainties develops into actual events, the business, financial condition, results of operations, cash flow and prospects of the Group may be affected.

Shareholders should note that upon their approval of the Proposed Geographical Expansion outside Singapore into the PRC, there will be a change in the Group's risk profile even though there will be no change in the Group's activities under its then existing business (assuming completion of the Proposed Acquisition and JV Subscription which entails the Group's expansion into the F&B Business) (the "**Expanded Business**"). The Proposed Geographical Expansion involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risk factors, could be material.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Geographical Expansion have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Geographical Expansion, this may have a material and adverse impact on the Proposed Geographical Expansion and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted. The risks described below are not intended to be exhaustive. New risk factors may emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all risk factors of the Proposed Geographical Expansion on the Expanded Business or the extent to which any risk factor, or combination of risk factors, may affect the Expanded Business. There may also be other risks associated with the entry into the Expanded Business in the PRC which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

3.4.1 The Group has limited/no prior record and operating history in the PRC

The Group does not have a proven track record in carrying out the F&B Business in the PRC. There is no assurance that the Proposed Geographical Expansion will be commercially successful or will be able to derive sufficient revenue to offset the capital start-up and financing costs as well as operating costs arising from new business initiatives in the PRC.

The Proposed Geographical Expansion may also require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses. The Proposed Geographical Expansion may also involve added business risks such as increased financial costs as well as costs of setting up new operations, greater capital investment and maintaining greater working capital

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requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed Geographical Expansion effectively, the overall financial position and profitability of the Group may be adversely affected.

3.4.2 The Group may not have sufficient relevant expertise to ensure success of the Group in a particular country

Operating in a new geographical location may cause the Group to face additional risks, uncertainties and problems commonly associated with the entry into any new country which it has no prior track record in. The F&B Business is dependent on skilled expertise such as workers, supervisors and managerial staff with relevant industry experience. Any inadequacy in the availability of such labour resources will have an adverse effect on the operations of the F&B Business in the PRC and eventually the Group's financial performance. The Group may also face limitations in recruiting the right personnel or gather sufficient expertise to successfully execute the F&B Business in the PRC. The Group's ability to successfully implement the Proposed Geographical Expansion is further dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed Geographical Expansion.

In addition, the Group's current management may not have the relevant expertise to ensure success in these areas. While the Group may seek to engage additional persons with the relevant expertise and experience for the Group's proposed operations in such countries, there is no assurance that the Group will be able to attract and retain the right persons. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel with detailed knowledge of operating in such country, the Group's business and financial performance may be adversely affected.

There is no assurance that the Group's existing experience and expertise will be sufficient for the Proposed Geographical Expansion, or that the Group will be able to hire employees with the relevant experience and knowledge. The Group may not be able to successfully implement the Proposed Geographical Expansion and this may adversely affect the Group's financial performance and profitability.

3.4.3 The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances which it does not control and the manner in which it holds its investments and property interests

Depending on available opportunities, feasibility and market conditions, the Group's Proposed Geographical Expansion may involve acquisitions, joint ventures and/or strategic alliances with third parties in the PRC. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management's attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. The successful implementation of the Group's growth strategy in the PRC also depends on the Group's ability to identify suitable partner(s) and the successful integration of their operations with the Group. While the Group may be expected to rely on its joint venture partner(s) at the initial stage of its foray into the Proposed Geographical Expansion, there is a risk that if any of its joint venture partner(s) is unable to deliver its obligations or commitments under the joint venture (such as failure to perform in accordance with the expertise expected of the joint venture partner or its ability to meet its financial obligations), it may cause delay in the completion of the Group's projects and/or result in additional costs to the Group.

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Further, the Group may hold investments through or make investments in entities that are not the Group's subsidiaries and over which the Group does not have majority control as part of the Proposed Geographical Expansion plan. There is no assurance that the Group will be able to influence the management, operation and performance of these entities through its voting rights, in a manner which would be favourable to the Group, or at all. In such events, the Group's financial performance may be adversely affected. There can be no assurance that the Group will be able to execute growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

3.4.4 The Group will be subject to various government regulations in the PRC

The F&B industry is subject to the laws and regulations of the PRC, including state laws. Laws and regulations governing business entities in the PRC may be subject to a number of possibly conflicting interpretations, both by business entities and by the courts. From time to time, the PRC may adopt new laws and regulations which we may have to comply with. Any amendment or change in the applicable laws, regulations, policies or in the regulatory conditions of the PRC, could result in higher compliance costs and adversely affect the operations of the Group including the Proposed Geographical Expansion. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance of the Group. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

Licences, permits, certificates, consents or regulatory approvals may be required for the F&B Business. The Group must also comply with the appropriate regulations in relation to workplace health and safety, and environmental public health regulations. Failure to comply with the applicable laws and regulations may subject the Group to penalties or have its licences or approvals revoked, or lose the right to own, develop or manage its properties, all of which could adversely affect the Group's operations and financial performance, including undertaking the relevant segment of Proposed Geographical Expansion.

3.4.5 The Group may be affected by adverse changes in the political, economic, or social conditions in the PRC

The Group will be governed by the laws, regulations and government policies in the states, countries and areas in which it plans to operate. Following the Proposed Geographical Expansion, the Group's future growth will depend on the political, economic and social conditions in the PRC. Any economic recession or changes in policies in the countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in environmental protection and worksite safety laws and regulations, duties and taxation and limitations on imports and exports could materially and adversely affect the Group's operations, financial performance and future growth.

Wars, unsettled political conditions, social unrest, riots, terrorist attacks, piracy and government actions such as possible seizure of land and assets and import/export restrictions which are beyond the Group's control in countries where the Group may operate in the future could potentially affect the Group, adversely affecting the Group's business and financial performance. Such developments may also affect the ability of the

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Group's customers to meet their payment obligations to the Group and increase the insurance premium for its operations. This would adversely affect the Group's business and financial performance.

3.4.6 The Group may be susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses

The Group may be making investments in assets located in the PRC, which will be denominated in RMB. The Group's revenue from engaging in the F&B Business in the PRC will similarly be denominated in RMB. However, the Group maintains its financial statements in Singapore dollars, declares Singapore dollar dividends and the Company's Share price is in Singapore dollars. A substantial proportion of the Group's expenses and liabilities are also denominated in Singapore dollars. The Group will therefore be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and RMB. For example, revenue derived from the F&B Business in the PRC which is denominated in foreign currencies may have an adverse impact on the Group's operating results if there is unfavourable fluctuation of the foreign currencies against the Singapore dollar.

Should the Singapore dollar appreciate in value against the currencies of the PRC in which the Group invests, there may be a material adverse effect on the Group's net asset value, results of operations and profitability. While the Group may enter into hedging transactions to protect itself or its portfolio from, amongst other things, the effects of exchange rate fluctuations between the Singapore dollar and such other currencies such as interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements, these hedging activities may not have the desired beneficial impact on the results of operations or financial condition of the Group, and may not completely insulate the Group from the risks associated with changes in interest rates and exchange rates. In addition, hedging activities involve risks and costs, including transaction costs, which may reduce overall returns. The Group will regularly monitor the feasibility of engaging in such hedging transactions taking into account the cost of such transactions.

4. THE PROPOSED ACQUISITION

4.1 Introduction

On 17 December 2018, the Board announced that the Purchaser had entered into the Acquisition Agreement with the Vendor for the Proposed Acquisition. Pursuant to the terms and subject to the conditions of the Acquisition Agreement, the Purchaser shall purchase from the Vendor and the Vendor shall sell to the Purchaser the Sale Shares.

Upon completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Purchaser, and an indirect wholly-owned subsidiary of the Company.

4.2 Information on the Vendor

The Vendor is the sole shareholder and director of the Target. The Vendor is also the spouse of the Company's Executive Chairman and Chief Executive Officer, Mr Pang Pok. As at the Latest Practicable Date, the Vendor does not hold any Shares.

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4.3 Information on the Target and Sale Shares

The Target is a company incorporated in Singapore and is in the principal business of letting and operating and managing food courts, coffee shops and eating houses. The Target currently operates 3 food courts/food centres located in Bukit Batok and Sungei Kadut Way.

As at Latest Practicable Date, the Target has one wholly-owned subsidiary being RSVPL, a company incorporated in Singapore in April 2018. Other than RSVPL, the Target does not have any other operating subsidiaries. RSVPL is in the business of letting and operating of food courts, coffee shops and eating houses. It was also incorporated for the purposes of acquiring the business of Rasa Rasa @ Kampung Changi Restaurant Pte. Ltd. which operates a halal eating house at Changi Village (the “**Rasa Rasa Business**”).

There was no independent valuation conducted on the Target Group. Based on the audited financial statement of the Target for FY2017¹, the NTA of the Target as at 31 December 2017 was S\$597,281. The profit before tax of the Target for FY2017 was S\$627,664.

4.4 Rationale for and Benefits of the Proposed Acquisition

The Proposed Acquisition is an acquisition opportunity that the Board believes will enhance value for the Shareholders. The Proposed Acquisition will provide an opportunity for the Company to expand the Group’s presence in the F&B industry beyond its existing dishware washing and cleaning related business, which currently focuses on the cleaning needs in the F&B industry in Singapore. The Proposed Acquisition will enable the Company to enhance Shareholders’ value and generate further investor interest in the Shares. Hence, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and the Shareholders.

4.5 Principal terms of the Proposed Acquisition

4.5.1 Consideration

- (a) The aggregate consideration payable for the Sale Shares is S\$3,600,000 (the “**Consideration**”). The Consideration was arrived at after arm’s length negotiations and on a willing buyer willing seller basis and is based on the Target’s latest audited earnings of S\$627,664 for FY2017 and expected earnings for the financial year ending 31 December 2018, which include earnings from the Rasa Rasa Business, being the new eating house which the Target acquired in April 2018.

The Consideration was also arrived at after taking into consideration (i) the Target’s net asset value as at 31 December 2017, (ii) the Vendor’s experience and expertise in the F&B industry, (iii) the Group’s plans to expand into the F&B business, and (iv) the potential profits that the Target could generate in the future. The Consideration represents a price-to-earnings ratio 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.

¹ There are no consolidated accounts of the Target Group available for FY2017 as the Target’s subsidiary, RSVPL, was only incorporated and became part of the Target Group on 3 April 2018. RSVPL was incorporated for the purposes of acquiring the Rasa Rasa Business. The acquisition of the Rasa Rasa Business was completed on 30 April 2018.

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- (b) The Consideration shall be fully satisfied in the following manner:
 - (i) 30% of the Consideration, being the sum of S\$1,080,000 by way of payment in cash on the Acquisition Completion Date; and
 - (ii) 70% of the Consideration, being the sum of S\$2,520,000, by way of the issuance and allotment of 14,000,000 new Shares in favour of the Vendor (the “**Consideration Shares**”) on or about the Acquisition Completion Date.
- (c) Pursuant to the Acquisition Agreement, the issue price of each Consideration Share (the “**Issue Price**”) shall be S\$0.18 per Consideration Share.
- (d) The Issue Price of S\$0.18 is equivalent to the VWAP of S\$0.18 per Share for trades done on the SGX-ST on 14 December 2018, being the last full market day preceding the date of the Acquisition Agreement.

4.5.2 Source of Funds

The cash portion of the Proposed Acquisition will be funded by, among others, internal and/or external sources of funds (including but not limited to the Proposed Placement).

4.5.3 Conditions Precedent

Completion of the Proposed Acquisition is further conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in accordance with the Acquisition Agreement, to the extent legally permissible):

- (a) the Purchaser and the Company obtaining such approval(s) required from their respective board of directors in connection with the Acquisition Agreement and the transactions contemplated therein;
- (b) the Vendor procuring the Target to obtain such approval(s) required from the Target’s board of directors in connection with the Acquisition Agreement and the transactions contemplated therein;
- (c) the requisite approval of the SGX-ST and the Sponsor having been obtained for the listing of and quotation for the Consideration Shares, and where such approval is subject to any conditions, such conditions being complied with;
- (d) the Company receiving all necessary approvals from its Shareholders at the EGM to be convened including such approvals as may be required pursuant to Chapter 9 of the Catalist Rules, and for the issuance of the Consideration Shares to the Vendor, being an associate of a Director; and
- (e) the Purchaser being satisfied in its discretion that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change in the business, assets, prospects, performance, financial position, results of operation and/or conditions (financial or otherwise) of the Target Group and/or any of the companies within the Target Group,

(collectively, the “**Acquisition Conditions Precedent**”).

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4.5.4 Completion

Completion shall take place on the date falling within seven (7) calendar days after the fulfilment of the Acquisition Conditions Precedent, unless they are waived by the Purchaser and/or the Vendor (to the extent permitted under the applicable laws) (the “**Acquisition Completion Date**”).

4.5.5 Long Stop Date

If any of the Acquisition Conditions Precedent is not fulfilled or waived by the Purchaser and/or the Vendor (to the extent permitted under the applicable laws) by the Long Stop Date (as defined below), the Acquisition Agreement shall cease and determine and (save for any antecedent breach) no party shall have any claim against the other party for costs, damages, compensation or anything whatsoever.

Pursuant to the Acquisition Agreement, the Vendor and the Purchaser have agreed that the long stop date for the Proposed Acquisition (the “**Long Stop Date**”) shall be 3 months from the date of the Acquisition Agreement or such other date as the Purchaser and the Vendor may mutually agree in writing.

4.6 **Relative Figures under Chapter 10 of the Catalist Rules**

4.6.1 General

Under Chapter 10 of the Catalist Rules, transactions which are classified under any of the four categories specified in Rule 1004 of the Catalist Rules will trigger certain obligations on the Company.

4.6.2 Relative Figures computed on the bases set out in Rule 1006 of the Catalist Rules

The relative figures computed on the applicable bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition, and based on the latest announced audited financial statements of the Group for HY2018 are as follows:

Catalist Rule	Relative Figures
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable as the Proposed Acquisition relates to an acquisition of an asset
Rule 1006(b) The net profits attributable to the assets acquired, compared with Group's net profits ⁽¹⁾	(20)% ⁽²⁾
Rule 1006(c) The aggregate value of the consideration ⁽³⁾ given, compared with the Company's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares	15%

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Catalist Rule	Relative Figures
Rule 1006(d) The number of equity securities issued by the Company as consideration for the Proposed Acquisition ⁽⁵⁾ , compared with the number of equity securities previously in issue ⁽⁶⁾	11%
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. 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.	Not applicable as the Proposed Acquisition does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) For the purpose of computation of the net profit figures, pursuant to Rule 1002(3)(b) of the Catalist Rules, "**net profits**" means profit or loss before income tax, minority interests, and extraordinary items.
- (2) The net profits attributable to the Proposed Acquisition is determined based on the net profit of S\$247,581 of the Target Group for HY2018 and the latest announced loss before taxation of the Group of approximately S\$1,227,000 for HY2018.
- (3) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is higher. The market value of the Consideration Shares is approximately S\$2,520,000 based on the VWAP of a Share of S\$0.18 on the market day preceding the date of the Acquisition Agreement, and the NAV attributable to the Consideration Shares is approximately S\$247,000. Based on Rule 1003(3) of the Catalist Rules, the aggregate value of the consideration is therefore approximately S\$3,600,000, comprising the portion of the Consideration to be satisfied in cash (being the sum of S\$1,080,000), and the market value of the Consideration Shares of S\$2,520,000.
- (4) The Company's market capitalisation is approximately S\$23,760,000, derived by multiplying the issued share capital of the Company of 132,000,000 Shares as at the date of the Acquisition Agreement by the VWAP of such Shares transacted on 14 December 2018 of S\$0.18 per Share. The Company does not have any treasury shares.
- (5) Based on 14,000,000 Consideration Shares to be issued at the Issue Price of S\$0.18 as satisfaction of part of the Consideration for the Proposed Acquisition.
- (6) Based on the issued share capital of the Company of 132,000,000 Shares as at the date of the Acquisition Agreement.

4.6.3 Discloseable Transaction

As the relative figures under Rule 1006(c) and 1006(d) exceed 5% but do not exceed 75%, the Proposed Acquisition is deemed to be a "Discloseable Transaction" under Chapter 10 of the Catalist Rules.

The relative figure computed based on Rule 1006(b) of the Catalist Rules is a negative value. Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction. The Company will in any event seek Shareholders' approval for the Proposed Acquisition at the EGM due to the Proposed Acquisition being an interested person transaction and potential change in risk profile of the Group arising from the Proposed Acquisition.

4.7 Service Contract

No person is proposed to be appointed as a director of the Company or the Target in connection with the Proposed Acquisition.

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5. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

5.1 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies, which is an “entity at risk”, proposes to enter into a transaction with an “interested person” and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the listed group’s latest audited NTA, shareholders’ approval is required in respect of the transaction.

An “**interested person**” is defined under the Catalist Rules as:

- (a) a director, chief executive officer or controlling shareholder of the issuer; or
- (b) an associate of any such director, chief executive officer or controlling shareholder.

5.2 Details of the Interested Person

As the Vendor is the spouse and immediate family of Mr Pang Pok, the Vendor is considered to be an “associate” of Mr Pang Pok who is the Executive Chairman and Chief Executive Officer, as well as Controlling Shareholder of the Company. Accordingly, for the purposes of Chapter 9 of the Catalist Rules, the Vendor would be considered an “interested person” vis-a-vis the Purchaser, which is regarded as an “entity at risk” pursuant to Chapter 9 of the Catalist Rules. Accordingly, the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules.

5.3 NTA

- 5.3.1 Based on the Group’s latest audited consolidated financial statements for FY2017, 5% of the latest audited consolidated NTA of the Group of S\$3.08 million amounted to approximately S\$154,000.
- 5.3.2 The Consideration of S\$3,600,000 for the Proposed Acquisition represents approximately 117% of the Group’s latest audited consolidated NTA.

5.4 Shareholders’ Approval

- 5.4.1 Since the value of the Proposed Acquisition represents more than 5% of the latest audited consolidated NTA of the Group, approval of the non-interested Shareholders will be required for the Proposed Acquisition, in accordance with Rule 906 of the Catalist Rules.
- 5.4.2 Pursuant to Rule 919 of the Catalist Rules, Mr Pang Pok and his associates must not vote on the resolution for the Proposed Acquisition nor accept appointments as proxies unless specific instructions as to voting are given.

5.5 Total Value of Interested Person Transactions

- 5.5.1 For FY2018, the total value of all interested person transactions entered into by the Company or any member of the Group with the Vendor (excluding transactions which are less than S\$100,000) is approximately S\$729,000.

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5.5.2 For FY2018, the total value of all interested person transactions entered into by the Company or any member of the Group (excluding transactions which are less than S\$100,000) is approximately S\$1,380,000, representing approximately 44% of the latest audited NTA of the Group.

5.5.3 For the period from the beginning of the current financial year (being 1 January 2019) to the Latest Practicable Date:

- (a) the total value of all interested person transactions entered into by the Company or any member of the Group with the Vendor is approximately S\$60,000; and
- (b) the total value of all interested person transactions entered into by the Company or any member of the Group is approximately S\$105,000.

5.6 IFA Opinion

5.6.1 Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser to advise the Independent Directors if the interested person transaction:

- (a) is on normal commercial terms; and
- (b) is prejudicial to the interests of the issuer and its minority shareholders.

RHT Capital Pte. Ltd. has been appointed as the IFA to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

5.6.2 A copy of the IFA Letter dated 11 February 2019, containing the IFA's opinion in full, is set out in **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

“7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) the rationale for the Proposed Acquisition;*
- (ii) financial assessment of the Purchase Consideration of the Proposed Acquisition:*

Based on the historical FY2017 earnings;

- (a) The PE ratio of the Target Group of 6.0 times is below the range of the PE ratios of the Comparable Companies; and*

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- (b) *The EV/EBITDA ratio of the Target Group of 4.2 times is below the range of the EV/EBITDA ratios of the Comparable Companies,*

Based on the adjusted FY2017 earnings;

- (a) *The PE ratio of the Target Group of 17.2 times is within the range of the PE ratios of the Comparable Companies but is below the mean and median PE ratios of 27.7 and 20.7 respectively; and*
- (b) *The EV/EBITDA ratio of the Target Group of 10.6 times is within the range of the EV/EBITDA ratios of the Comparable Companies and is above the mean and median EV/EBITDA ratios of 8.5 and 8.5 respectively,*

Based on the adjusted AFY2018 earnings;

- (a) *The PE ratio of the Target Group of 7.1 times is below the range of the PE ratios of the Comparable Companies;*
- (b) *The P/NTA ratio of the Target Group as at 30 November 2018 of 5.0 times is above the range of the P/NTA ratios of the Comparable Companies; and*
- (c) *The EV/EBITDA ratio of the Target Group of 4.9 times is at the low end of the range of the EV/EBITDA ratios of the Comparable Companies,*

- (iii) *financial assessment of the Issue Price of the Consideration Shares:*

Market statistics

- (a) *the Issue Price of S\$0.18 is the last transacted price of the Shares prior to the release of the Announcement on 17 December 2018 and is equivalent to the VWAP of the Shares of S\$0.18 on 14 December 2018;*
- (b) *the Issue Price represents a premium of 0.6% and a discount of 6.7%, 8.6% and 14.7% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;*
- (c) *the Issue Price represents a discount of 14.3% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;*
- (d) *as at the Latest Practicable Date, the Issue Price represents a discount of 25.0% to the last traded price of the Shares of S\$0.24;*
- (e) *during the period from 18 December 2017 up to the Announcement Date, the Shares were traded on 71 market days or 27.2% of the total market days. The total number of Shares traded during this period was approximately 2.9 million Shares with an average daily trading volume of 0.04 million Shares, representing 0.1% of the free float; and*

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- (f) *during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on three (3) market days or 10.0% of the total market days. The total number of Shares traded during this period was approximately 0.2 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float,*

NTA per Share of the Company

The Issue Price of S\$0.18 represents a substantial premium of approximately 1,284.6% over the Company's NTA per Share of S\$0.013 as at 30 June 2018,

- (iv) *assessment of the 271 Property Lease:*
 - (a) *the present monthly rental of S\$28,000 is below the Market Rental of S\$33,000 per month and is at a discount of 15.2% from the Market Rental. The monthly rental for the second and third year of the lease term, being S\$29,000 and S\$30,000 respectively, are also below the Market Rental and are at a discount of 12.1% and 9.1% from the Market Rental respectively; and*
 - (b) *all the key terms of the 271 Property Lease are similar to the lease terms of the Comparable Leases,*
- (v) *the financial effects of the Proposed Acquisition; and*
- (vi) *other relevant considerations as set out in Paragraph 6.6 of this Letter, namely: Issue Price of the Consideration Shares versus other Corporate Actions; the unaudited HY2018 results announcement; the risk profile of the Company; continuity of the Target's management; and no change in single largest shareholder.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Minority Shareholders."

5.6.3 Shareholders are advised to read and consider the IFA Letter for the Proposed Acquisition as an interested person transaction in its entirety and as reproduced in Appendix A to this Circular, and carefully consider the recommendations of the Independent Directors for the Proposed Acquisition set out in this Circular.

5.7 Audit Committee's Statement

Having considered the terms, rationale and the benefits of the Proposed Acquisition, and the opinion of the IFA on the Proposed Acquisition as set out in the IFA Letter, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

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6. THE BUKIT BATOK LEASE

- 6.1 The Target has been leasing from Mr Pang Pok, the Company's Executive Chairman and Chief Executive Officer, part of the premises at 271 Bukit Batok East Avenue 4 (the "**Bukit Batok Lease**") for the operation of one of its food courts. Pursuant to the terms of the lease agreement for the Bukit Batok Lease, the Bukit Batok Lease is for a term of 3 years, with an option to renew for a further 3 years.
- 6.2 Upon completion of the Proposed Acquisition, the Target would be an indirect wholly-owned subsidiary of the Company. Accordingly, for the purposes of Chapter 9 of the Catalist Rules, Mr Pang Pok would be considered an "interested person" vis-à-vis the Target which is regarded as an "entity at risk". The Bukit Batok Lease will therefore constitute an interested person transaction under Chapter 9 of the Catalist Rules upon completion of the Proposed Acquisition.
- 6.3 Rule 906 of the Catalist Rules provides, *inter alia*, that an issuer must obtain shareholder approval for any interested person transaction of a value equal to or more than (i) 5% of the group's latest audited net tangible assets, or (ii) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, Rule 916(1) of the Catalist Rules provides that the entering into, or renewal of lease or tenancy of real property of not more than 3 years is not required to comply with Rule 906 of the Catalist Rules if the terms are supported by independent valuation.
- 6.4 The Company intends for the Bukit Batok Lease to continue until the expiry of its term after completion of the Proposed Acquisition and has obtained an independent valuation on the terms of the Bukit Batok Lease from PREMAS Valuers & Property Consultants Pte Ltd (the "**Independent Valuation**"). As the term of the Bukit Batok Lease is for a term of not more than 3 years and is supported by the Independent Valuation, the Bukit Batok Lease falls within the exemption under Rule 916(1). Accordingly, the Company will not be required to seek Shareholders' approval under Rule 906 for the Bukit Batok Lease. A copy of the report on the Independent Valuation is set out in **Appendix B (Independent Valuation)** to this Circular.
- 6.5 In any event, the Company has appointed the IFA to provide an opinion as to whether the Bukit Batok Lease is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Shareholders are advised to read the IFA Letter and the report on the Independent Valuation carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

"6.4.3 Conclusion

Accordingly, taking into consideration Paragraphs 6.4.1 and 6.4.2 of this Letter above, we are of the opinion that the 271 Property Lease is on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders."

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- 6.6** The Audit Committee will ensure that the terms of the Bukit Batok Lease are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, taking into consideration the Independent Valuation and the opinion of the IFA on the Bukit Batok Lease. The Company will also make the relevant announcement on the Bukit Batok Lease after completion of the Proposed Acquisition as may be required under Chapter 9 of the Catalist Rules.

Shareholder should note that in the event that the Company intends to exercise the option to renew the Bukit Batok Lease for a further 3 years, the Company will commission for an independent valuation to be carried out on the Bukit Batok Lease prior to its renewal in order for the renewal of the Bukit Batok Lease to qualify for the exemption under Rule 916(1). The Company will make the relevant announcement(s) at the appropriate juncture(s) as required under the Catalist Rules in this regard.

7. THE PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES

- 7.1** Pursuant to Rule 804 of the Catalist Rules, except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.
- 7.2** As part satisfaction of the Consideration for the Proposed Acquisition, 14,000,000 Consideration Shares will be issued to the Vendor, representing approximately 10.00% of the existing share capital of the Company as of the Latest Practicable Date. After the completion of the Proposed Acquisition, the Consideration Shares will represent approximately 9.09% of the enlarged share capital of the Company of 154,020,000 Shares.
- 7.3** As the Vendor is the spouse and immediate family of Mr Pang Pok, who is the Executive Chairman and Chief Executive Officer of the Company, the Vendor is considered an “associate” of Mr Pang Pok for the purposes of the Catalist Rules. Accordingly, as the Consideration Shares will be issued and allotted to an associate and immediate family member of a Director, pursuant to Rule 804 of the Catalist Rules, the issue and allotment of the 14,000,000 Consideration Shares to the Vendor shall require the approval of Shareholders in a general meeting.
- 7.4** The Issue Price of S\$0.18 is equivalent to the VWAP of S\$0.18 per Share for trades done on the SGX-ST on 14 December 2018, being the last full market day preceding the date of the Acquisition Agreement.
- 7.5** The Consideration Shares to be issued and allotted will be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distribution (if any), the Record Date of in respect of which falls on or before the date of issue of such Shares.

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8. THE JOINT VENTURE

8.1 Introduction

On 17 January 2019, the Board announced that the Company had entered into the Joint Venture Agreement, pursuant to which the Company shall subscribe for such shares in the JV Company representing 80% of the issued and paid-up share capital of the JV Company on an enlarged basis.

8.2 Information on the JV Company

The JV Company is a company incorporated in Singapore on 14 December 2018 with an existing issued and paid-up share capital of S\$100 comprising 100 ordinary shares. As at the Latest Practicable Date, Ms Zhang is the sole shareholder of the JV Company.

The JV Company will principally be engaged in the procurement and management of F&B business, distribution, wholesale, trading, retail, import and export of food products and equipment, and the provision of other related products and services or such other business as the JV Parties may agree upon from time to time (the “**JV Business**”). The JV Business will be carried out via the PRC Subsidiary and, subject to any investments opportunities available to the JV Company and/or such other entities as may be acquired and/or incorporated (whether in Singapore or elsewhere) by the JV Company in the future.

As set out in Section 10.4.1 of this Circular, the Company intends to use the proceeds from the Facilities to finance the business operations and activities of the PRC Subsidiary. Pursuant to the Joint Venture Agreement, the JV Company will own 100% of the equity interest in the PRC Subsidiary. The PRC Subsidiary will therefore be an indirect wholly-owned subsidiary of the Company upon completion of the JV Subscription.

8.3 Information on Ms Zhang, the joint venture partner

Ms Zhang is a director and the sole shareholder of Marvel (being one of the Placees). As at the Latest Practicable Date, Marvel holds 6,900,000 Shares, representing approximately 4.93% of the issued and paid-up share capital of the Company. Shareholders may also wish to refer to Section 9.7 of the Circular for further information on Ms Zhang.

Ms Zhang has more than 10 years of experience helping companies (including a company listed on Australian Securities Exchange) with their investment and expansion activities in the PRC. She has investment and advisory interests in the hospitality, restaurant, recreational parks and food trading businesses.

As at the Latest Practicable Date, Ms Zhang does not directly hold any Shares.

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8.4 Salient Terms of the Joint Venture Agreement

8.4.1 Subscription of Shares by the Company

Pursuant to the Joint Venture Agreement, the Company shall subscribe for the JV Subscription Shares (the “**JV Subscription**”) such that upon completion of the JV Subscription, the shareholding proportion of the JV Company shall be as follows:

Party	Number of shares held in the JV Company as at the Latest Practicable Date	Shareholding Proportion in the JV Company as at the Latest Practicable Date	Number of shares held in the JV Company after completion of the JV Subscription	Shareholding Proportion in the JV Company after completion of the JV Subscription
Ms Zhang	100	100%	100	20%
The Company	–	–	400	80%

The JV Subscription is conditional upon, among others, the following being satisfied:

- (a) completion of legal and financial due diligence by the Company on the JV Company and the results thereof being satisfactory to the Company;
- (b) the Company having obtained the approval of its Shareholders at the EGM in respect of:
 - (i) the Proposed Second Tranche Marvel Placement, and the Company having received the placement proceeds under the Proposed Second Tranche Marvel Placement;
 - (ii) the Proposed Conversion Shares Issue; and
 - (iii) the Proposed Expansion and the Proposed Geographical Expansion.

8.4.2 Consideration for and Value of the JV Subscription Shares

The consideration for the JV Subscription Shares of S\$400 will be satisfied fully in cash, and will be funded by internal sources of funds. The consideration was arrived at, after arm’s length negotiations between the JV Parties, on a willing buyer, willing seller basis, after taking into account the nominal value per share in the capital of the JV Company.

As the JV Company was only recently incorporated and has not commenced operations nor owns any assets, the book value and net tangible asset value of the JV Subscription Shares is zero. No valuation of the JV Subscription Shares has been commissioned by the Company.

8.4.3 Undertakings

The JV Parties shall procure and ensure that, unless otherwise agreed by the Company in writing, the Company shall at all times hold such number of shares, representing 80% of the entire issued and paid-up share capital of the JV Company.

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Pursuant to the Joint Venture Agreement, Ms Zhang will use her best endeavours to (i) promote and develop the JV Business to generate the maximum achievable profits or benefit for the JV Company, and (ii) for the first two years from the date of the Company's subscription of the JV Subscription Shares, ensure that the JV Company achieves an annual profit no less than an annual audited net profit after tax of S\$5,000,000.

8.4.4 Board of Directors of the JV Company

Pursuant to the Joint Venture Agreement, the board of directors of the JV Company shall comprise up to three directors, whereby two of them shall be nominated by the Company and one of them shall be nominated by Ms Zhang.

8.4.5 Obligations of the JV Parties

Pursuant to the Joint Venture Agreement, the JV Parties have agreed, among others, that their responsibilities in the JV Business shall be as follows:

- (a) both JV Parties shall be jointly responsible for the hiring of a management team who will be running the JV Business and day-to-day operations of the JV Company, and the delivery of any profit and business objectives;
- (b) Ms Zhang shall be responsible for procuring the establishment of the PRC Subsidiary as a wholly foreign-owned enterprise in the PRC;
- (c) Ms Zhang shall be responsible for procuring outsource contractors with all relevant governmental permits, approvals and licences required in connection with the establishment of the JV Business in Singapore, the PRC and such other territories as may be agreed by the JV Parties (the "**JV Territory**"); and
- (d) Ms Zhang shall be responsible for providing the necessary expertise, know-how and capabilities required in connection with performing the JV Business in the JV Territory.

8.4.6 Reserved Matters

The terms of the Joint Venture Agreement set out certain customary matters which require the unanimous approval of all the shareholders of the JV Company, prior to them being undertaken by the JV Company.

8.4.7 The JV Option

Pursuant to the Joint Venture Agreement, Ms Zhang has granted to the Company the right (the "**JV Option**") to acquire from her all 100 shares in the JV Company held by her, representing 20% of the issued and paid up share capital of the JV Company (such shares hereinafter referred to as the "**JV Minority Equity**") for the JV Minority Equity Consideration (as defined below).

The consideration for the JV Minority Equity (the "**JV Minority Equity Consideration**") shall be computed based on the following formula:

$$\text{JV Minority Equity Consideration} = 20\% \times (6 \times \text{JV NPAT})$$

Where "**JV NPAT**" means the latest audited net profit after tax of the JV Company as at the date of exercise by the Company of the JV Option.

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The JV Minority Equity Consideration shall be satisfied in cash. The Company may exercise the JV Option at any time within a period of one year from the JV Option Date.

8.5 Rationale for and Benefits of the Joint Venture

The Company's entry into the Joint Venture is in line with the Group's strategic plans to expand its business into the F&B industry, bringing additional value to the Company and Shareholders.

The Board believes that the Company's entry into the Joint Venture is also beneficial to the Group as it provides the Group with a further opportunity to expand its F&B business beyond the Proposed Acquisition as well as grow its operations locally and into new geographical location(s) at a relatively small investment amount. In addition, by leveraging on Ms Zhang's strong network, experience and expertise, the Company's entry into the Joint Venture Agreement provides a strategic platform for the Company to execute its expansion plans.

8.6 Relative Figures under Chapter 10 of the Catalyst Rules

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalyst Rules in respect of the JV Subscription are as follows:–

Catalyst Rule	Relative Figures (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable as the JV Subscription relates to an acquisition of an asset
Rule 1006(b) The net profits attributable to the assets acquired, compared with Group's net profits	Not applicable as the JV Company has yet to commence operations since its incorporation on 14 December 2018
Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	N.M. ⁽¹⁾
Rule 1006(d) The number of equity securities issued by the Company as consideration for the Subscription Shares, compared with the number of equity securities previously in issue	Not applicable as there is no equity securities issued as consideration for the JV Subscription Shares
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. 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	Not applicable as the JV Subscription does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Note:

(1) Not meaningful as the consideration is only S\$400.

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8.7 Non-Discloseable Transaction

As none of the relative figures computed on the bases pursuant to Rule 1006 exceeds 5%, the JV Subscription constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules. The Company is however seeking Shareholders' approval for the Proposed Expansion and Proposed Geographical Expansion. Please refer to Section 8.9 of this Circular for further details.

8.8 Financial Effects of the JV Subscription

The JV Subscription is not expected to have any material impact on the net tangible assets or earnings per Share of the Group for the current financial year ending 31 December 2019.

As set out in Section 9.9 and Section 10.4 of this Circular, the Company intends to use part of the proceeds from the Proposed Placement and Facilities for the acquisition of companies in the F&B business and growth and acquisition opportunities in Hong Kong and the PRC as and when they arise. In line with such use of proceeds, subject to completion of the JV Subscription and the relevant Shareholders' approvals set out in Section 8.4.1 being obtained, the Company may disburse the proceeds received from the Proposed Placement and the Facilities to the JV Company and/or the PRC Subsidiary.

The Company will make periodic announcements as and when the net proceeds of the Proposed Placement and Facilities are materially disbursed and whether such use is in accordance with the stated use. Shareholders may wish to refer to Section 9 and Section 10 of this Circular for further details on the Proposed Placement and the Facilities.

8.9 Change in Risk Profile

As the entry by the Company into the Joint Venture Agreement contemplates the Group's growth and expansion into the F&B industry, the JV Subscription is a potential expansion of the Group's existing business which may or may not be a material change to the risk profile of the Group. Accordingly, the Company will be obtaining Shareholders' approval for the Proposed Expansion and Proposed Geographical Expansion at the EGM. Further information on the Proposed Expansion and Proposed Geographical Expansion is set out in Section 2 and Section 3 of this Circular, respectively.

9. THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT

9.1 The Placement

On 17 December 2018, the Board announced that the Company had entered into the Placement Agreements, pursuant to which the Company had agreed to issue and allot the Placement Shares to the Placees as follows:–

Name of Placee	No. of Placement Shares to be issued
Marvel	25,555,555
Chong Paw Long	1,120,000
Total	26,675,555

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The 25,555,555 Placement Shares to Marvel are to be issued and allotted in 2 tranches as follows:

- (a) 6,900,000 Shares (the **“First Tranche Marvel Placement Shares”**) to be issued and allotted under the first tranche (the **“First Tranche Marvel Placement”**); and
- (b) 18,655,555 Shares (the **“Second Tranche Marvel Placement Shares”**) to be issued and allotted under the second tranche.

As the First Tranche Marvel Placement and the Placement Shares to Chong Paw Long were allotted and issued pursuant to the general share issue mandate obtained from Shareholders at the annual general meeting of the Company held on 26 April 2018, no Shareholders’ approval is required for the First Tranche Marvel Placement and the issuance of the Placement Shares to Chong Paw Long. The issuance and allotment of the 1,120,000 Shares to Chong Paw Long and 6,900,000 Shares to Marvel (comprising the First Tranche Marvel Placement) was completed on 7 January 2019. In connection with the completion of the First Tranche Marvel Placement, Mr Liu Changsheng has been appointed as a Non-Independent and Non-Executive Director. Shareholders may wish to refer to the announcements released by the Company on 7 January and 10 January 2019 for further details on the foregoing completion and the appointment of Mr Liu Changsheng as a Director, respectively.

The Board is therefore convening the EGM to seek approval of Shareholders for the Proposed Second Tranche Marvel Placement only.

9.2 Placement Price

- 9.2.1 The Placement Shares shall be issued at a Placement Price of S\$0.18 per Placement Share.
- 9.2.2 The Placement Price of S\$0.18 is equivalent to the VWAP of S\$0.18 for the trades done on the SGX-ST on 14 December 2018, being the last full market day preceding the date of the Placement Agreements.
- 9.2.3 The Placement Price was arrived at following arm’s length negotiations between Marvel and the Company, taking into account the prevailing Share price and the financial position and prospects of the Company.

9.3 Ranking

The Placement Shares will be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividends, rights, allotments or other distributions, the Record Date of which falls on or before the date of completion of the First Tranche Marvel Placement or the Proposed Second Tranche Marvel Placement (as the case may be).

9.4 Private Placement

The offer of the Placement Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

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9.5 Conditions Precedent

9.5.1 Completion of the Proposed Second Tranche Marvel Placement shall be conditional upon the following:

- (a) the receipt by the Company from the SGX-ST of an approval in-principle for the listing of and quotation for the Second Tranche Marvel Placement Shares on the Catalist Board of the SGX-ST (on terms and conditions acceptable to the Company and Marvel, each acting reasonably) and such approval not being revoked or amended, and any conditions attached to such approval which is required to be fulfilled on or before the completion of the Proposed Second Tranche Marvel Placement, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- (b) the Company or Marvel not in breach of any of the undertakings and covenants given in the Marvel Placement Agreement as at the date of completion of the Proposed Second Tranche Marvel Placement, and if any of such undertakings and covenants are required to be fulfilled on or before such date, such undertakings and covenants shall have been fulfilled prior to such date;
- (c) the Second Tranche Marvel Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Marvel Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or Marvel (including but not limited to the SGX-ST); and
- (d) the Company having obtained the approval(s) of Shareholders at the EGM for the issuance of the Second Tranche Marvel Placement Shares to Marvel, such approval(s) as may be required under the Catalist Rules (including such approval pursuant to Rule 803 of the Catalist Rules), and such approval(s) not being revoked or amended,

(collectively, the “**Placement Conditions Precedent**”).

9.5.2 If any of the Placement Conditions Precedent is not satisfied on or before the date falling 180 calendar days after the date of the Marvel Placement Agreement or such other date as Marvel and the Company may agree, the Company and Marvel shall be released and discharged from their respective obligations under the Marvel Placement Agreement, save for any rights and liabilities accrued on or prior to such termination.

9.5.3 Pursuant to the Marvel Placement Agreement, the completion date of the Proposed Second Tranche Marvel Placement (as the case may be) shall be the date falling no later than seven (7) market days after the date of the last of the Placement Conditions Precedent are satisfied, or such other date as the Company and Marvel may agree in writing.

9.5.4 Irrevocable Undertaking

In connection with the Company's entry into the Marvel Placement Agreement, Mr Pang Pok has furnished to Marvel an irrevocable undertaking to vote in favour of the resolution for the issuance of the Second Tranche Marvel Placement Shares at the EGM. Mr Pang

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Pok currently holds 98,190,000 Shares, representing approximately 70.13% of the issued and paid-up share capital of the Company as at the Latest Practicable Date.

9.6 Potential Transfer of Controlling Interest

Pursuant to Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Assuming completion of the Proposed Placement only, the issuance of the Second Tranche Marvel Placement Shares will result in Marvel holding such number of Shares representing more than 15% of the issued and paid up share capital of the Company on an enlarged basis. Please refer to the table in **Appendix C (Changes in Shareholding Interests)** for further details on the dilutive effect of the Proposed Placement on the shareholding structure of the Company.

As such, the Company will be seeking approval from Shareholders for the issuance of the Second Tranche Marvel Placement Shares at the EGM to be convened pursuant to Rule 803 of the Catalist Rules.

9.7 Information on the Placee

Marvel is an investment holding company that is incorporated in Hong Kong and was introduced by the Introducer. Ms Zhang is a director and the sole shareholder of Marvel. Ms Zhang is also currently a director and the chairperson of Raffles Capital Limited, a company listed on the Australian Securities Exchange. As at the Latest Practicable Date, Ms Zhang does not directly hold any Shares while Marvel holds 6,900,000 Shares. Shareholders may also wish to refer to Section 8.3 of the Circular for further information on Ms Zhang, and **Appendix C** of this Circular for shareholding details of Marvel.

There is no specific reason for the Marvel Placement apart from purely financial investment purposes and Marvel being a willing investor in the Company.

The Company confirms, to the best of its knowledge, that Marvel does not have any connection (including business relationships) with the Company, its Directors and/or substantial Shareholders. Marvel has also confirmed with the Company that they do not fall within the categories of persons set out under Rule 812(1) of the Catalist Rules.

Marvel has also represented, warranted and undertaken to and for the benefit of the Company that it is not acting in concert or collaboration with anyone to obtain or consolidate control over the Company (including as contemplated in the Singapore Code on Take-overs and Mergers). Marvel will not be holding any of the First Tranche Marvel Placement Shares and Second Tranche Marvel Placement Shares in trust or as nominees for other persons.

The information set out in this Section 9.7 were provided by Marvel, which have been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Circular.

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9.8 Rationale for the Proposed Placement

The rationale for the Proposed Placement is to raise funds which will be used to (i) finance the business expansion of the Group including via the acquisition of new businesses and/or assets (particularly in the F&B business), including the Proposed Acquisition; and (ii) increase working capital of the Company.

The acquisition of any new business by the Company which changes the risk profile of the Company will be subject to the relevant approvals being obtained from Shareholders in accordance with the requirements of the Catalist Rules. The Company will make the relevant announcements at the appropriate junctures in this regard.

9.9 Use of Proceeds

The estimated net proceeds from the Proposed Placement (which comprises the placement to Chong Paw Long, the First Tranche Marvel Placement and Proposed Second Tranche Marvel Placement), after deducting expenses of approximately S\$60,000 incurred in connection with the Proposed Placement, is expected to amount to approximately S\$4,741,600 (the “**Placement Net Proceeds**”).

The Company intends to use the Placement Net Proceeds as follows:

- (a) approximately 80% of the Placement Net Proceeds to acquire companies and/or assets in the F&B business; and
- (b) approximately 20% of the Placement Net Proceeds for the Company’s general capital working requirements.

Pending the deployment of the Placement Net Proceeds for the above-mentioned purposes, the Placement Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interests of the Group.

The Company will make periodic announcements as to the use of the Placement Net Proceeds as and when such Placement Net Proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Placement Net Proceeds in the interim and full year financial statements and the annual report. Where the Placement Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Placement Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the Placement Net Proceeds, the Company will announce the reason(s) for such deviation.

9.10 Directors’ Opinion

The Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and

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- (b) the present bank facilities and Placement Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the foregoing, the Company has decided to undertake the Proposed Placement to strengthen its financial position in order to meet its anticipated general working capital requirements and business expansion.

10. THE PROPOSED ISSUE OF UP TO 93,688,888 CONVERSION SHARES UNDER THE CONVERTIBLE LOAN AGREEMENT

10.1 Introduction

10.1.1 On 17 December 2018, the Board announced that the Company had entered into the Convertible Loan Agreement, pursuant to which the Lenders have agreed to extend to the Company loan facilities of an aggregate amount of RMB68,000,000 (or approximately S\$13,600,000) (the “**Facilities**”). Any amount of loan drawn down by the Company under the Facilities in accordance with the Convertible Loan Agreement (each a “**Loan**”) can be converted into new Shares on the terms and subject to the conditions of the Convertible Loan Agreement.

10.1.2 The Company does not intend to draw down on the Facilities until the completion of the Proposed Acquisition and the Proposed Placement. Shareholders may wish to refer to the announcements released by the Company on 17 December 2018 and Sections 4, 5, 6, 7 and 9 of this Circular for further information on the Proposed Acquisition and Proposed Placement.

10.2 Key Terms of the Convertible Loan Agreement

The key terms of the Convertible Loan Agreement are as follows:

Lenders	: (1) Yue Da (2) Green Valley
Aggregate Amount of the Facilities	: RMB68,000,000 (or approximately S\$13,600,000) to be made available by the Lenders in the following proportion:—

Lender	Amount of Facilities
Yue Da	RMB34,000,000 (or approximately S\$6,800,000)
Green Valley	RMB34,000,000 (or approximately S\$6,800,000)

Each Lender shall not be obliged to provide a Loan (or Loans) for more than the aggregate amount set out against its name above.

Drawdown of a Loan at Option of Company	: The Company may request for the drawdown of a Loan under a Facility at any time subject to: (a) the satisfaction (or waiver, where applicable) of the CL Conditions Precedent;
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- (b) the Company furnishing to the relevant Lender a written notice (the “**Utilisation Request**”) specifying, among others, the amount of the Loan to be drawn down and the date the Loan is to be disbursed (the “**Disbursement Date**”); and
- (c) the maximum amount of the Facility provided by the relevant Lender not having been utilised by the Company as at the date of such Utilisation Request.

Maturity Date : The maturity date in respect of a Loan (the “**Maturity Date**”) shall be such date falling three (3) years from the Disbursement Date for that Loan.

Interest : Each Loan shall bear interest at the rate of 8% per annum (the “**Interest Rate**”) commencing from the Disbursement Date for that Loan. Such interest on a Loan shall be paid by the Company in arrears to the relevant Lender within 30 days of the end of each Interest Period (as defined below).

Notwithstanding the foregoing and save where the Lender has exercised its right of conversion in respect of a Loan, the Company shall be entitled to pay all the accrued interest on such Loan on the Maturity Date subject to the written approval of the relevant Lender. For the avoidance of doubt, in the event that the Company elects to pay, and the relevant Lender agrees to the payment of, all interest accrued on a Loan on the Maturity Date, the interest payable on the Maturity Date shall be such amount of interest accrued on that Loan at the Interest Rate commencing from and on the Disbursement Date for that Loan up to and including the Maturity Date.

Interest Period : An interest period shall be for a period of 12 months, with the first interest period commencing on and from the Disbursement Date (each an “**Interest Period**”). Each Loan shall have successive Interest Periods.

Conversion Right : Each Lender shall have the right to convert all (or in parts) all the Loans which have been disbursed by that Lender pursuant to a Utilisation Request/the Utilisation Request(s), including accrued interest, into fully paid new Shares (the “**Conversion Shares**”).

The number of Conversion Shares shall be based on the Conversion Formula (as defined below).

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Conversion Period : In respect of a Loan, the period from and including the Disbursement Date for that Loan, up to and including the date which is three (3) years after such Disbursement Date.

Conversion Price : S\$0.18 for each Conversion Share (the “**Conversion Price**”) subject to such price adjustment mechanisms in the event of, among others, future right, bonus or other capitalisation issues, as set out in the Convertible Loan Agreement.

The Conversion Price of S\$0.18 is equivalent to the VWAP of S\$0.18 per Share for trades done on the SGX-ST on 14 December 2018, being the last full market day prior to which the Convertible Loan Agreement was signed.

Conversion Formula :

$$\text{Number of Conversion Shares} = \frac{\text{Amount of Loan(s) which has/have been disbursed pursuant to Utilisation Request(s) and accrued and unpaid interest in respect of such Loan(s) pursuant to which the Lender exercises its conversion right (in Singapore dollars)}}{\text{Conversion Price}}$$

For the avoidance of doubt, where the amount of the Loan and accrued interest are denominated in RMB, such amounts shall be converted into S\$ based on the Applicable Exchange Rate for the purposes of applying the aforesaid conversion formula.

For the purposes herein, “**Applicable Exchange Rate**” means the exchange rate of S\$1: RMB5.

Status of the Conversion Shares : The Conversion Shares, when allotted and issued on conversion, shall, with effect from the date on which the Conversion Shares are credited to the Securities Account of the relevant Lender, the details of which are registered as such in the Company’s register of members (the “**Registration Date**”), in all respects rank *pari passu* with the other Shares in issue on the Registration Date, except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the Registration Date.

Prepayment of a Loan : The Company shall not prepay a Loan without the prior written approval of the relevant Lender.

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- CL Conditions Precedent** : The issue of a Utilisation Request and the Conversion Shares shall be conditional upon the satisfaction of, among others, the following conditions (the “**CL Conditions Precedent**”):
- (a) all relevant approval from the Shareholders for the issuance of the Conversion Shares being obtained and not being revoked or amended prior to the date of issuance of such Conversion Shares, and (if applicable) where any such Shareholders’ approval is subject to any conditions, such conditions being acceptable to the Company and the Lenders and, to the extent that any such conditions are required to be fulfilled on or before the date of issuance of such Conversion Shares, they are so fulfilled, and in the event any amendment is made to the terms of any such Shareholders’ approval, such amendments being acceptable to the Company and the Lenders; and
 - (b) the approval in-principle for the listing of and quotation for the Conversion Shares on the Catalist Board of the SGX-ST having been obtained (on terms and conditions acceptable to the Company and the Lenders, each acting reasonably) and not being revoked or amended, and any conditions attached to such approval which is required to be fulfilled on or before the date of issuance of such Conversion Shares, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST.

10.3 Details of the Lenders

10.3.1 The Lenders are both private investors who were introduced to the Company by the Introducer. Details of the Lenders are as follows:

Lender	Details of the Lender
Yue Da	Yue Da is a company incorporated in the PRC with a registered capital of RMB10 million. Its principal business activities are waste & resources management and development of environment protection technology & systems. Yue Da is wholly owned by Guangzhou Liufeng Environmental Technology Co., Ltd.
Green Valley	Green Valley is a company incorporated in the PRC with a registered capital of RMB10 million. Its principal business activities are ecological and environment protection and management. Green Valley is 70% owned by a businessman, Mr Peng Jian Hua.

10.3.2 The Company confirms, to the best of its knowledge, that the Company, its Directors and/or substantial Shareholders do not have any connection (including business relationships) with any of the Lenders. The Lenders have also confirmed with the Company that they do not fall within the categories of persons set out under Rule 812(1) of the Catalist Rules. Each of the Lenders has also represented, warranted and undertaken to and for the benefit of the Company that it is not acting in concert or collaboration with anyone to obtain or consolidate control over the Company (including as

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contemplated in the Singapore Code on Take-overs and Mergers). The Lenders will not be holding the Conversion Shares in trust or as nominees for other persons in the event that they exercise the conversion right under the Convertible Loan Agreement.

The information set out in this Section 10.3 were provided by the Lenders, which have been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Circular.

10.4 Rationale and Use of Proceeds

10.4.1 The Company is of the view that the entry by the Company into the Convertible Loan Agreement is beneficial to the Company, and the Group, as the proceeds from the Loans will enable the Group to pursue the expansion of its business in other jurisdictions, primarily in the PRC. The proceeds from the Loans will be used to finance the business operations and activities of a company to be incorporated in the PRC which will be wholly-owned by the JV Company (the "**PRC Subsidiary**"). Upon completion of the JV Subscription, the PRC Subsidiary will be an indirect subsidiary of the Company. The Company will be making the relevant announcement at the appropriate juncture once the JV Subscription and the incorporation of the PRC Subsidiary is completed. 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. Shareholders should refer to Section 8 of the Circular for further details on the activities of the PRC Subsidiary and the JV Subscription.

10.4.2 The estimated net proceeds from the Loans (assuming that the Company draws down the maximum facility amount of RMB68,000,000), after deducting expenses of approximately S\$60,000, is approximately S\$13,540,000 (the "**CL Net Proceeds**").

10.4.3 The Company intends to use the CL Net Proceeds to fund the following activities to be undertaken by the PRC Subsidiary:

- (a) approximately 35% of such proceeds will be used for the procurement and trading of F&B related products;
- (b) approximately 35% of such proceeds will be used for F&B business in the PRC; and
- (c) approximately 30% of such proceeds will be used for growth and acquisition opportunities in Hong Kong and the PRC as and when they arise.

10.4.4 The acquisition of any business by the Company or the PRC Subsidiary which changes the Company's risk profile will be subject to the relevant Shareholders' approvals being obtained, as may be required under the Catalist Rules. The Company will make the relevant announcement at the appropriate junctures in this regard. Please also refer to Section 2 and Section 3 of this Circular for details on the risk factors relating to the Proposed Expansion and the Proposed Geographical Expansion.

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10.4.5 Pending the deployment of the CL Net Proceeds for the above-mentioned purposes, the CL Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interests of the Group.

10.4.6 The Company will make periodic announcements as and when the CL Net Proceeds from the Loans are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the CL Net Proceeds in the interim and full year financial statements and the annual report. Where the CL Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the CL Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the CL Net Proceeds, the Company will announce the reason(s) for such deviation.

10.5 Directors' Opinion

10.5.1 The Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the present bank facilities and CL Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

10.5.2 Notwithstanding the foregoing, the Company has decided to enter into the Convertible Loan Agreement to strengthen its financial position in order to fund its business expansion plans in other jurisdictions.

10.6 Specific Mandate for the Issue of the Conversion Shares

10.6.1 Assuming that:

- (a) the Company draws down RMB68,000,000, being the maximum amount permitted under the Facilities;
- (b) the Company elects to pay for, and the Lenders agree to the payment of, the interest to be accrued on such loan on the Maturity Date. In this regard, the maximum amount of interest that may be accrued in respect of the loan of RMB68,000,000 on the Maturity Date will be RMB16,320,000;
- (c) the Lenders elects to exercise their conversion right under the Convertible Loan Agreement in respect of the amount of RMB84,320,000, being the aggregate of the entire loan amount of RMB68,000,000 and the maximum amount of interest accrued of RMB16,320,000, on the Maturity Date; and
- (d) the Applicable Exchange Rate is S\$1 = RMB5.00,

the maximum number of Conversion Shares (the “**Maximum Number of Conversion Shares**”) that may be issued to the Lenders, based on a Conversion Price of S\$0.18 per Conversion Share, will be 93,688,888 (or 46,844,444 Conversion Shares to each Lender). The aggregate of 93,688,888 Conversion Shares, when fully issued upon the Lenders’

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exercise of their conversion right pursuant to the Convertible Loan Agreement, represent approximately 66.91% of the issued and paid up share capital of the Company as at the Latest Practicable Date comprising 140,020,000 Shares. Assuming that all 93,688,888 Conversion Shares are issued, on completion of the issuance and allotment of such Shares, the total number of issued Shares in the share capital of the Company will increase to 266,364,443 and the Conversion Shares will represent approximately 35.17% of the issued and paid up share capital of the Company on an enlarged basis (assuming the issuance and allotment of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition and the completion of the placement of 18,655,555 Second Tranche Marvel Placement Shares).

10.7 Potential Transfer of Controlling Interest

Pursuant to Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Depending on the amount of the Loans and interests pursuant to which the Lenders wish to exercise their conversion right pursuant to the Convertible Loan Agreement, the issuance of the Conversion Shares may or may not result in each Lender holding such number of Shares representing more than 15% of the issued and paid up share capital of the Company on an enlarged basis. Please refer to the table in **Appendix C (Changes in Shareholding Interests)** for further details on the dilutive effect of the Proposed Transactions on the shareholding structure of the Company.

As such, the Company will be seeking approval from Shareholders for the issuance of the Conversion Shares at the EGM to be convened pursuant to Rule 803 of the Catalist Rules.

11. THE PROPOSED WARRANTS ISSUE

11.1 Introduction

11.1.1 On 17 December 2018, the Board announced that the Company had entered into the Placement Introducer Agreement and the CL Introducer Agreement, pursuant to which the Company shall issue and allot 20,000,000 Placement Introducer Warrants and 30,000,000 CL Introducer Warrants to the Introducer.

11.1.2 The Introducer Warrants are to be issued to the Introducer as consideration for the introductory services provided by the Introducer with regards to the Marvel Placement and the Facilities. The Introducer was instrumental in introducing the Lenders (with regards to the Facilities) and Marvel (with regards to the Proposed Placement) to the Company. Save for the Introducer Warrants, there are no other payments to the Introducer for introducing Marvel and the Lenders to the Company in respect of the placement of Shares to Marvel and the Facilities, respectively.

11.2 Details on the Introducer

The Introducer is a company incorporated in Singapore and involved in the business of providing business and management consultancy services. As at the Latest Practicable Date, the Introducer does not hold any Shares. The Company confirms, to the best of its knowledge, that the Company, its Directors and/or substantial Shareholders do not have any connection (including business relationships) with the Introducer. The Introducer has also confirmed with the Company that they do not fall within the categories of persons set out under Rule 812(1) of the Catalist Rules. The Introducer has also represented,

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warranted and undertaken to and for the benefit of the Company that it is not acting in concert or collaboration with anyone to obtain or consolidate control over the Company (including as contemplated in the Singapore Code on Take-overs and Mergers).

The Introducer has confirmed with the Company that no part of the Placement Introducer Warrants will be shared with Marvel and no part of the CL Introducer Warrants will be shared with the Lenders.

The information set out in this Section 11.2 were provided by the Introducer, which have been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Circular.

11.3 Key Terms of the Introducer Warrants

The key terms of the Introducer Warrants are as follows:

- | | | |
|-------------------------------|---|---|
| Number of Warrants | : | 50,000,000 in aggregate comprising: (i) 20,000,000 warrants pursuant to the Placement Introducer Agreement; and (ii) 30,000,000 warrants pursuant to the CL Introducer Agreement. |
| Subscription rights | : | Subject to the terms and conditions of the Deed Poll, each Introducer Warrant shall entitle the Introducer, at any time during the exercise period (the " Exercise Period "), to subscribe for one (1) new Share at the Exercise Price (each a " Warrant Share "). |
| Exercise Price | : | S\$0.18 payable for each Warrant Share (the " Exercise Price ") on the exercise of an Introducer Warrant (such exercise price shall from time to time be adjusted in accordance with the terms and conditions to be set out in the Deed Poll). The Exercise Price is equivalent to the VWAP of S\$0.18 per Share for trades done on the SGX-ST on 14 December 2018, being the last full market day prior to which the Introducer Agreements were signed. |
| Exercise Period | : | The Introducer Warrants may be exercised at any time during the period commencing on and including the date of issue of the Introducer Warrants and expiring at 5.00 p.m. on the market day immediately preceding the second anniversary of the date of issue of the Introducer Warrants. |
| End of Exercise Period | : | The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to the Introducer in accordance with the conditions set out in the Deed Poll, and announce the expiration date of the Introducer Warrants on the SGXNet. |

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Status of Warrant Shares	:	<p>The Warrant Shares arising from the exercise of the Introducer Warrants will, upon allotment and issue:</p> <p>(a) rank <i>pari passu</i>, in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date of which falls before the date of issue and allotment of the Warrant Shares; and</p> <p>(b) be listed on the SGX-ST and free from pre-emptive rights.</p>
Adjustment to Exercise Price and/or the number of Introducer Warrants	:	<p>The Exercise Price and/or the number of Introducer Warrants to be held by the Introducer will be subject to adjustments under certain circumstances to be set out in the Deed Poll. Any additional warrants issued pursuant to such adjustments shall rank <i>pari passu</i> with the Introducer Warrants and will for all purposes form part of the same series.</p>
Transferability and Listing	:	<p>The Introducer Warrants shall not be transferable and will not be listed and traded on the Catalist Board of the SGX-ST.</p>
Further issues of securities	:	<p>Subject to the terms and conditions of the Introducer Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Introducer, being a warrant holder, shall have no participation rights in any such issues of Shares by the Company unless otherwise resolved by the Company in general meeting.</p>
Winding-up	:	<p>If the Company is wound-up for any reason other than a members' voluntary winding-up, all Introducer Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Introducer Warrants shall cease to be valid for any purpose.</p>
Alteration to the terms of the Introducer Warrants	:	<p>Any material alteration to the terms of the Introducer Warrants to the advantage of the Introducer, being the warrant holder, and/or prejudicial to the Shareholders shall be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the terms and conditions in the Deed Poll.</p>

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In addition to the above, pursuant to the CL Introducer Agreement, the Company and the Introducer have agreed that the 30,000,000 Introducer Warrants to be issued pursuant to the CL Introducer Agreement will be issued by the Company in the following manner:

- (a) the Company shall issue 100% of such Introducer Warrants as soon as practicable after the date of the EGM provided the Company has received the Financial Proof from the Lenders before the date of the EGM; or
- (b) if the Company does not receive any Financial Proof from the Lenders before the date of the EGM, the Company shall issue:
 - (i) 50% of the CL Introducer Warrants as soon as practicable after the date of the EGM; and
 - (ii) 50% of the CL Introducer Warrants upon the Company having confirmed receipt of at least 50% of the maximum amount of the loan under the Facilities.

For the purposes herein, “**Financial Proof**” means such documents as may be requested by the Company evidencing, to the satisfaction of the Company, the ability of the Lenders to provide to the Company the loan of RMB68,000,000 under the Facilities.

11.4 Conditions Precedent for the Proposed Warrants Issue

The issue of the Introducer Warrants is conditional upon, *inter alia*:

- (a) specific Shareholders’ approval(s) as required under the Catalist Rules having been obtained at the EGM to be convened for the Proposed Warrants Issue, the issuance of the Warrant Shares, the Facilities and the Conversion Shares (on terms and conditions acceptable to the Company, the Lenders and the Introducer each acting reasonably);
- (b) the receipt by the Company from the SGX-ST of an approval in-principle for the listing of and quotation for the Warrant Shares on the Catalist Board of the SGX-ST (on terms and conditions acceptable to the Company, the Lenders and the Introducer, each acting reasonably) and such approval not being revoked or amended;
- (c) the Proposed Warrants Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Introducer Agreements by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Introducer (including but not limited to the SGX-ST);
- (d) in respect of the Placement Introducer Warrants to be issued pursuant to the Placement Introducer Agreement, the completion of the First Tranche Marvel Placement; and
- (e) in respect of the CL Introducer Warrants to be issued pursuant to the CL Introducer Agreement only, the satisfaction of the relevant conditions precedent in respect of the disbursement of a Loan under the Convertible Loan Agreement.

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11.5 Use of Proceeds from the exercise of the Placement Introducer Warrants and CL Introducer Warrants

11.5.1 Assuming all 50,000,0000 Introducer Warrants are fully exercised into Warrant Shares, the estimated amount of additional proceeds that may be raised from the Proposed Warrants Issue, after deducting relevant expenses will be approximately as follows:

	Gross Proceeds (S\$)	Net Proceeds (S\$)
Placement Introducer Warrants	3,600,000	3,580,000
CL Introducer Warrants	5,400,000	5,375,000
Total	9,000,000	8,955,000

11.5.2 The Company intends to utilise the entirety of the net proceeds of S\$8,955,000 (the “Warrants Net Proceeds”) as follows:

- (a) approximately 30% of such proceeds for general working capital purposes; and
- (b) approximately 70% of such proceeds for growth and acquisition opportunities as and when they arise.

11.5.3 Pending the deployment of the Warrants Net Proceeds for the above-mentioned purposes, the Warrants Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interests of the Group.

11.5.4 The Company will make periodic announcements as and when the Warrants Net Proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Warrants Net Proceeds in the interim and full year financial statements and the annual report. Where the Warrants Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Warrants Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the Warrants Net Proceeds, the Company will announce the reason(s) for such deviation.

11.6 Directors’ opinion in relation to the Introducer Warrants

11.6.1 The Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the present bank facilities and Warrants Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

11.6.2 Notwithstanding the foregoing, the Company has decided to enter into the Introducer Agreements as consideration for the introductory services provided by the Introducer to the Company and to strengthen its financial position in order to meet its anticipated general working capital requirements and business expansion.

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11.7 Specific Mandate for the Issue of the Introducer Warrants and Warrant Shares

For purposes of compliance with Rule 832(1), the maximum number of Warrant Shares to be allotted and issued by the Company pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants in accordance with the terms of the Introducer Agreements is 50,000,000. The 50,000,000 Warrant Shares, when fully issued upon exercise of all the Introducer Warrants, represent approximately 35.71% of the issued and paid up share capital of the Company as at the Latest Practicable Date comprising 140,020,000 Shares. Assuming that all the 93,688,888 Conversion Shares (being the Maximum Number of Conversion Shares) and 50,000,000 Warrant Shares are issued, the total number of issued Shares in the share capital of the Company will increase to 316,364,443, and the Warrant Shares will represent approximately 15.80% of the issued and paid up share capital of the Company on an enlarged basis (assuming the issuance and allotment of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition and the completion of the placement of 18,655,555 Second Tranche Marvel Placement Shares).

Please refer to the table in **Appendix C (Changes in Shareholding Interests)** for further details on the dilutive effect of the Proposed Transactions on the shareholding structure of the Company.

11.8 Potential Transfer of Controlling Interest

Pursuant to Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Depending on the number of Introducer Warrants exercised by the Introducer, the issuance of the Warrant Shares may or may not result in the Introducer holding such number of Shares representing more than 15% of the issued and paid up share capital of the Company on an enlarged basis. Please refer to the table in **Appendix C (Changes in Shareholding Interests)** for further details on the dilutive effect of the Proposed Transactions on the shareholding structure of the Company.

As such, the Company will be seeking approval from Shareholders for the issuance of the Warrants Shares at the EGM to be convened pursuant to Rule 803 of the Catalist Rules.

12. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

12.1 Bases and Assumptions

12.1.1 The *pro forma* financial effects of the Proposed Transactions on the LPS and NTA per Share of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2017.

12.1.2 The *pro forma* financial effects of the Proposed Transactions are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Transactions.

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12.1.3 For illustration purposes only, the financial effects of the Proposed Transactions have been computed based on the following assumptions:

- (a) the completion of the issuance and allotment of the 6,900,000 First Tranche Marvel Placement Shares to Marvel and the 1,120,000 Placement Shares to Chong Paw Long;
- (b) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Transactions were completed on 31 December 2017, being the end of the most recently completed financial year at the time when the announcements on the Proposed Transactions were released;
- (c) the financial effects on the Group's loss attributable to the Shareholders and LPS have been computed assuming that the Proposed Transactions were completed on 1 January 2017, being the beginning of the most recently completed financial year at the time when the announcements on the Proposed Transactions were released;
- (d) the net profit after taxation for FY2017 earned from the new business(es) undertaken by the Group using the proceeds from the Proposed Transactions have been disregarded;
- (e) the net profit after taxation for FY2017 earned from the new business(es) undertaken by the Group using the Loans is sufficient to cover the interest expense for the Loans for FY2017;
- (f) no adjustments have been made to the Conversion Price and Exercise Price;
- (g) the Company draws down an aggregate sum of RMB68,000,000 under the Facilities, being the maximum amount permitted under the Facilities; and
- (h) save for the interest expense for the Loans, the expenses in connection with the Proposed Transactions have been disregarded.

In addition, the financial effects have been prepared based on the following scenarios:

Scenario	Description
Scenario A	After issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel.
Scenario B	After: <ul style="list-style-type: none"> (a) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel; and (b) completion of the Proposed Acquisition, and issuance of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition.

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Scenario	Description
Scenario C	<p>After:</p> <ul style="list-style-type: none"> (a) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel; (b) completion of the Proposed Acquisition, and issuance of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition; and (c) the Company draws down an aggregate sum of RMB68,000,000 under the Facilities, being the maximum amount permitted under the Facilities^{(1) (2)}.
Scenario D	<p>After:</p> <ul style="list-style-type: none"> (a) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel; (b) completion of the Proposed Acquisition and issuance of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition; (c) the Company draws down an aggregate sum of RMB68,000,000 under the Facilities, being the maximum amount permitted under the Facilities^{(1) (2)}; (d) issuance of 50,000,000 Warrant Shares to the Introducer pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants at the Exercise Price; and (e) assuming that the Lenders have not exercised their conversion right under the Convertible Loan Agreement.
Scenario E	<p>After:</p> <ul style="list-style-type: none"> (a) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel; (b) completion of the Proposed Acquisition and issuance of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition; (c) the Company draws down an aggregate sum of RMB68,000,000 under the Facilities, being the maximum amount permitted under the Facilities^{(1) (2)}; (d) issuance of 93,688,888 Conversion Shares (being the Maximum Number of Conversion Shares) to the Lenders pursuant to the Lenders' exercise of their conversion right at the Conversion Price under the Convertible Loan Agreement⁽³⁾; and (e) assuming that the Introducer has not exercised any Introducer Warrant.

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Scenario	Description
Scenario F (maximum dilution)	<p>After:</p> <p>(a) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel;</p> <p>(b) completion of the Proposed Acquisition and issuance of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition;</p> <p>(c) the Company draws down an aggregate sum of RMB68,000,000 under the Facilities, being the maximum amount permitted under the Facilities^{(1) (2)};</p> <p>(d) issuance of 50,000,000 Warrant Shares to the Introducer pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants at the Exercise Price; and</p> <p>(e) issuance of 93,688,888 Conversion Shares (being the Maximum Number of Conversion Shares) to the Lenders pursuant to the Lenders' exercise of their conversion right at the Conversion Price under the Convertible Loan Agreement⁽³⁾.</p>

Notes:

- (1) As set out in Section 10.1.2 of this Circular, the Company does not intend to draw down on the Facilities until the completion of the Proposed Acquisition and the placement of 18,655,555 Second Tranche Marvel Placement Shares to Marvel.
- (2) Assuming the Company elects to pay for, and the Lenders agree to the payment of, the interest to be accrued on such loan on the Maturity Date. In this regard, the maximum amount of interest that may be accrued in respect of the loan of RMB68,000,000 on the Maturity Date will be RMB16,320,000.
- (3) Assuming the Lenders exercise their right to convert the Loan amount of RMB68,000,000 (or S\$13,600,000 based on the Applicable Exchange Rate) and the maximum interest amount of RMB16,320,000 (or S\$3,264,000 based on the Applicable Exchange Rate) at the Conversion Price.

12.2 Share Capital

Scenarios	Number of Shares	Issued and paid-up share capital (S\$'000)
Before the Proposed Transactions	140,020,000	12,942
Scenario A	158,675,555	16,300
Scenario B	172,675,555	18,820
Scenario C	172,675,555	18,820
Scenario D	222,675,555	27,820
Scenario E	266,364,443	35,684
Scenario F	316,364,443	44,684

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12.3 Effect on NTA per Share

Scenarios	NTA attributable to Shareholders (S\$'000)	Number of Shares	NTA per Share attributable to Shareholders (cents)
As at 31 December 2017	4,547	140,020,000	3.25
Scenario A	7,905	158,675,555	4.98
Scenario B	7,422	172,675,555	4.30
Scenario C	7,422	172,675,555	4.30
Scenario D	16,422	222,675,555	7.37
Scenario E	24,286	266,364,443	9.12
Scenario F	33,286	316,364,443	10.52

12.4 Effect on LPS

Scenarios	Net loss attributable to Shareholders (S\$'000)	Weighted average number of Shares	LPS (cents)
As at 31 December 2017	(3,849)	140,020,000	(2.75)
Scenario A	(3,849)	158,675,555	(2.42)
Scenario B	(3,244)	172,675,555	(1.88)
Scenario C	(3,244)	172,675,555	(1.88)
Scenario D	(3,244)	222,675,555	(1.46)
Scenario E	(3,244)	266,364,443	(1.22)
Scenario F	(3,244)	316,364,443	(1.03)

13. ADDITIONAL LISTING APPLICATION

The Sponsor, on behalf of the Company, will be submitting an application to the SGX-ST for the listing and quotation of the following Shares on the Catalist Board of the SGX-ST:

- (a) the 14,000,000 Consideration Shares to be issued pursuant to the Proposed Acquisition;
- (b) the 18,655,555 Shares to be issued pursuant to the Proposed Second Tranche Marvel Placement;
- (c) up to 93,688,888 Conversion Shares to be issued pursuant to the Lenders' exercise of their conversion right pursuant to the Convertible Loan Agreement; and
- (d) up to 50,000,000 Warrant Shares to be issued pursuant to the Introducer's exercise of the Introducer Warrants pursuant to the Introducer Agreements.

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The Company will make the relevant announcement(s) in due course to notify Shareholders when the listing and quotation notice from the SGX-ST is obtained in respect of the abovementioned Shares.

The listing approval from the SGX-ST is not to be taken as an indication of the merits of the Proposed Placement, the Facilities, the Proposed Warrants Issue, the Placement Shares, the Conversion Shares, the Warrant Shares, the Company and/or its subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

14. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

14.1 The interests of the Directors and substantial Shareholders in the Shares of the Company, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders kept by the Company, respectively, as at the Latest Practicable Date and the effect of the Proposed Transactions on the shareholding structure of the Company is set out in **Appendix C (Changes in Shareholding Interests)** enclosed herein.

14.2 Save for the Vendor's relationship with Mr Pang Pok as disclosed in Section 4.2 of this Circular and save for their interests by virtue of their shareholding and/or directorships (as the case may be) in the Company, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Transactions.

15. ABSTENTION FROM VOTING

15.1 Rule 919 of the Catalist Rules states that interested persons shall abstain and undertake that their associates shall abstain from voting on the resolution approving interested person transactions involving them and the Group. Such interested persons and their associates also shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the relevant Shareholder.

15.2 Mr Pang Pok shall abstain, and undertake that his associate (being the Vendor) shall abstain, from voting in respect of each of their shareholdings in the Company (if any) on Ordinary Resolution 3 and 4 approving the Proposed Acquisition and the Proposed Consideration Shares Issue, respectively, as set out in the Notice of EGM.

15.3 Further, Mr Pang Pok and his associate (being the Vendor) shall decline appointment(s) as proxy(ies) to vote at the forthcoming EGM for other Shareholders in respect of Ordinary Resolution 3 and 4 approving the Proposed Acquisition and the Proposed Consideration Shares Issue, respectively, unless the Shareholders concerned have given specific instructions as to the manner in which his/her/its votes are to be cast at the EGM.

16. DIRECTORS' RECOMMENDATION

16.1 Proposed Acquisition

16.1.1 Mr Pang Pok, whom the interested person is an associate of, shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the Proposed Acquisition and the Proposed Consideration Shares Issue.

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16.1.2 Having considered, *inter alia*, the rationale and benefits of the Proposed Acquisition, the advice of the IFA and the relevant information set out in this Circular, the Independent Directors are of the view that the Proposed Acquisition is in the best interests of the Company. Accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of Ordinary Resolution 3 and 4 relating to the Proposed Acquisition and the Proposed Consideration Shares Issue, respectively, to be tabled at the EGM.

16.2 Proposed Second Tranche Marvel Placement, Proposed Conversion Shares Issue, Proposed Warrants Issue, the Proposed Expansion and Proposed Geographical Expansion

The Directors¹, having considered, *inter alia*, the rationale for the Proposed Expansion, the Proposed Geographical Expansion, the Proposed Second Tranche Marvel Placement, the Proposed Conversion Shares Issue, and the Proposed Warrants Issue, as set out in Sections 2.4, 3.2, 9.8, 10.4 and 11.6.2 of this Circular, are of the opinion that the Proposed Expansion, the Proposed Geographical Expansion, the Proposed Second Tranche Marvel Placement, the Proposed Conversion Shares Issue and the Proposed Warrants Issue are in the interests of the Company and are not prejudicial to the interests of the Shareholders. Accordingly, the Directors¹ recommend that the independent Shareholders vote in favour of Ordinary Resolution 1 in respect of the Proposed Expansion, Ordinary Resolution 2 in respect of the Proposed Geographical Expansion, Ordinary Resolutions 5 and 6 in respect of the Proposed Second Tranche Marvel Placement, Ordinary Resolutions 7 and 8 in respect of the Proposed Conversion Shares Issue and Ordinary Resolution 9 and 10 in respect of the Proposed Warrants Issue, at the EGM.

16.3 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale and financial effects of the Proposed Transactions, and, in respect of the Proposed Acquisition, consider carefully the advice of the IFA (including the IFA Letter in its entirety as set out in **Appendix A** to this Circular). In giving the above recommendations, the Directors¹ (save for in relation to the Proposed Acquisition, the Directors giving such recommendations being the Independent Directors) have had no regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors¹ (save for in relation to the Proposed Acquisition, the Directors giving such recommendations being the Independent Directors) recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

¹ Shareholders should note that in connection with the completion of the First Tranche Marvel Placement, Mr Liu Changsheng has been appointed as a Non-Independent and Non-Executive Director. Accordingly, Mr Liu shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the Proposed Second Tranche Marvel Placement.

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17. DIRECTORS' RESPONSIBILITY STATEMENT

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

18. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-7 of this Circular, will be held on 26 February 2019 at 8 Loyang Way 4, Singapore 507604 at 12.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

19.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wishes to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a proxy form (the **"Shareholder Proxy Form"**) which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach at the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so or if he so wishes. In such an event, the Shareholder Proxy Form will be deemed to be revoked.

19.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

20. CONSENT

The IFA, RHT Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

21. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 8 Loyang Way 4 Singapore 507604, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Acquisition Agreement;
- (b) the Placement Agreements;
- (c) the Convertible Loan Agreement;
- (d) the Introducer Agreements;
- (e) the Joint Venture Agreement;
- (f) the Annual Report of the Group for FY2017;
- (g) the Constitution of the Company;
- (h) the IFA Letter referred to in Section 5.6 of this Circular; and
- (i) the letter of consent from the IFA referred to in Section 20 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
GS HOLDINGS LIMITED
Pang Pok
Executive Chairman and Chief Executive Officer

11 February 2019

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APPENDIX A – IFA LETTER

RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

11 February 2019

To: The Independent Directors of GS Holdings Limited
(deemed to be independent in respect of the Proposed Acquisition)

Mr Lee Dah Khang	(Lead Independent Director)
Mr Chow Kek Tong	(Independent Director)
Mr Chong Eng Wee	(Independent Director)
Mr Liu Changsheng	(Non-Independent and Non-Executive Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED ACQUISITION OF THE ISSUED SHARE CAPITAL OF HAO KOU WEI PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 11 February 2019 issued by GS Holdings Limited to its shareholders shall have the same meaning herein.

1. INTRODUCTION

On 17 December 2018 (“**Announcement Date**”), the board of directors (“**Directors**”) of GS Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced (“**Announcement**”) *inter alia*, that Hawkerway Pte. Ltd. (“**Hawkerway**”), a wholly-owned subsidiary of the Company, had on the same day, entered into a sale and purchase agreement (“**SPA**”) with Ms Ang Siew Kiock (“**Vendor**”) in respect of the acquisition by Hawkerway of the entire issued share capital (“**Sale Shares**”) of Hao Kou Wei Pte. Ltd. (“**Target**”) from the Vendor for a purchase consideration of S\$3.6 million (“**Purchase Consideration**”), upon the terms of and subject to the conditions of the SPA (“**Proposed Acquisition**”). Upon the completion of the Proposed Acquisition (“**Completion**”), the Target will be an indirect wholly-owned subsidiary of the Company. The Vendor is the sole shareholder and director of the Target.

On the same day, the Company also announced several other corporate actions (collectively, “**Corporate Actions**”), including:

- (i) a proposed placement of up to 26,675,555 new ordinary shares in the capital of the Company (“**Placement Shares**”) (“**Proposed Placement**”);
- (ii) a proposed issue of up to 20.0 million non-listed, non-transferable placement introducer warrants (“**Placement Introducer Warrants**”), with each Placement Introducer Warrant carrying the right to subscribe for one (1) new share in the capital of the Company (“**Placement Warrant Share**”) (“**Proposed Placement Introducer Warrants Issue**”);
- (iii) the entry into a convertible loan agreement for an aggregate amount of RMB68.0 million (or approximately S\$13.6 million) (“**Proposed CL**”); and

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- (iv) a proposed issue of up to 30.0 million non-listed, non-transferable convertible loan introducer warrants ("**CL Introducer Warrants**"), with each CL Introducer Warrant carrying the right to subscribe for one (1) new Share ("**CL Warrant Share**") ("**Proposed CL Warrants Issue**").

The Target is a Singapore incorporated company and is in the principal business of letting, operating and managing of food courts, coffee shops and eating houses. The Target operates eating houses located at: (i) 16A Sungei Kadut Way, Singapore 728794 ("**Sungei Kadut Eating House**"); (ii) 271 Bukit Batok East Avenue 4 #01-160, Singapore 650271 ("**271 Property**"); and (iii) 272 Bukit Batok East Avenue 4 #01-56, Singapore 650272.

In addition, the Target has one (1) wholly-owned subsidiary, being Rasa Sayang Village Pte. Ltd. ("**Rasa Sayang**"), a company incorporated on 3 April 2018 (collectively, the Target and Rasa Sayang, "**Target Group**"). Rasa Sayang is in the same business as the Target, being the letting, operating and managing of food courts, coffee shops and eating houses. Rasa Sayang had, on 30 April 2018, acquired the business of Rasa Rasa @ Kampung Changi Restaurant Pte. Ltd. which operates a halal-certified eating house at Changi Village ("**Rasa Rasa Business**"), located at 5 Changi Village Road #01-2063, Singapore 500005.

As at 28 January 2019, being the "**Latest Practicable Date**", the Target Group operates a total of four (4) eating houses.

The Purchase Consideration of S\$3.6 million is to be fully satisfied in the following manner:

- (i) 30.0% of the Purchase Consideration, being the sum of S\$1.08 million, in cash on Completion; and
- (ii) 70.0% of the Purchase Consideration, being the sum of S\$2.52 million, by way of the issuance and allotment of 14.0 million shares in the capital of the Company ("**Shares**") in favour of the Vendor ("**Consideration Shares**") on or about Completion.

With respect to (ii) above and pursuant to the SPA, the issue price for each Consideration Share is S\$0.18 per Consideration Share ("**Issue Price**"). The Issue Price is equivalent to the volume weighted average price ("**VWAP**") of S\$0.18 per Share for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 14 December 2018, being the last full market day preceding the date of the SPA.

The Vendor is the spouse of Mr Pang Pok, the Executive Chairman, Chief Executive Officer, and controlling shareholder of the Company. As at the Latest Practicable Date, Mr Pang Pok has, in aggregate, a direct and deemed interest in 98,190,000 Shares, representing a shareholding interest of approximately 70.13% of the total issued Shares.

Following from the above, pursuant to Chapter 9 of Section B of the Listing Manual of the SGX-ST ("**Catalist Rules**"), the Vendor is an associate of Mr Pang Pok and is deemed an interested person with respect to the Proposed Acquisition ("**Interested Person**") and the Proposed Acquisition is deemed an interested person transaction ("**Interested Person Transaction**").

In accordance with Chapter 9 of the Catalist Rules, the Company's shareholders' ("**Shareholders**") approval must be obtained for any interested person transaction of a value which is equal to or greater than 5.0% of the Group's latest audited net tangible assets ("**NTA**") or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Catalist Rules, the interested persons and their associates are required to abstain from voting on the resolution approving the interested person transaction.

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Based on the Group's latest audited consolidated accounts for the financial year ended 31 December ("FY") 2017, the Group's audited NTA is approximately S\$3.1 million. The Purchase Consideration of S\$3.6 million represents approximately 116.0% of the Group's latest audited NTA.

Pursuant to the Catalist Rules, the Proposed Acquisition is subject to the approval of the Company's shareholders who are independent of the Proposed Acquisition ("**Minority Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened. The Proposed Acquisition is also subject to, *inter alia*, the approval of the Minority Shareholders at the EGM in accordance with Rules 804 of the Catalist Rules. In addition, pursuant to Rule 919 of the Catalist Rules, Mr Pang Pok will abstain, and will procure his associates to abstain, from voting on the resolution to approve the Proposed Acquisition at the EGM in respect of their entire shareholdings in the Company.

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser ("**IFA**") to advise the Directors who are deemed to be independent with respect to the Proposed Acquisition ("**Independent Directors**") as to whether the Proposed Acquisition is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

Accordingly, RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to the Independent Directors to render an opinion on whether the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

Save for Mr Pang Pok who will abstain from making any recommendations on the Proposed Acquisition as a Director, the remaining Directors, namely, Mr Lee Dah Khang, Mr Chow Kek Tong, Mr Chong Eng Wee and Mr Liu Changsheng are deemed to be the Independent Directors with respect to the Proposed Acquisition and will be making a recommendation on the relevant resolutions in relation to the Proposed Acquisition.

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Acquisition as an Interested Person Transaction. This Letter forms part of the circular to Shareholders ("**Circular**") which provides, *inter alia*, the details of the Proposed Acquisition and the recommendation of the Independent Directors thereon.

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2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Acquisition as an Interested Person Transaction. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Acquisition. We do not, by this Letter, warrant the merits of the Proposed Acquisition other than to form an opinion on the Proposed Acquisition as an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Acquisition or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company, the Group and/or the Target Group. We have also relied on information provided and representations made by the Directors, Management and the Company's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Acquisition, the Company, the Group and the Target Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company, the Group and/or the Target Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group and/or the Target Group in connection with our opinion in this Letter.

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We have not made an independent evaluation or appraisal of the assets and liabilities of the Company, the Group and/or the Target Group (including without limitation, property, plant and equipment). We have, however, been furnished with a desktop rental valuation report on the 271 Property, being 271 Bukit Batok East Avenue 4 #01-160, Singapore 650271 dated 31 December 2018 (“**Rental Valuation Report**”) prepared by PREMAS Valuers & Property Consultants Pte Ltd (“**Valuer**”), being the independent valuer appointed by the Company for the purpose of the Proposed Acquisition, on which we have placed sole reliance on for such valuation. The Valuer had carried out an independent valuation of the open market rental value of the 271 Property as at 18 December 2018 (“**Valuation Date**”). A copy of the Rental Valuation Report is set out in Appendix B to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to the Rental Valuation Report for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the Rental Valuation Report or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

We will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company, the Group and/or the Target Group. We have not relied on any financial projections or forecasts in respect of the Company, the Group and/or the Target Group for the purpose of our evaluation of the Proposed Acquisition.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 28 January 2019. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders’ resolution in relation to the Proposed Acquisition as an Interested Person Transaction at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

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3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company, through its subsidiaries, is a Singapore based centralised commercial dishware washing group with its core businesses in: (i) on-site cleaning and stewarding services; (ii) centralised dish washing services; (iii) cleaning and dishware washing consultancy services; and (iv) sale of dishware washing related equipment and consumables.

The Company was listed on the Catalist Board of the SGX-ST on 18 January 2016.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 140,020,000 Shares. Based on the last transacted Share price of S\$0.24 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$33.6 million.

3.2 Key financial information of the Group

The summary of the audited financial performance of the Group for the last three financial years ended 31 December 2015 (“FY2015”), 2016 (“FY2016”) and 2017 (“FY2017”) and the unaudited interim financial statements of the Group for the first six months (“HY”) of 2017 and 2018 is set out below. The following summary of financial information should be read in conjunction with the full text of the Company’s annual reports in respect of the relevant financial periods including the notes thereto.

Financial performance of the Group

	Audited	Audited	Audited	Unaudited	Unaudited
(S\$000)	FY2015	FY2016	FY2017	HY2017	HY2018
Revenue	6,259	9,201	9,916	4,820	5,037
Gross Profit / (Loss)	125	(78)	(994)	(479)	(155)
Loss before tax	(2,099)	(1,941)	(3,905)	(1,836)	(1,227)
Loss for the year / period	(2,157)	(1,951)	(3,878)	(1,825)	(1,227)

Sources: Audited financial statements of the Group for FY2015, FY2016 and FY2017, and the Group’s announcements relating to the unaudited financial results for HY2017 and HY2018

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Review of operating results

FY2016 vs FY2015

Revenue generated by the Group increased by approximately S\$2.9 million or 47.0%, from S\$6.3 million in FY2015 to S\$9.2 million in FY2016 mainly due to additional contracts secured from new customers and new income stream from the sales of crockeries to new customers.

Correspondingly, cost of sales increased by approximately S\$3.2 million or 52.5%, mainly due to higher labour costs, subcontractor fees, overhead costs in line with the growth in business volume, and expendable crockeries cost.

Loss for the year decreased by approximately S\$0.2 million or 9.6%, from S\$2.2 million in FY2015 to S\$2.0 million in FY2016.

FY2017 vs FY2016

Revenue generated by the Group increased by approximately S\$0.7 million or 7.8% from S\$9.2 million in FY2016 to S\$9.9 million in FY2017 mainly due to additional contracts secured from coffee shops.

Correspondingly, cost of sales increased by approximately S\$1.6 million or 17.2%, mainly due to increase in staff costs, overhead costs such as utilities expenses and transportation as well as increase in depreciation expenses due to additional fixed assets acquired for the new facility at 8 Loyang Way 4.

Loss for the year increased by approximately S\$1.9 million or 98.8% from S\$2.0 million in FY2016 to S\$3.9 million in FY2017.

HY2018 vs HY2017

Revenue generated by the Group increased by approximately S\$0.2 million or 4.5%, from S\$4.8 million in HY2017 to S\$5.0 million in HY2018 mainly due to additional contracts secured from the food and beverage outlets in Changi Airport. The Group commenced its operations at the Changi Airport facility in October 2017.

Cost of sales, however, decreased by approximately S\$0.1 million or 1.9%, mainly due to the cost control and efficiency improvement measures taken by the Group since the beginning of 2018.

Loss for the period decreased by approximately S\$0.6 million or 32.8% from S\$1.8 million in HY2017 to S\$1.2 million in HY2018.

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Financial position of the Group

The unaudited financial position of the Group as at 30 June 2018 is as follows:

(S\$'000)	Unaudited As at 30 June 2018
Non-current assets	15,270
Current assets	3,996
Current liabilities	6,428
Non-current liabilities	10,984
Equity attributable to equity holders of the Company	1,867
Total number of issued and paid up Shares as at 30 June 2018	132,000,000
Equity attributable to equity holders of the Company per Share (cents) as at 30 June 2018	1.41
Total number of issued and paid up Shares as at the Latest Practicable Date	140,020,000
Equity attributable to equity holders of the Company per Share (cents) as at the Latest Practicable Date	1.33

Source: Company's results announcement for HY2018

Review of the Group's financial position

The assets of the Group as at 30 June 2018 comprised mainly: (i) property, plant and equipment of S\$10.7 million; (ii) investment properties of S\$4.6 million; and (iii) trade and other receivables of S\$3.5 million, representing 55.5%, 23.7% and 18.0% of the total assets respectively.

The liabilities of the Group as at 30 June 2018 comprised mainly: (i) short-term and long-term loans and borrowings of S\$10.5 million; (ii) amount of S\$4.0 million due to a Director; and (iii) trade and other payables of S\$2.9 million representing 54.6%, 20.8% and 15.1% of the total liabilities respectively.

As at 30 June 2018, the NTA attributable to owners of the Company amounted to approximately S\$1.9 million. Based on the number of issued and paid-up Shares of the Company as at the Latest Practicable Date of 140,020,000 Shares, the NTA per Share attributable to owners of the Company amounted to 1.33 cents per Share.

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4. INFORMATION ON THE VENDOR AND THE TARGET GROUP

4.1 Information on the Vendor and the Target Group

Details on the Vendor and the Target Group are set out in Sections 4.2 and 4.3 of the Circular respectively. We have extracted the relevant sections and have set them out below for your reference.

“4.2 Information on the Vendor

The Vendor is the sole shareholder and director of the Target. The Vendor is also the spouse of the Company’s Executive Chairman and Chief Executive Officer, Mr Pang Pok. As at the Latest Practicable Date, the Vendor does not hold any Shares.

4.3 Information on the Target and Sale Shares

The Target is a company incorporated in Singapore and is in the principal business of letting and operating and managing food courts, coffee shops and eating houses. The Target currently operates 3 food courts/food centres located in Bukit Batok and Sungei Kadut Way.

As at the Latest Practicable Date, the Target has one wholly-owned subsidiary being RSVPL, a company incorporated in Singapore in April 2018. Other than RSVPL, the Target does not have any other operating subsidiaries. RSVPL is in the business of letting and operating of food courts, coffee shops and eating houses. It was also incorporated for the purposes of acquiring the business of Rasa Rasa @ Kampung Changi Restaurant Pte. Ltd. which operates a halal eating house at Changi Village (the “Rasa Rasa Business”).

There was no independent valuation conducted on the Target Group. Based on the audited financial statement of the Target for FY2017¹, the NTA of the Target as at 31 December 2017 was S\$597,281. The profit before tax of the Target for FY2017 was S\$627,664.

¹ *There are no consolidated accounts of the Target Group available for FY2017 as the Target’s subsidiary, RSVPL, was only incorporated and became part of the Target Group on 3 April 2018. RSVPL was incorporated for the purposes of acquiring the Rasa Rasa Business. The acquisition of the Rasa Rasa Business was completed on 30 April 2018.”*

Based on its unaudited accounts for the period from 1 January 2018 to 30 November 2018 (“11M2018”), the Target’s unaudited NTA and profit before tax were approximately S\$671,160 and S\$575,958 respectively. Based on its 11M2018 unaudited accounts, Rasa Sayang’s unaudited NTA and profit before tax were approximately S\$50,529 and S\$30,529 respectively.

There are no consolidated accounts of the Target Group available as Rasa Sayang was only incorporated and became part of the Target Group in April 2018.

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4.2 Financial performance and position of the Target Group

From our discussions with the Target's management, we understand that in FY2017, a certain portion of "other income", comprising government grants and incentives, was attributable to a one-off project which the Target Group had undertaken. We understand that these government grants and incentives were one-off and non-recurring. As such, we have adjusted the "other income" line item to reflect the one-off nature of these items ("**One-off Adjustments**").

Further, we note that the Proposed Acquisition will include the Rasa Rasa Business, which was acquired by Rasa Sayang on 30 April 2018 for a consideration of S\$0.25 million. As such, there are no consolidated accounts of the Target Group available for FY2017. We have been provided with the 11M2018 unaudited profit or loss statements of Rasa Sayang (inclusive of the Rasa Rasa Business). For completeness, we have applied the prevailing Singapore corporate income tax rate of 17.0% to derive the profit after taxation of the respective entities. Accordingly, we have arithmetically combined the financial performance of the Target with that of Rasa Sayang to showcase the financial performance of the Target Group for 11M2018.

We understand from the Target's management that there were no one-off and non-recurring items encapsulated in the 11M2018 results. Accordingly, no such adjustments were made to the 11M2018 results.

For comparative purposes, we have annualised the financial performance of the Target Group over a twelve (12) month period ("**AFY2018**"). We understand from the Target's management that, save for provision of bonus and the corresponding CPF expenses, there were no other provisions not already included in the AFY2018 profit or loss statement. Accordingly, we have adjusted the "administrative expenses" line item to reflect this provision ("**Bonus Adjustments**").

The financial performance of the Target Group and the relevant adjustments for FY2016, FY2017, 11M2018 and AFY2018 are presented in the table below.

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Financial performance of the Target Group

Income Statement (S\$'000)	Target			Rasa Sayang		Target Group		
	Audited FY2016	FY2017	Adjustments One-off Adjustments	After Adjustments FY2017	Unaudited 11M2018	Unaudited 11M2018	Annualised AFY2018	After Adjustments Bonus Adjustments AFY2018
Revenue	5,591	5,312		5,312	4,733	966	6,217	6,217
Cost of Sales	(3,557)	(3,314)		(3,314)	(2,640)	(508)	(3,434)	(3,434)
Gross Profit	2,033 ⁽¹⁾	1,998		1,998	2,093	458	2,783	2,783
Other Income	448	765	(396)	369	489	132	678	678
Administrative Expenses	(2,761)	(2,135)		(2,135)	(2,006)	(560)	(2,566)	(2,849)
(Loss) / Profit before taxation	(279)⁽¹⁾	628		232	576	31⁽¹⁾	662	612
Taxation	(7)	(23)		(23)	(98)	(5)	(112)	(104)
(Loss) / Profit after taxation for the year	(287)⁽¹⁾	605		209	478	25⁽¹⁾	549⁽¹⁾	508

Source: Audited financial statements of Target for FY2017, management accounts of Target and Rasa Sayang, and RHTC calculations

Note:

(1) Does not add due to rounding.

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Review of operating results

FY2017 vs FY2016

Revenue generated by the Target decreased by S\$0.3 million or 5.0%, from S\$5.6 million in FY2016 to S\$5.3 million in FY2017 due to the closure of two stalls in FY2017.

Cost of sales decreased by approximately S\$0.3 million or 6.8%, from S\$3.6 million in FY2016 to S\$3.3 million in FY2017, mainly due to the decrease in revenue.

Other income increased by approximately S\$0.4 million or 70.8%, from S\$0.4 million in FY2016 to S\$0.8 million in FY2017 due to increase in government grants and incentives.

Administrative expenses decreased by S\$0.7 million or 22.7%, from S\$2.8 million in FY2016 to S\$2.1 million in FY2017 due to cleaning services grant provided by SPRING Singapore in FY2017.

As a result of the above, the Target recorded a profit for the year of S\$0.6 million in FY2017 compared to a loss of S\$0.3 million in FY2016.

AFY2018 vs FY2017

Revenue generated by the Target Group increased by S\$0.9 million or 17.0%, from S\$5.3 million in FY2017 to S\$6.2 million in AFY2018 due to contribution from Rasa Sayang following its acquisition in April 2018.

Cost of sales increased by approximately S\$0.1 million or 3.6%, from S\$3.3 million in FY2017 to S\$3.4 million in AFY2018, mainly due to the increase in revenue.

Other income decreased by approximately S\$0.1 million or 11.4%, from S\$0.8 million in FY2017 to S\$0.7 million in AFY2018 due to absence of one-off grants and incentives recognised in FY2017.

Administrative expenses increased by S\$0.7 million or 31.1%, from S\$2.1 million in FY2017 to S\$2.8 million in AFY2018 due to addition of expenses incurred by Rasa Sayang.

As a result of the above, the Target Group's profit for the year is expected to decrease to S\$0.5 million in AFY2018 compared to S\$0.6 million in FY2017.

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With respect to financial position, we note that a consolidated balance sheet of the Target Group is not available. As such, we have presented the balance sheets of the Target and Rasa Sayang separately.

Financial position of the Target and Rasa Sayang

As at 30 November 2018	Unaudited	
(S\$'000)	Target	Rasa Sayang
<u>Non-current assets</u>		
Property, plant and equipment	14	23
Investment	20	250
Total non-current assets	34	273
<u>Current assets</u>		
Inventories	47	5
Trade receivables	71	1
Other receivables	379	18
Deposits and prepayments	218	91
Cash and bank balances	621	79
Total current assets	1,335 ⁽¹⁾	194
Total assets	1,369	467
<u>Non-current liabilities</u>		
Borrowings	247	-
Total non-current liabilities	247	-
<u>Current liabilities</u>		
Trade payables	206	66
Other payables and accruals	121	350
Borrowings	124	-
Total current liabilities	451	416
Total liabilities	698	416
<u>Equity</u>		
Share capital	50	20
Retained earnings	621	31
Total equity	671	51
Total liabilities and equity	1,369	467

Source: Management accounts of Target and Rasa Sayang

Note:

(1) Does not add due to rounding.

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Review of financial position

Target: As at 30 November 2018

The assets of the Target as at 30 November 2018 comprised mainly: (i) cash and bank balances of S\$0.6 million; (ii) other receivables of S\$0.4 million; and (iii) deposits and prepayments of S\$0.2 million, representing 45.4%, 27.7% and 15.9% of the Target's total assets respectively.

Deposits and prepayments relate to the rental of the eating houses as per the tenancy agreements entered into by the Target. Other receivables mainly relate to amount due from Rasa Sayang for a loan extended to finance the acquisition of the Rasa Rasa Business.

The liabilities of the Target as at 30 November 2018 comprised mainly: (i) other payables and accruals of S\$0.1 million; (ii) trade payables of S\$0.2 million; and (iii) borrowings of S\$0.4 million, representing 17.3%, 29.5% and 53.2% of the Target's total liabilities respectively.

Other payables and accruals relate mainly to rental deposits from tenants and GST payables. Borrowings comprise loans from a bank.

As at 30 November 2018, the NTA attributable to owners of the Target amounted to approximately S\$0.7 million.

Rasa Sayang: As at 30 November 2018

The assets of Rasa Sayang as at 30 November 2018 comprised mainly: (i) cash and bank balances of S\$0.1 million; and (ii) deposits and prepayments of S\$0.1 million, representing 16.9% and 19.5% of Rasa Sayang's total assets respectively.

Deposits and prepayments relate to the rental of the eating house as per the tenancy agreement entered into by Rasa Sayang.

The liabilities of Rasa Sayang as at 30 November 2018 comprised mainly other payables and accruals of S\$0.4 million, representing 84.1% of Rasa Sayang's total liabilities.

Other payables and accruals relate mainly to amount due to the Target for a loan received to finance the acquisition of the Rasa Rasa Business.

As at 30 November 2018, the NTA attributable to owners of Rasa Sayang amounted to approximately S\$0.1 million.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or to comment on the Target Group's future profitability, growth prospects, financial positions and working capital sufficiency.

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4.3 Leases of properties to the Target Group

4.3.1 Lease of the Sungei Kadut Eating House from the Group to the Target Group

We note that Hawkerway leases the Sungei Kadut Eating House to the Target at a monthly rent of S\$48,000. We have been provided with a supplementary lease agreement dated 1 November 2018.

Upon Completion, from the Group's perspective, the lease of Sungei Kadut Eating House will be considered an inter-company transaction and eliminated upon consolidation of the Group's accounts. Accordingly, it will no longer be deemed as an interested person transaction.

4.3.2 Lease of 271 Property from Mr Pang Pok to the Target Group

We understand from the Company that on 27 February 2015, Hawkerway had sold the 271 Property to Mr Pang Pok for a consideration of S\$3.0 million, which was based on the open market value of the 271 Property then. Following the sale of 271 Property to Mr Pang Pok, the premises are leased to the Target, where the Target operates an eating house.

On 7 December 2018, the Target and Mr Pang Pok entered into a tenancy agreement pursuant to which the premises are leased to the Target at a monthly rental of S\$28,000, S\$29,000 and S\$30,000 for the first, second and third year of the lease term respectively ("**271 Property Lease**").

Upon Completion, pursuant to Chapter 9 of Catalist Rules, as Mr Pang Pok is the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, he is deemed as an interested person and accordingly, the lease between Mr Pang Pok and the Target Group will be deemed as an Interested Person Transaction.

As part of our evaluation of the Proposed Acquisition, we have also evaluated the terms of the 271 Property Lease on whether it is entered into on normal commercial terms and is prejudicial to the interests of the Company and its Minority Shareholders.

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5. SALIENT TERMS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in Section 4 of the Circular. A summary of the key terms of the Proposed Acquisition is set out below for your reference.

5.1 Purchase Consideration

The Purchase Consideration for the Proposed Acquisition is determined to be S\$3.6 million.

The Purchase Consideration was arrived at after arm's length negotiations, on a willing buyer willing seller basis, based on the Target's latest audited earnings of approximately S\$0.6 million for FY2017 and the expected earnings for FY2018, which will include earnings from the Rasa Rasa Business, being the new eating house the Target had acquired in April 2018.

The Purchase Consideration was also arrived at after taking into consideration: (i) the Target's net asset value as at 31 December 2017 of approximately S\$0.6 million, (ii) the Vendor's experience and expertise in the food and beverage industry, and (iii) the Group's plans to expand into the food and beverage business.

Accordingly, the Purchase Consideration values the 100.0% equity value of the Target Group at S\$3.6 million. There was no independent valuation conducted on the Target Group.

5.2 Settlement of the Purchase Consideration

As per Paragraph 1 above, the Purchase Consideration of S\$3.6 million is to be fully satisfied in the following manner:

- (i) 30.0% of the Purchase Consideration, being the sum of S\$1.08 million, in cash on Completion; and
- (ii) 70.0% of the Purchase Consideration, being the sum of S\$2.52 million, by way of the issuance and allotment of 14.0 million Consideration Shares on or about Completion.

The Consideration Shares when issued and allotted will be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights allotments or other distribution (if any) the record date of in respect of which falls on or before the date of issue of the Consideration Shares, as the case may be.

Issue Price of the Consideration Shares

Pursuant to the SPA, the Issue Price for each Consideration Share is S\$0.18 per Consideration Share. The Issue Price is equivalent to the VWAP of S\$0.18 per Share for trades done on the SGX-ST on 14 December 2018, being the last full market day preceding the date of the SPA.

As at the Latest Practicable Date, the Company had an issued and paid-up share capital comprising 140,020,000 Shares. Based on the total number of issued Shares, the 14.0 million Consideration Shares represent approximately 10.0% of the existing issued Shares and 9.1% of the enlarged issued Shares after Completion.

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Source of funds

The cash portion of the Proposed Acquisition will be funded by, among others, internal and/or external sources of funds (including but not limited to proceeds from the Proposed Placement) and the remaining by the allotment and issuance of the Consideration Shares.

We further note from Section 9.9 of the Circular that the Company intends to use approximately 80.0% of the proceeds from the Proposed Placement to acquire companies and/or assets in the food and beverage business.

5.3 Conditions Precedent and Additional Listing Application

The Completion is subject to certain conditions precedent, which have been set out in Section 4.5.3 of the Circular.

The details of the additional listing application have been set out in Section 13 of the Circular. Shareholders should take note of further announcements to be made by the Group on the listing and quotation of the Consideration Shares.

5.4 271 Property Lease

Following the Proposed Acquisition, the 271 Property Lease will be an interested person transaction going forward. The salient terms of the 271 Property Lease are summarised as follows:

Size of coffeeshop / eating house:	351.0 sqm + 84.0 sqm (outdoor refreshment area)
Rental per month:	(i) S\$28,000 for the first year; (ii) S\$29,000 for the second year; and (iii) S\$30,000 for the third year of the lease term
Lease term and renewal option (years):	3 years + 3 years (option to renew)
Revised rental upon renewal:	Increase in rent shall be limited to a sum not exceeding 20.0% of S\$30,000 as may be agreed between the parties
Security deposit (months):	S\$28,000 (1 month)
Interest rate on late rental payment:	5.0% per annum

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5.5 Other Corporate Actions

As at the Latest Practicable Date, the First Tranche Marvel Placement (as defined below) and Chong Placement (as defined below) had been completed. Further details on the Corporate Actions are summarised below.

5.5.1 Proposed Placement

The Company entered into a placement agreement with each of Marvel Earn Limited ("**Marvel**") ("**Marvel Placement**") and Chong Paw Long, the Financial Controller of the Company ("**Chong**") (collectively, "**Placees**") ("**Chong Placement**"), pursuant to which the Company had agreed to issue and allot up to an aggregate of 26,675,555 Placement Shares at a placement price of S\$0.18 per Placement Share ("**Placement Price**") to the Placees.

As set out in Section 9.1 of the Circular, the 25,555,555 Placement Shares to Marvel are to be issued and allotted in two (2) tranches as follows:

- (i) 6.9 million Shares to be issued and allotted under the first tranche ("**First Tranche Marvel Placement**"); and
- (ii) 18,655,555 Shares to be issued and allotted under the second tranche ("**Second Tranche Marvel Placement**").

The Company had on 2 January 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation of: (i) 6.9 million First Tranche Marvel Placement Shares; and (ii) 1.12 million Chong Placement Shares.

The First Tranche Marvel Placement and Chong Placement was completed on 7 January 2019. The issuance and allotment of Placement Shares pursuant to the First Tranche Marvel Placement and Chong Placement had raised gross proceeds of approximately S\$1.4 million.

The Second Tranche Marvel Placement would be subject to the Company obtaining specific Shareholders' approval for: (i) the allotment and issuance of the Placement Shares; and (ii) the potential transfer of controlling interest to Marvel, both of which are inter-conditional upon the other.

5.5.2 Proposed Placement Introducer Warrants Issue

Pursuant to the Proposed Placement, the Company announced that it shall issue and allot 20.0 million Placement Introducer Warrants to Alto Vencap Pte. Ltd ("**Introducer**") at an exercise price of S\$0.18 for each Placement Warrant Share ("**Placement Warrant Exercise Price**") for the introductory services provided by the Introducer with regards to the Marvel Placement.

As set out in Sections 11.7 and 11.8 of the Circular, the Proposed Placement Introducer Warrants Issue would be subject to the Company obtaining specific Shareholders' approval for: (i) the allotment and issuance of the Placement Introducer Warrants; and (ii) the potential transfer of controlling interest to the Introducer, both of which are inter-conditional upon the other.

5.5.3 Proposed CL and Proposed CL Warrants Issue

We understand from the Company that the Proposed CL and Proposed CL Warrants Issue will take place immediately after the Proposed Acquisition. Details of the Proposed CL and Proposed CL Warrants Issue are set out in Sections 10 and 11 of the Circular respectively.

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6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Acquisition;
- (b) Financial assessment of the Purchase Consideration of the Proposed Acquisition;
- (c) Financial assessment of the Issue Price of the Consideration Shares;
- (d) Assessment of the 271 Property Lease;
- (e) Financial effects of the Proposed Acquisition; and
- (f) Other relevant considerations in relation to the Proposed Acquisition.

6.1 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition which has been set out in Section 4.4 of the Circular is extracted and reproduced in italics below:

“4.4 Rationale for and benefits of the Proposed Acquisition

The Proposed Acquisition is an acquisition opportunity that the Board believes will enhance value for the Shareholders. The Proposed Acquisition will provide an opportunity for the Company to expand the Group’s presence in the F&B industry beyond its existing dishware washing and cleaning related business, which currently focuses on the cleaning needs in the F&B industry in Singapore. The Proposed Acquisition will enable the Company to enhance Shareholders’ value and generate further investor interest in the Shares. Hence, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and the Shareholders.”

6.2 Financial assessment of the Purchase Consideration of the Proposed Acquisition

The Purchase Consideration for the Proposed Acquisition is determined to be S\$3.6 million. As mentioned in Paragraph 4.1 of this Letter, the Consideration was arrived at after arm’s length negotiations and on a willing buyer willing seller basis taking into consideration various commercial factors, such as the value of the Target assessed by the Company.

In assessing the Consideration, we have considered the Purchase Consideration *vis-à-vis* comparable companies of the Target Group. We have attempted to compare various valuations of the Target Group implied by the Purchase Consideration with those of selected public listed companies on the SGX-ST which are broadly comparable to the Target Group and are engaged in, *inter alia*, the business of the provision of food and beverage services (“**Comparable Companies**”).

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there are no companies listed on the SGX-ST or other stock exchanges which we may consider to be identical to the Target Group in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Comparable Companies merely serves as an illustrative market valuation of the Target Group as at the Latest Practicable Date.

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In our evaluation, we have considered the following widely used valuation measures:

Valuation Ratio	Description
Price-to-Earnings ("PE")	<p>PE ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation charges.</p>
P/NTA	<p>NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.</p> <p>P/NTA refers to the ratio of a company's share price divided by NTA per share. The P/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p>
Enterprise Value- to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA")	<p>EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>

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A brief description of the Comparable Companies listed on the SGX-ST is set out as follows:

Comparable Companies	Business Activity Description	Financial Year End
BreadTalk Group Limited ("BreadTalk")	BreadTalk is an investment holding company that engages in the provision of management services in the bakery, food, and restaurant businesses. The company, through its subsidiaries, manufactures and retails a variety of food, bakery, and confectionery products. The group also offers franchising opportunities and operates internationally.	31 December 2017
Kimly Limited ("Kimly")	Kimly operates and manages coffee shops and food courts. The company offers prepared foods and drinks for on-premise consumption. Kimly also serves customers in Singapore.	30 September 2018
Koufu Group Limited ("Koufu")	Koufu operates as an investment holding company. The company, through its subsidiaries, owns and manages food and beverage outlets including food courts and stalls, coffee shops, hawker center, and commercial malls. The group also serves customers in Singapore and Macau.	31 December 2017
Jumbo Group Limited ("Jumbo")	Jumbo is a seafood restaurant group offering multiple dining concepts catering to all types of consumers. The company offers restaurants in Singapore, China, and Japan.	30 September 2018
ABR Holdings Limited ("ABR")	ABR manufactures ice cream and operates Swensen's ice cream parlors and restaurants and other specialty restaurants. The company also manufactures and sells confectionery and pastry products, operates pubs, discotheques, and restaurants.	31 December 2017
Japan Foods Holding Ltd. ("Japan Foods")	Japan Foods operates Japanese restaurants in Singapore, Malaysia, and Indonesia. The company franchises some of its restaurants in Malaysia and Indonesia, and serves fried rice and pan-fried noodles.	31 March 2018
RE&S Holdings Limited ("RE&S")	RE&S offers multi-brand dining concepts catering to different types of consumers. The company provides customers with Japanese cuisine and dining experiences in Singapore and Malaysia.	30 June 2018
Katrina Group Ltd. ("Katrina")	Katrina owns and operates restaurants. The company offers its products and services through company owned restaurants throughout Asia.	31 December 2017
Soup Restaurant Group Limited ("Soup Restaurant")	Soup Restaurant operates a chain of restaurants in Singapore.	31 December 2017

Source: Bloomberg L.P.

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Comparable Companies

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Comparable Companies	Market Capitalisation (S\$ million)	PE ⁽¹⁾ (times)	P/NTA ⁽²⁾ (times)	EV/EBITDA ⁽³⁾ (times)
BreadTalk	492.9	43.4	2.9	8.7
Koufu	352.5	14.5	3.9	7.5
Kimly	282.9	12.9	3.6	7.6
Jumbo	256.4	23.3	4.0	11.5
ABR	151.8	36.0	1.9	10.3
Japan Foods	78.1	15.6	2.3	5.5
RE&S	74.3	20.7	2.0	4.9
Soup Restaurant	47.6	18.1	4.5	8.5
Katrina	46.1	64.4	3.4	12.1
High		64.4	4.5	12.1
Low		12.9	1.9	4.9
Mean		27.7	3.2	8.5
Median		20.7	3.4	8.5
Target Group		6.0 (Historical FY2017)		4.2 (Historical FY2017)
		17.2 (Adjusted FY2017)		10.6 (Adjusted FY2017)
		7.1 (Adjusted AFY2018)	5.0 (as at 30 November 2018)	4.9 (Adjusted AFY2018)

Sources: Bloomberg L.P., annual reports and announcements of the Comparable Companies and RHTC calculations

Notes:

- (1) The PE ratios of the Comparable Companies are calculated based on their respective published latest full year earnings or trailing twelve (12) months ("T12M") earnings, where applicable, as at the Latest Practicable Date. In respect of the Target Group, its PE ratios are calculated based on the Purchase Consideration of S\$3.6 million and the Target Group's historical FY2017 earnings of S\$0.6 million, adjusted FY2017 earnings of S\$0.2 million and adjusted AFY2018 earnings of S\$0.5 million.
- (2) The P/NTA ratios of the Comparable Companies are calculated based on their respective NTA values as set out in their latest published financial statements as at the Latest Practicable Date. In respect of the Target Group, its P/NTA ratio is calculated based on its NTA of S\$0.7 million.
- (3) The EV/EBITDA ratios of the Comparable Companies are calculated based on their respective published latest full year EBITDA and balance sheet items or their T12M EBITDA and interim balance sheet items, where applicable, as at the Latest Practicable Date. In respect of the Target Group, its EV/EBITDA ratios are calculated based on its historical FY2017 EBITDA of S\$0.7 million, adjusted FY2017 EBITDA of S\$0.3 million and adjusted AFY2018 EBITDA of S\$0.7 million. The Target Group's EV of S\$2.7 million, S\$2.7 million and S\$3.3 million, corresponding to periods as at historical FY2017, adjusted FY2017 and adjusted AFY2018 respectively, is calculated based on the Purchase Consideration of S\$3.6 million, add borrowings (where applicable) and less cash and cash equivalents as at the respective period ends.

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Based on the above, we observe that:

Based on the historical FY2017 earnings;

- (a) The PE ratio of the Target Group of 6.0 times is below the range of the PE ratios of the Comparable Companies; and
- (b) The EV/EBITDA ratio of the Target Group of 4.2 times is below the range of the EV/EBITDA ratios of the Comparable Companies,

Based on the adjusted FY2017 earnings;

- (a) The PE ratio of the Target Group of 17.2 times is within the range of the PE ratios of the Comparable Companies but is below the mean and median PE ratios of 27.7 and 20.7 respectively; and
- (b) The EV/EBITDA ratio of the Target Group of 10.6 times is within the range of the EV/EBITDA ratios of the Comparable Companies and is above the mean and median EV/EBITDA ratios of 8.5 and 8.5 respectively,

Based on the adjusted AFY2018 earnings;

- (a) The PE ratio of the Target Group of 7.1 times is below the range of the PE ratios of the Comparable Companies;
- (b) The P/NTA ratio of the Target Group as at 30 November 2018 of 5.0 times is above the range of the P/NTA ratios of the Comparable Companies; and
- (c) The EV/EBITDA ratio of the Target Group of 4.9 times is at the low end of the range of the EV/EBITDA ratios of the Comparable Companies.

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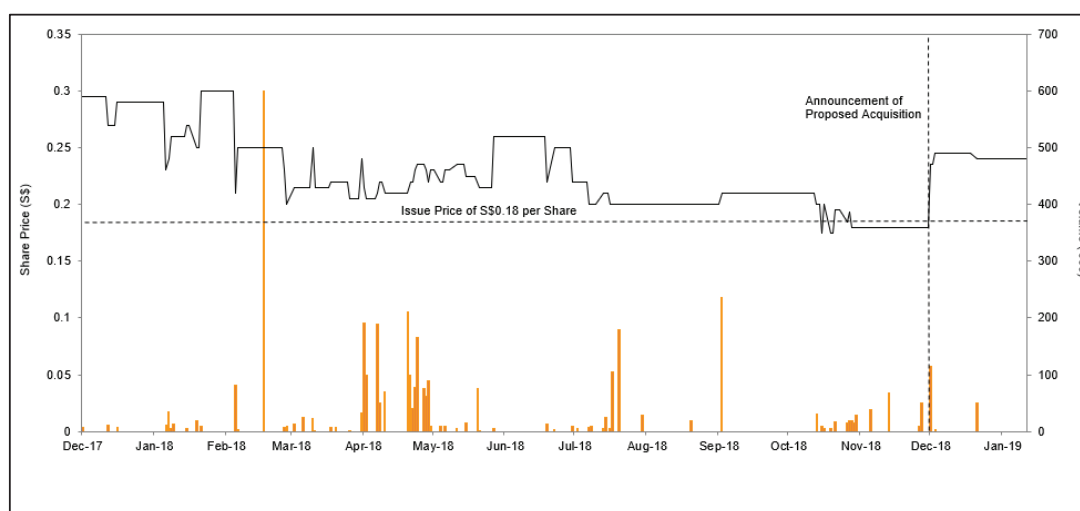
6.3 Financial assessment of the Issue Price of the Consideration Shares

As per Paragraph 4.2 above, the Purchase Consideration is to be satisfied by the issuance and allotment of 14.0 million Consideration Shares to the Vendor at the Issue Price of S\$0.18 per Consideration Share upon Completion. In assessing the Issue Price, we have considered the market quotation and trading activity of the Company.

6.3.1 Market statistics

We set out below a historical chart on the prices and trading volume of the Shares for the period commencing from 18 December 2017 (being one (1) year prior to the Announcement Date) and ending on the Latest Practicable Date (“**Period Under Review**”).

Price and traded volume of the Shares for the Period Under Review



Sources: Bloomberg L.P. and the Company's announcements

We note that the Share price had traded within a range of S\$0.175 to S\$0.300 during the Period Under Review and is on a decreasing trend prior to the Announcement Date.

The Issue Price per Consideration Share is equivalent to the VWAP of S\$0.18 for each Share based on trades done on the SGX-ST on 14 December 2018, being the last full market day preceding the date of the SPA.

We note that following the release of the Announcement, the Share price increased by 30.6%, from S\$0.180 to S\$0.235 for closing price on 17 December 2018 and 18 December 2018 respectively. The Issue Price represents a discount of 25.0% over the Share price of S\$0.24 as at the Latest Practicable Date.

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In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	VWAP ⁽¹⁾	Premium / (discount) of the Issue Price over / (to) VWAP	Lowest transacted price	Highest transacted price	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(\$)	(%)	(\$)	(\$)	('000)	(%)
Prior to the Announcement						
1 month	0.179	0.6	0.129	0.180	42	0.1
3 month	0.193	(6.7)	0.129	0.210	38	0.1
6 month	0.197	(8.6)	0.129	0.250	35	0.1
1 year	0.211	(14.7)	0.129	0.300	40	0.1
14 December 2018, being the last trading date of the Shares prior to the Announcement	0.180	0.0	0.180	0.180	50	0.1
After the Announcement and up to the Latest Practicable Date						
After the Announcement and up to the Latest Practicable Date	0.210	(14.3)	0.195	0.245	56	0.1
7 January 2019, being the last market day the Shares were last traded as at the Latest Practicable Date	0.240	(25.0)	0.240	0.240	50	0.1

Source: Bloomberg L.P.

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, and substantial Shareholders of the Company and amounts to approximately 41.8 million Shares as at the Latest Practicable Date.

Based on the above, we observe that:

- (a) the Issue Price of S\$0.18 is the last transacted price of the Shares prior to the release of the Announcement on 17 December 2018 and is equivalent to the VWAP of the Shares of S\$0.18 on 14 December 2018;
- (b) the Issue Price represents a premium of 0.6% and a discount of 6.7%, 8.6% and 14.7% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
- (c) the Issue Price represents a discount of 14.3% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Issue Price represents a discount of 25.0% to the last traded price of the Shares of S\$0.24;

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- (e) during the period from 18 December 2017 up to the Announcement Date, the Shares were traded on 71 market days or 27.2% of the total market days. The total number of Shares traded during this period was approximately 2.9 million Shares with an average daily trading volume of 0.04 million Shares, representing 0.1% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on three (3) market days or 10.0% of the total market days. The total number of Shares traded during this period was approximately 0.2 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float.

We recommend the Independent Directors to advise the Independent Shareholders to note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Shareholders should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

6.3.2 NTA per Share of the Company

As set out in Paragraph 3.2 above, we note that the NTA of the Company comprises mainly property, plant and equipment and investment properties. Based on the NTA of the Company of S\$1.9 million as at 30 June 2018 and based on 140,020,000 outstanding Shares as at the Latest Practicable Date, the NTA per Share of the Company as at 30 June 2018 was approximately S\$0.013.

Accordingly, we note that the Issue Price of S\$0.18 represents a substantial premium of approximately 1,284.6% over the Company's NTA per Share of S\$0.013 as at 30 June 2018.

The above computation and analysis is meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated by the NTA and is realisable or distributable to the Shareholders.

6.4 Assessment of the 271 Property Lease

In assessing the 271 Property Lease, we have considered the following:

- (i) Independent Valuation of the market rental for the 271 Property; and
- (ii) Market comparison of the key terms of the 271 Property Lease.

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6.4.1 Independent Valuation of the market rental for the 271 Property

In relation to the above, the Company had commissioned PREMAS Valuers & Property Consultants Pte Ltd to undertake an independent valuation of the open market rental value of the 271 Property as at the Valuation Date, being 18 December 2018. The Rental Valuation Report is set out in Appendix B to the Circular.

Basis and assumptions of valuation

The 271 Property Lease was valued in accordance with the following:

- (a) fixed term lease of 3+3 years;
- (b) only the original as provided by the Landlord before the commencement of the tenancy entered into between the Landlord and existing Tenant is taken into account;
- (c) the Landlord shall bear the cost of maintaining the building structure only;
- (d) the Landlord shall be responsible for the Property Tax (if applicable);
- (e) the open market rental value excludes service and conservancy charges, the ORA licence fee and GST;
- (f) the utilities to be disregarded in the valuation; and
- (g) the rental rebates (if any) and the prevailing GST to be disregarded in the valuation.

Method of valuation

The Valuer had adopted the direct comparison method – recent asking or established rents of comparable properties have been taken into consideration and appropriate adjustments made to reflect the differences in their location, tenure, age, size, layout, condition, exposure to shoppers' traffic and standard of finishes amongst other factors.

The Directors and Management have confirmed to us that they have made due and careful enquires with respect to the assumptions underlying the rental valuation prepared by the Valuer to value the open market rental value of the property.

We note that the present monthly rental of S\$28,000 is below the recommended net rental of S\$33,000 per month ("**Market Rental**") and is at a discount of 15.2% from the Market Rental. The monthly rental for the second and third year of the lease term, being S\$29,000 and S\$30,000 respectively, are also below the Market Rental and are at a discount of 12.1% and 9.1% from the Market Rental respectively.

A further term of three (3) years from the expiration of the lease agreement will be subject to rent as may be agreed between the parties, provided that any increase in rent is limited to a sum not exceeding 20.0% of S\$30,000. We understand from Management that a revised valuation will be commissioned and taken into consideration in arriving at the rental renewal after the expiration of the lease agreement.

We recommend the Independent Directors to advise the Independent Shareholders to read the Rental Valuation Report carefully, in particular the terms of reference, key assumptions and critical factors.

APPENDIX A – IFA LETTER

6.4.2 Market comparison of the key terms of the 271 Property Lease

For the purpose of our evaluation of the key terms of the 271 Property Lease, we have also compared them with: (i) other leases within the Group; and (ii) publicly available information on leases of comparable properties (“Comparable Leases”).

We wish to highlight that the list of Comparable Leases is not exhaustive and the terms of each lease may be dependent on various factors, including, *inter alia*, the age, size and condition of the property. Accordingly, any comparison made with respect to the Comparable Leases is intended to serve as an illustrative guide only.

We have looked at key lease terms such as: (i) lease term and renewal option (if any); (ii) revised rent upon renewal; (iii) security deposits; and (iv) interest rate on late rental payment, for the purpose of making the comparison. We note that all the key terms of the 271 Property Lease are similar to the lease terms of the Comparable Leases.

6.4.3 Conclusion

Accordingly, taking into consideration Paragraphs 6.4.1 and 6.4.2 of this Letter above, we are of the opinion that the 271 Property Lease is on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders.

6.5 Financial effects of the Proposed Acquisition

Based on the sequence of completion of the Corporate Actions, the financial effects below have been prepared based on Scenario B set out in Section 12.1.3 of the Circular. Scenario B states the financial effects which are derived after:

- (i) issuance of 18,655,555 Second Tranche Marvel Placement Shares to Marvel; and
- (ii) completion of the Proposed Acquisition, and issuance of 14.0 million Consideration Shares pursuant to the Completion of the Proposed Acquisition.

We recommend the Independent Directors to advise the Shareholders to read Section 12 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Acquisition.

- (i) Share capital – the number of issued Shares and the issued share capital of the Company will increase from 140,020,000 Shares to 172,675,555 Shares due to the issuance of 18,655,555 Second Tranche Marvel Placement Shares and 14.0 million Consideration Shares;
- (ii) Loss per Share – the results of the Group will improve from a net loss attributable to Shareholders of S\$3.8 million to S\$3.2 million for FY2017, arising from the positive contributions to the Group’s earnings by the Target Group, as the Target Group’s results would be consolidated into the Group’s results by virtue of it being a subsidiary. Accordingly, loss per Share will decrease from negative 2.75 cents per Share to 1.88 cents per Share; and
- (iii) NTA per Share – the NTA of the Group will increase from S\$4.5 million to S\$7.4 million due to the inclusion of the proportionate NTA of the Target Group following the Completion. Accordingly, NTA per Share of the Group will increase from approximately 3.25 cents per Share to 4.30 cents per Share following the Completion.

APPENDIX A – IFA LETTER

6.6 Other relevant considerations in relation to the Proposed Acquisition

6.6.1 Issue Price of the Consideration Shares versus other Corporate Actions

We further note that the Issue Price of S\$0.18 per Consideration Share is equivalent to (i) the Placement Price of the Proposed Placement; (ii) the Placement Warrant Exercise Price of the Placement Introducer Warrants; (iii) the Conversion Price of the Proposed CL; and (iv) the CL Warrant Exercise Price of the CL Introducer Warrants.

As the Corporate Actions collectively involve third parties who are neither related to Mr Pang Pok nor the Vendor, the Issue Price signifies a price that is acceptable to unrelated investors who are willing to transact with and/or invest in the Company.

6.6.2 Unaudited HY2018 results announcement

We wish to highlight the following commentary on the Group's business environment made by the Company in its announcement of the financial results for HY2018:

"The Group has commenced operations at the leased Centralised Dishwashing Facility at Changi Airport in October 2017. With the recent opening of Terminal 4 and soon-to-be completed Jewel project, we expect to improve revenue contribution from our Changi Airport facility in the second half of 2018 and 2019.

Nevertheless, the Group's performance of the financial year ending 31 December 2018 to continue to be markedly affected by the continuous competitive market environment. To remain competitive, the Group will continue to implement cost-control measures and improving work flow processes, manpower utilisation and information technology applications in order to increase productivity, efficiency and lower operating costs.

The Group is also currently exploring and evaluating other business opportunities to complement its existing business so as to enhance shareholders' value in the long term."

6.6.3 Risk profile of the Company

As the Proposed Acquisition involves the acquisition of a 100.0% stake in the Target whose core business is in the food and beverage business, the Proposed Acquisition will further expand the Group's involvement in the food and beverage business such that the risk profile of the Group may change upon the completion of the Proposed Acquisition. Accordingly, the Group is also seeking Shareholders' approval for the potential change in risk profile of the Group. Please refer to Section 2 of the Circular.

Notwithstanding, in pursuit of the Group's growth strategy and to improve Shareholders' value, the Group has identified the business of the Target to be a suitable segment to diversify into. The Proposed Acquisition is a strategic move for the Group as the Group currently has access (albeit limited) to the food and beverage industry and will therefore further complement the existing core business of the Group i.e., provision of dishware washing and cleaning services to the food and beverage industry. Expansion into the food and beverage business through the Proposed Acquisition offers potential synergies to the Group.

APPENDIX A – IFA LETTER

6.6.4 Continuity of the Target's management

We note that the Vendor is presently the sole director and shareholder of the Target. She has been responsible for the overall management, strategic planning and business development of the Target Group. Upon completion of the Proposed Acquisition, she will continue to fulfil her responsibilities in the Target Group. Pursuant to the Proposed Acquisition, we note that the Vendor will be receiving 14.0 million Shares, representing 70.0% of the Purchase Consideration. Immediately after the Proposed Placement and Proposed Acquisition, the Vendor will hold 8.11% of the enlarged share capital of the Company and thus there would be an alignment of interests between the Vendor and Shareholders going forward. Mr Pang Pok will also be deemed to be interested in such Shares held by the Vendor as the Vendor is Mr Pang Pok's spouse.

We further note that upon the completion of the Corporate Actions set out in Paragraph 1 of this Letter, the Vendor's shareholdings will be diluted from 8.11% to 4.43%.

6.6.5 No change in single largest shareholder

As set out above in our Letter, Mr Pang Pok is currently the single largest shareholder of the Company and owns 98,190,000 Shares, representing approximately 70.13% of the total number of issued Shares as at the Latest Practicable Date. Following completion of the Proposed Placement and Proposed Acquisition, Mr Pang Pok will also be deemed to be interested in such Shares held by the Vendor as the Vendor is Mr Pang Pok's spouse. Accordingly, Mr Pang Pok will have in aggregate, a direct and deemed interest in 112,190,000 Shares, representing a shareholding interest of approximately 64.97% of the total issued Shares.

Accordingly, there will be no change in the single largest shareholder of the Company after Completion.

We further note that upon the completion of the Corporate Actions set out in Paragraph 1 of this Letter, Mr Pang Pok's shareholdings will be diluted from 64.97% to 35.46%. Mr Pang Pok will still continue to be the single largest shareholder in the Company.

APPENDIX A – IFA LETTER

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Acquisition, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) the rationale for the Proposed Acquisition;
- (ii) financial assessment of the Purchase Consideration of the Proposed Acquisition:

Based on the historical FY2017 earnings;

- (a) The PE ratio of the Target Group of 6.0 times is below the range of the PE ratios of the Comparable Companies; and
- (b) The EV/EBITDA ratio of the Target Group of 4.2 times is below the range of the EV/EBITDA ratios of the Comparable Companies,

Based on the adjusted FY2017 earnings;

- (a) The PE ratio of the Target Group of 17.2 times is within the range of the PE ratios of the Comparable Companies but is below the mean and median PE ratios of 27.7 and 20.7 respectively; and
- (b) The EV/EBITDA ratio of the Target Group of 10.6 times is within the range of the EV/EBITDA ratios of the Comparable Companies and is above the mean and median EV/EBITDA ratios of 8.5 and 8.5 respectively,

Based on the adjusted AFY2018 earnings;

- (a) The PE ratio of the Target Group of 7.1 times is below the range of the PE ratios of the Comparable Companies;
- (b) The P/NTA ratio of the Target Group as at 30 November 2018 of 5.0 times is above the range of the P/NTA ratios of the Comparable Companies; and
- (c) The EV/EBITDA ratio of the Target Group of 4.9 times is at the low end of the range of the EV/EBITDA ratios of the Comparable Companies,

- (iii) financial assessment of the Issue Price of the Consideration Shares:

Market statistics

- (a) the Issue Price of S\$0.18 is the last transacted price of the Shares prior to the release of the Announcement on 17 December 2018 and is equivalent to the VWAP of the Shares of S\$0.18 on 14 December 2018;
- (b) the Issue Price represents a premium of 0.6% and a discount of 6.7%, 8.6% and 14.7% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
- (c) the Issue Price represents a discount of 14.3% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Issue Price represents a discount of 25.0% to the last traded price of the Shares of S\$0.24;

APPENDIX A – IFA LETTER

- (e) during the period from 18 December 2017 up to the Announcement Date, the Shares were traded on 71 market days or 27.2% of the total market days. The total number of Shares traded during this period was approximately 2.9 million Shares with an average daily trading volume of 0.04 million Shares, representing 0.1% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on three (3) market days or 10.0% of the total market days. The total number of Shares traded during this period was approximately 0.2 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float,

NTA per Share of the Company

The Issue Price of S\$0.18 represents a substantial premium of approximately 1,284.6% over the Company's NTA per Share of S\$0.013 as at 30 June 2018,

- (iv) assessment of the 271 Property Lease:
 - (a) the present monthly rental of S\$28,000 is below the Market Rental of S\$33,000 per month and is at a discount of 15.2% from the Market Rental. The monthly rental for the second and third year of the lease term, being S\$29,000 and S\$30,000 respectively, are also below the Market Rental and are at a discount of 12.1% and 9.1% from the Market Rental respectively; and
 - (b) all the key terms of the 271 Property Lease are similar to the lease terms of the Comparable Leases,
- (v) the financial effects of the Proposed Acquisition; and
- (vi) other relevant considerations as set out in Paragraph 6.6 of this Letter, namely: Issue Price of the Consideration Shares versus other Corporate Actions; the unaudited HY2018 results announcement; the risk profile of the Company; continuity of the Target's management; and no change in single largest shareholder.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Minority Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Acquisition. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group.

APPENDIX A – IFA LETTER

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Acquisition. The recommendation made by them to the Minority Shareholders in relation to the Proposed Acquisition shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

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APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

31 December 2018

GS Holdings Limited
8 Loyang Way 4
Singapore 507604

Dear Sir

DESKTOP RENTAL VALUATION REPORT FOR BLK 271 BUKIT BATOK EAST AVENUE 4 #01-160 SINGAPORE 650271

- 1 We thank you for your instructions to conduct a Desktop Rental valuation of the subject property *as at 18 December 2018* which was valued by us for formal valuation on 20 June 2018 (Refer to Annex A).
- 2 In accordance with your instructions, we are not required to re-inspect the property or make any legal searches/ further investigations for the purpose of this Desktop valuation. We have assumed that there has been no material change in the property and to the surroundings since our last valuation.
- 3 Brief details of the subject property as extracted from our previous valuation report are as follows :-

Type of Property : A 1st storey HDB coffeeshop with living quarters within a part 8/ part 10-storey HDB block.

Tenure : Leasehold 30 years commencing from 01 December 1997

Floor Area (According to Strata Plan No HBST 31955C)	1st Storey	: 287.0 sq m
	2nd Storey	: 64.0 sq m
	Total	: <u>351.0 sq m (approx. 3,778 sq ft)</u>

Finishes & Improvements : Floors - Generally homogeneous tiles/ ceramic tiles/ cement screed.

Walls - Generally cement plastered and emulsion painted/ glazed tiles.

Ceilings - Generally cement plastered and emulsion painted/ false ceilings.

Improvements - Split-unit air-conditioning system; ceiling fans; built-in decorative timber wall panels/ dining tables and benches; smoke exhaust hoods/ grease trap; instant hot water heater/ centralised hot water system.

APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

31 December 2018

GS Holdings Limited
8 Loyang Way 4
Singapore 507604

Page 2

Accommodation : 1st storey (Coffeshop)
7 cooked-food stalls with attached kitchens, 1 drinks stall, dining area, dish & hand wash areas, 2 stores and 3 toilets.

In addition, an outdoor refreshment area of 84 sq m (as furnished) is provided on spaces along the public walkway fronting the subject property under a licence agreement granted by the relevant authority.

2nd storey (Living quarters)
Living quarters comprising living, master bedroom with attached bathroom, another bedroom, store, kitchen and common bathroom.

Basis and Assumptions of Valuation : The subject property is valued in accordance with the following:

- (a) a fixed term lease of 3+3 years;
- (b) only the original condition as provided by the Landlord before the commencement of the tenancy entered into between the Landlord and existing Tenant is taken into account;
- (c) the Landlord shall bear the cost of maintaining the building structure only;
- (d) the Landlord shall be responsible for the Property Tax (if applicable);
- (e) the open market rental value excludes service and conservancy charges, the ORA licence fee and GST;
- (f) the utilities to be disregarded in the valuation; and
- (g) the rental rebates (if any) and prevailing GST to be disregarded in the valuation.

APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

31 December 2018

GS Holdings Limited
8 Loyang Way 4
Singapore 507604

Page 3

- Method of Valuation** : Direct Comparison Method - Recent asking or established rents of comparable properties have been taken into consideration and appropriate adjustments made to reflect the differences in their location, tenure, age, size, layout, condition, exposure to shoppers' traffic and standard of finishes amongst other factors.
4. **Date of Valuation** : 18 December 2018
5. **Recommended Net Rental** : **S\$33,000/-** per month or **S\$8.73 per sq ft per month over**
(exclude service charge) **the total floor area of 351.0 sq m (approx. 3,778 sq ft)**



Chris Png Chee Kee (Ms), Associate Director
Appraiser's License No.: AD041-2009296I
For and on behalf of
PREMAS Valuers & Property Consultants Pte Ltd
DID: 6876 6346 FAX: 6876 6493

Encl.

Annex A

This valuation report is subject to the attached Terms and Conditions.

APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

Annex A

GS Holdings Limited
8 Loyang Way 4
Singapore 507604

RENTAL VALUATION REPORT PREPARED FOR GS Holdings Limited

We thank you for your instruction to advise on the Open Market Rental Value of a HDB coffeeshop. Pursuant to your instructions, we have inspected the subject property and are pleased to report as follows:

Property Address	:	Block 271 Bukit Batok East Avenue 4 #01-160, Singapore 650271												
Property Type	:	A 1 st storey HDB coffeeshop with living quarters within a part 8/ part 10-storey HDB block.												
Tenure	:	Leasehold 30 years commencing from 01 December 1997.												
Floor Area (According to Strata Plan No HBST 31955C)	:	<table><tr><td>1st Storey</td><td>:</td><td>287.0 sq m</td></tr><tr><td>2nd Storey</td><td>:</td><td>64.0 sq m</td></tr><tr><td>Total</td><td>:</td><td><u>351.0 sq m (approx. 3,778 sq ft)</u></td></tr></table>	1 st Storey	:	287.0 sq m	2 nd Storey	:	64.0 sq m	Total	:	<u>351.0 sq m (approx. 3,778 sq ft)</u>			
1 st Storey	:	287.0 sq m												
2 nd Storey	:	64.0 sq m												
Total	:	<u>351.0 sq m (approx. 3,778 sq ft)</u>												
Finishes & Improvements	:	<table><tr><td>Floors</td><td>-</td><td>Generally homogeneous tiles/ ceramic tiles/ cement screed.</td></tr><tr><td>Walls</td><td>-</td><td>Generally cement plastered and emulsion painted/ glazed tiles.</td></tr><tr><td>Ceilings</td><td>-</td><td>Generally cement plastered and emulsion painted/ false ceilings.</td></tr><tr><td>Improvements</td><td>-</td><td>Split-unit air-conditioning system; ceiling fans; built-in decorative timber wall panels/ dining tables and benches; smoke exhaust hoods/ grease trap; instant hot water heater/ centralised hot water system.</td></tr></table>	Floors	-	Generally homogeneous tiles/ ceramic tiles/ cement screed.	Walls	-	Generally cement plastered and emulsion painted/ glazed tiles.	Ceilings	-	Generally cement plastered and emulsion painted/ false ceilings.	Improvements	-	Split-unit air-conditioning system; ceiling fans; built-in decorative timber wall panels/ dining tables and benches; smoke exhaust hoods/ grease trap; instant hot water heater/ centralised hot water system.
Floors	-	Generally homogeneous tiles/ ceramic tiles/ cement screed.												
Walls	-	Generally cement plastered and emulsion painted/ glazed tiles.												
Ceilings	-	Generally cement plastered and emulsion painted/ false ceilings.												
Improvements	-	Split-unit air-conditioning system; ceiling fans; built-in decorative timber wall panels/ dining tables and benches; smoke exhaust hoods/ grease trap; instant hot water heater/ centralised hot water system.												
Accommodation	:	<table><tr><td>1st storey (Coffeeshop)</td><td>:</td><td>7 cooked-food stalls with attached kitchens, 1 drinks stall, dining area, dish & hand wash areas, 2 stores and 3 toilets. In addition, an outdoor refreshment area of 84 sq m (as furnished) is provided on spaces along the public walkway fronting the subject property under a licence agreement granted by the relevant authority.</td></tr><tr><td>2nd Storey (Living Quarters)</td><td>:</td><td>Living quarters comprising living, master bedroom with attached bathroom, another bedroom, store, kitchen and common bathroom.</td></tr></table>	1st storey (Coffeeshop)	:	7 cooked-food stalls with attached kitchens, 1 drinks stall, dining area, dish & hand wash areas, 2 stores and 3 toilets. In addition, an outdoor refreshment area of 84 sq m (as furnished) is provided on spaces along the public walkway fronting the subject property under a licence agreement granted by the relevant authority.	2nd Storey (Living Quarters)	:	Living quarters comprising living, master bedroom with attached bathroom, another bedroom, store, kitchen and common bathroom.						
1st storey (Coffeeshop)	:	7 cooked-food stalls with attached kitchens, 1 drinks stall, dining area, dish & hand wash areas, 2 stores and 3 toilets. In addition, an outdoor refreshment area of 84 sq m (as furnished) is provided on spaces along the public walkway fronting the subject property under a licence agreement granted by the relevant authority.												
2nd Storey (Living Quarters)	:	Living quarters comprising living, master bedroom with attached bathroom, another bedroom, store, kitchen and common bathroom.												

APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

- Basis and Assumptions of Valuation** : The subject property is valued in accordance with the following:
- (a) a fixed term lease of 3+3 years;
 - (b) only the original condition as provided by the Landlord before the commencement of the tenancy entered into between the Landlord and existing Tenant is taken into account;
 - (c) the Landlord shall bear the cost of maintaining the building structure only;
 - (d) the Landlord shall be responsible for the Property Tax (if applicable);
 - (e) the open market rental value excludes service and conservancy charges, the ORA licence fee and GST;
 - (f) the utilities to be disregarded in the valuation; and
 - (g) the rental rebates (if any) and prevailing GST to be disregarded in the valuation.
- Method of Valuation** : Direct Comparison Method - Recent asking or established rents of comparable properties have been taken into consideration and appropriate adjustments made to reflect the differences in their location, tenure, age, size, layout, condition, exposure to shoppers' traffic and standard of finishes amongst other factors. However, tenants' improvements to the property is to be disregarded.
- Date of Valuation** : 20 June 2018
- Recommended Net Rental** : **S\$33,000/-** per month or **S\$8.73** per sq ft per month over the total floor area of **351.0 sq m (approx. 3,778 sq ft)**
(exclude service charge)



Chris Png Chee Kee (Ms), Associate Director
Appraiser's License No.: AD041-20092961
For and on behalf of
PREMAS Valuers & Property Consultants Pte Ltd
Date of Report: 25 June 2018
(YT/RL/so/53151.doc)

Encl.

Photographs
Location Plan
Floor Plan

This rental valuation report is subject to the attached Terms and Conditions.

APPENDIX B – INDEPENDENT VALUATION

Block 271 Bukit Batok East Avenue 4
#01-160
Singapore 650271



1ST STOREY – DINING AREA



1ST STOREY – COOKED FOOD STALLS

APPENDIX B – INDEPENDENT VALUATION

Block 271 Bukit Batok East Avenue 4
#01-160
Singapore 650271



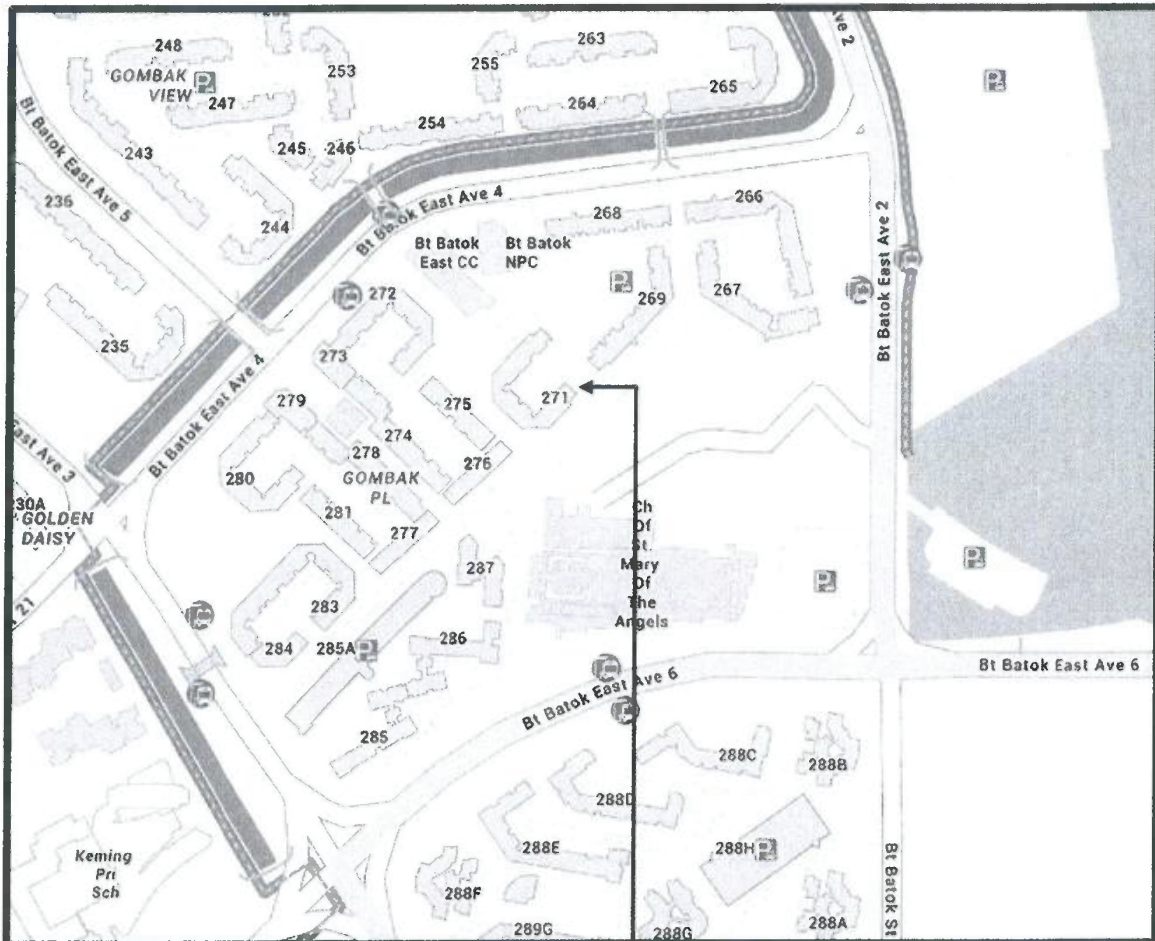
2ND STOREY – LIVING



2ND STOREY – MASTER BEDROOM

APPENDIX B – INDEPENDENT VALUATION

LOCATION PLAN



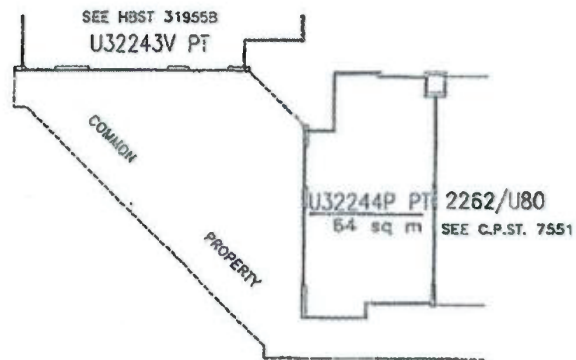
Source: Onemap

Subject Block

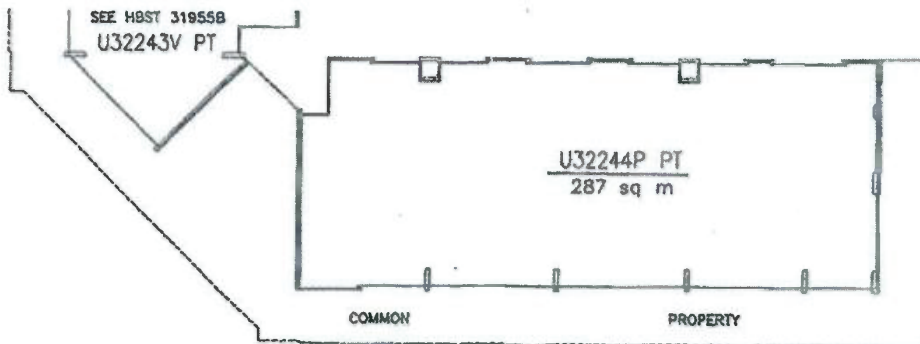
APPENDIX B – INDEPENDENT VALUATION

FLOOR PLAN

BLOCK No	STRATA LOT	STOREY	STRATA AREA IN PARTS (sq m)		TOTAL STRATA AREA (sq m)
			SHOP	LIVING QUARTERS	
271	U32244P	1ST	287	0	351
		2ND	0	64	



PART OF 2ND STOREY



PART OF 1ST STOREY

APPENDIX B – INDEPENDENT VALUATION

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
Viva Business Park #05-01
Singapore 469001
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

TERMS AND CONDITIONS

1. Values are reported in Singapore currency unless otherwise stated.
2. In our valuation it is presumed that the property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.
3. For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
4. No requisition on road or drainage proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed for our costs and expenses of carrying out such requisitions. We make no representations on the accuracy or veracity of the information contained within the requisitions, nor do we provide any assurances that the property is not adversely affected by any road improvements or other public schemes.
5. While due care is exercised in the course of our inspection to note any serious defects, no structural survey or the like will or has been made. Further, we will not be able to report that the building is free from rot, infestations or other defects. The building services will not be tested but will be presumed to be in good working order.
6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication.
7. This valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purposes stated therein and for the sole purpose for which it was commissioned. Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose(s) or beyond a reasonable time.
8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise.
9. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the property.
10. The title to the property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
11. Any plans included in this report for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
12. We shall not be required to give testimony or appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.
13. This valuation report shall not be used as evidence in court or for purposes of compensation under the Land Acquisition Act.
14. To the fullest extent permitted by law, our entire liability under this engagement and any applicable law shall not exceed the fee that you have paid for engaging our service (s), and in no circumstances whatsoever and howsoever arising whether under contract, tort (including negligence), statute, or otherwise will we be liable for any loss of use, profits, income, business, contracts, contract savings, delay, business interruption, financing costs or increased costs of operation or any other financial or economic loss or for any special, indirect, economic or consequential loss or damage. Our liability under this engagement shall be reduced proportionately to the extent that any act, omission or default of you or your employees, agents or contractors contributed to the relevant loss or damage.

APPENDIX C – CHANGES IN SHAREHOLDING INTERESTS

CHANGES IN SHAREHOLDING INTERESTS

For illustrative purposes only and based on the bases and assumptions set out below, the shareholding structure of the Company as at the Latest Practicable Date and upon completion of each of the relevant Proposed Transactions is set out below:–

	As at the Latest Practicable Date		Assuming completion of the Proposed Placement		Assuming completion of the Proposed Placement and the Proposed Acquisition		Assuming completion of the Proposed Placement, the Proposed Acquisition and the issuance of the Warrant Shares		Assuming completion of the Proposed Placement, the Proposed Acquisition and the issuance of the Conversion Shares		Assuming completion of the Proposed Placement, the Proposed Acquisition and the issuance of the Conversion Shares and Warrant Shares	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾
Directors												
Pang Pok ⁽⁷⁾	98,190,000	70.13	98,190,000	61.88	112,190,000	64.97	112,190,000	50.38	112,190,000	42.12	112,190,000	35.46
Lee Dah Khang	–	–	–	–	–	–	–	–	–	–	–	–
Chow Kek Tong	–	–	–	–	–	–	–	–	–	–	–	–
Chong Eng Wee	–	–	–	–	–	–	–	–	–	–	–	–
Liu Changsheng	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders												
NIL	–	–	–	–	–	–	–	–	–	–	–	–
Vendor												
Ang Siew Kiock	–	–	–	–	14,000,000	8.11	14,000,000	6.29	14,000,000	5.26	14,000,000	4.43

APPENDIX C – CHANGES IN SHAREHOLDING INTERESTS

	As at the Latest Practicable Date		Assuming completion of the Proposed Placement		Assuming completion of the Proposed Placement and the Proposed Acquisition		Assuming completion of the Proposed Placement, the Proposed Acquisition and the issuance of the Warrant Shares		Assuming completion of the Proposed Placement, the Proposed Acquisition and the Conversion of the Warrant Shares		Assuming completion of the Proposed Placement, the Proposed Acquisition and the Conversion of the Warrant Shares and Warrant Shares	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾
Placees												
Chong Paw Long	1,120,000	0.80	1,120,000	0.71	1,120,000	0.65	1,120,000	0.50	1,120,000	0.42	1,120,000	0.35
Marvel	6,900,000	4.93	25,555,555	16.11	25,555,555	14.80	25,555,555	11.48	25,555,555	9.59	25,555,555	8.08
Lenders												
Green Valley	–	–	–	–	–	–	–	–	–	–	46,844,444	14.81
Yue Da	–	–	–	–	–	–	–	–	–	–	46,844,444	14.81
Introducer												
Alto Vencap	–	–	–	–	–	–	50,000,000	22.45	–	–	50,000,000	15.80

Notes:

- (1) Based on the issued and paid-up share capital of the Company of 140,020,000 Shares as at the Latest Practicable Date (taking into consideration the completion of the First Tranche Marvel Placement and the issuance and allotment of 1,120,000 Placement Shares to Chong Paw Long on 7 January 2019).
- (2) Based on the enlarged share capital of the Company of 158,675,555 Shares, after the issuance and allotment of 18,655,555 Placement Shares pursuant to the completion of the Proposed Second Tranche Marvel Placement.
- (3) Based on the enlarged share capital of the Company of 172,675,555 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, and (ii) 18,655,555 Placement Shares pursuant to the completion of the Proposed Second Tranche Marvel Placement.

APPENDIX C – CHANGES IN SHAREHOLDING INTERESTS

(4) Based on the enlarged share capital of the Company of 222,675,555 Shares:

(a) after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Placement Shares pursuant to the completion of the Proposed Second Tranche Marvel Placement, and (iii) 50,000,000 Warrant Shares pursuant to the Introducer's exercise of all 50,000,000 Warrants at the Exercise Price; and

(b) assuming that the Lenders have not exercised their conversion right under the Convertible Loan Agreement.

(5) Based on the enlarged share capital of the Company of 266,364,443 Shares:

(a) after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Placement Shares pursuant to the completion of the Proposed Second Tranche Marvel Placement, and (iii) 93,688,888 Conversion Shares (being the Maximum Number of Conversion Shares based on the assumptions set out in Section 10.6.1 of this Circular); and

(b) assuming that the Introducer has not exercised the Warrants.

(6) Based on the enlarged share capital of the Company of 316,364,443 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Placement Shares pursuant to the completion of the Proposed Second Tranche Marvel Placement, (iii) 93,688,888 Conversion Shares (being the Maximum Number of Conversion Shares based on the assumptions set out in Section 10.6.1 of this Circular) pursuant to the Lenders' exercise of their conversion right under the Convertible Loan Agreement, and (iv) 50,000,000 Warrant Shares pursuant to the Introducer's exercise of all 50,000,000 Warrants at the Exercise Price.

(7) Mr Pang Pok will be deemed to be interested in the Shares held by his spouse, Ms Ang Siew Kiock. Pursuant to the Proposed Acquisition, 14,000,000 Consideration Shares will be issued to Ms Ang Siew Kiock (being the Vendor to the Proposed Acquisition). Accordingly, Mr Pang Pok will be deemed to be interested in the 14,000,000 Consideration Shares to be issued and allotted to Ms Ang Siew Kiock pursuant to the completion of the Proposed Acquisition.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

GS HOLDINGS LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of GS Holdings Limited (the “**Company**”) will be held at 8 Loyang Way 4, Singapore 507604 on 26 February 2019 at 12.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions as set out below.

All capitalised terms in the resolutions below shall, unless otherwise defined herein, have the respective meanings ascribed to them in the circular of the Company dated 11 February 2019 to the shareholders of the Company.

ORDINARY RESOLUTION 1 – THE PROPOSED EXPANSION

RESOLVED THAT:–

- (a) Approval be and is hereby given for the Company to expand the Group’s business into the F&B Business (the “**Proposed Expansion**”), and for the entry by the Company into any contracts, agreements and undertakings as the Directors may deem desirable, necessary or expedient to undertake in relation to the F&B Business.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 1:

- (1) *Shareholders should note that the passing of Ordinary Resolution 2 in respect of the Proposed Geographical Expansion, Ordinary Resolution 3 in respect of the Proposed Acquisition and Ordinary Resolution 4 in respect of the Proposed Consideration Shares Issue are conditional on the passing of this Ordinary Resolution 1 in respect of the Proposed Expansion. This means that if this Ordinary Resolution 1 is not approved by Shareholders, Ordinary Resolution 2, Ordinary Resolution 3 and Ordinary Resolution 4 would not be passed.*
- (2) *Shareholders should also note that the completion of the JV Subscription is conditional on the passing of this Ordinary Resolution 1. This means that if this Ordinary Resolution 1 is not approved by Shareholders, the JV Subscription will not be completed.*
- (3) *For the avoidance of doubt, this Ordinary Resolution 1, in respect of the Proposed Expansion, is independent, and the passing of Ordinary Resolution 1, in respect of the Proposed Expansion, shall not be conditional on the passing of the other Ordinary Resolutions tabled at the EGM.*

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2 – THE PROPOSED GEOGRAPHICAL EXPANSION

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:–

- (a) Approval be and is hereby given for the Company to expand the Group's business into the F&B sector in the PRC, and for the entry by the Company into any contracts, agreements and undertakings as the Directors may deem desirable, necessary or expedient to undertake in relation to the Proposed Geographical Expansion.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 2:

- (1) *Shareholders should note that the completion of the JV Subscription is conditional on the passing of this Ordinary Resolution 2. This means that if this Ordinary Resolution 2 is not approved by Shareholders, the JV Subscription will not be completed.*

ORDINARY RESOLUTION 3 – THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1, and Ordinary Resolution 4:–

- (a) For the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given for the acquisition by the Purchaser, a wholly-owned subsidiary of the Company, of all the shares in the capital of the Target from the Vendor subject to and otherwise in accordance with the terms and conditions of the Acquisition Agreement.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 3:

- (1) *Pursuant to Rule 919 of the Catalist Rules, Mr Pang Pok shall, and shall procure that his associates (being the Vendor, Mr Pang's spouse and immediate family) shall, abstain from voting on this Ordinary Resolution 3 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (2) *Shareholders should note that the passing of Ordinary Resolution 4 in respect of the Proposed Consideration Share Issue is conditional on the passing of this Ordinary Resolution 3 in respect of the Proposed Acquisition. This means that if this Ordinary Resolution 3 is not approved by Shareholders, Ordinary Resolution 4 would not be passed.*

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 4 – THE PROPOSED CONSIDERATION SHARES ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 3:–

- (a) Pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) and Rule 804 of the Catalist Rules, approval be and is hereby given for the proposed allotment and issue of 14,000,000 new Shares at an issue price of S\$0.18 for each Share to the Vendor (being an associate and immediate family member of Mr Pang Pok, the Executive Chairman and Chief Executive Officer of the Company) subject to and otherwise in accordance with the terms and conditions of the Acquisition Agreement.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 4:

- (1) *The Consideration of S\$3,600,000 payable by the Purchaser to the Vendor on Completion will be satisfied by way of cash and by the Purchaser procuring the allotment and issuance of the Consideration Shares as follows:*
 - (a) *30% of the Consideration, being the sum of S\$1,080,000, by way of payment in cash on the Acquisition Completion Date; and*
 - (b) *70% of the Consideration, being the sum of S\$2,520,000, by way of the issuance and allotment of 14,000,000 Consideration Shares in favour of the Vendor on or about the Acquisition Completion Date, such Consideration Shares to be issued at an issue price of S\$0.18 per Consideration Share.*
- (2) *Subject to completion of the Proposed Acquisition, 14,000,000 new Consideration Shares will be issued to the Vendor (an associate and immediate family member of Mr Pang Pok, the Executive Chairman and Chief Executive Officer of the Company) at the issue price of S\$0.18 per Consideration Share.*
- (3) *Pursuant to Rule 804(3) and Rule 919 of the Catalist Rules, Mr Pang Pok and his associates will abstain from exercising any voting rights in relation to this Ordinary Resolution 4.*
- (4) *Shareholders should note that the passing of Ordinary Resolution 3 in respect of the Proposed Acquisition is conditional on the passing of this Ordinary Resolution 4 in respect of the Proposed Consideration Shares Issue. This means that if this Ordinary Resolution 4 is not approved by Shareholders, Ordinary Resolution 3 would not be passed.*

ORDINARY RESOLUTION 5 – THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 6:–

- (a) Pursuant to Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules, approval be and is hereby given for the allotment and issuance by the Company of the 18,655,555 Placement Shares to Marvel at an issue price of S\$0.18 per Placement Share subject to and otherwise in accordance with the terms and conditions of the Marvel Placement Agreement.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note to Ordinary Resolution 5:

- (1) Shareholders should note that the passing of Ordinary Resolution 6 in respect of the potential transfer of Controlling Interest to Marvel arising from the issuance of the Second Tranche Marvel Placement Shares to Marvel is conditional on the passing of this Ordinary Resolution 5. This means that if this Ordinary Resolution 5 is not approved by Shareholders, Ordinary Resolution 6 would not be passed.

ORDINARY RESOLUTION 6 – THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MARVEL ARISING FROM THE PROPOSED SECOND TRANCHE MARVEL PLACEMENT

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 5:–

- (a) Pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the potential transfer of Controlling Interest in the Company to Marvel arising from the issuance of the Second Tranche Marvel Placement Shares.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 6:

- (1) Shareholders should note that the passing of Ordinary Resolution 5 in respect of the Proposed Second Tranche Marvel Placement is conditional on the passing of this Ordinary Resolution 6. This means that if this Ordinary Resolution 6 is not approved by Shareholders, Ordinary Resolution 5 would not be passed.

ORDINARY RESOLUTION 7 – THE PROPOSED CONVERSION SHARES ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 8:–

- (a) Pursuant to Rule 805(1) of the Catalist Rules, approval be and is hereby given for the allotment and issuance by the Company of an aggregate of up to 93,688,888 Conversion Shares to the Lenders (or up to 46,844,444 Conversion Shares to each Lender) at an issue price of S\$0.18 per Conversion Share subject to and otherwise in accordance with the terms and conditions of the Convertible Loan Agreement.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 7:

- (1) Shareholders should note that the passing of Ordinary Resolution 8 in respect of the potential transfer of Controlling Interest to the Lenders arising from the issuance of the Conversion Shares to the Lenders is conditional on the passing of this Ordinary Resolution 7. This means that if this Ordinary Resolution 7 is not approved by Shareholders, Ordinary Resolution 8 would not be passed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 8 – THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE LENDERS ARISING FROM THE PROPOSED CONVERSION SHARES ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 7:–

- (a) Pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the potential transfer of Controlling Interest in the Company to the Lenders arising from the issuance of the Conversion Shares to the Lenders.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 8:

- (1) *Shareholders should note that the passing of Ordinary Resolution 7 in respect of the proposed allotment and Issue of up to 93,688,888 Conversion Shares at an Issue Price of S\$0.18 per Conversion Share to each Lender under the Convertible Loan Agreement is conditional on the passing of this Ordinary Resolution 8. This means that if this Ordinary Resolution 8 is not approved by Shareholders, Ordinary Resolution 7 would not be passed.*

ORDINARY RESOLUTION 9 – THE PROPOSED WARRANTS ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 10:–

- (a) Pursuant to Rule 805(1) of the Catalist Rules, approval be and is hereby given for the creation, allotment and issuance by the Company of 50,000,000 non-listed, non-transferable Introducer Warrants, each Introducer Warrant carrying the right to subscribe for one (1) Share at an exercise price of S\$0.18 per Warrant Share subject to and otherwise in accordance with the terms and conditions of the Introducer Agreements.
- (b) Pursuant to Rule 805(1) of the Catalist Rules, approval be and is hereby given for the creation, allotment and issuance of such additional warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Introducer Warrants (any such further warrants to rank *pair passu* with the Introducer Warrants and for all purposes to form part of the same series, save as otherwise be provided in the terms and conditions of the Introducer Warrants).
- (c) Pursuant to Rule 805(1) of the Catalist Rules, approval be and is hereby given for the allotment and issue (notwithstanding that the issue thereof may take place after the next or ensuing annual or other general meeting of the Company):
 - (i) upon exercise of the Introducer Warrants, such number of Warrant Shares as may be required or permitted to be allotted and issued on the exercise of the Introducer Warrants subject to and otherwise in accordance with the terms and conditions of the Introducer Warrants; and
 - (ii) on the same basis as paragraph (i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any additional Introducer Warrants referred to in paragraph (b) above.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 9:

- (1) *Shareholders should note that the passing of Ordinary Resolution 10 in respect of the potential transfer of Controlling Interest to the Introducer arising from the issuance of the Warrant Shares to the Introducer is conditional on the passing of this Ordinary Resolution 9. This means that if this Ordinary Resolution 9 is not approved by Shareholders, Ordinary Resolution 10 would not be passed.*

ORDINARY RESOLUTION 10 – THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INTRODUCER ARISING FROM THE PROPOSED WARRANTS ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 9:–

- (a) Pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the potential transfer of Controlling Interest in the Company to the Introducer arising from the issuance of the Warrant Shares.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 10:

- (1) *Shareholders should note that the passing of Ordinary Resolution 9 in respect of the proposed allotment and issue of 50,000,000 Introducer Warrants is conditional on the passing of this Ordinary Resolution 10. This means that if this Ordinary Resolution 10 is not approved by Shareholders, Ordinary Resolution 9 would not be passed.*

BY ORDER OF THE BOARD

Pang Pok

Executive Chairman and Chief Executive Officer

11 February 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative.
2. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.
4. If the appointer is a corporation, the proxy form must be executed under seal or its attorney duly authorised in writing.
5. In the case of joint shareholders, all holders must sign the form of proxy.
6. The instrument appointing a proxy or proxies, duly executed, must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof at the registered office of the Company at 8 Loyang Way 4 Singapore 507064, not less than 48 hours before the time set for holding the EGM.
7. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"), for compliance with the Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 65906881.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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GS HOLDINGS LIMITED

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

EXTRAORDINARY GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see page N-7 for the definition of "relevant intermediary")
2. For Supplementary Retirement Scheme ("SRS Investors") who have used their SRS monies to buy shares in the Company's shares, the proxy form is not valid for use and shall be ineffective for all intends and purposes if used or purported to be used by them, SRS Investors should contact their SRS Approved Agents if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes of this Proxy Form.

I/We* _____ (Name), with NRIC/Passport/Co. Registration No.:* _____
of _____ (Address)
being a member/members* of **GS HOLDINGS LIMITED** (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

and/or [*delete as appropriate]

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

or failing him/her/them*, the Chairman of the Extraordinary General Meeting (the "**Meeting**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 8 Loyang Way 4, Singapore 507604 on 26 February 2019 at 12.30 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the ordinary resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

Resolution relating to:	No. of votes 'For' **	No. of votes 'Against' **
Resolution 1 (Ordinary Resolution) The Proposed Expansion		
Resolution 2 (Ordinary Resolution) The Proposed Geographical Expansion		
Resolution 3 (Ordinary Resolution) The Proposed Acquisition as an interested person transaction		
Resolution 4 (Ordinary Resolution) The Proposed Consideration Shares Issue		
Resolution 5 (Ordinary Resolution) The Proposed Second Tranche Marvel Placement		
Resolution 6 (Ordinary Resolution) The Potential Transfer of Controlling Interest in the Company to Marvel arising from the Proposed Second Tranche Marvel Placement		
Resolution 7 (Ordinary Resolution) The Proposed Conversion Shares Issue		
Resolution 8 (Ordinary Resolution) The Potential Transfer of Controlling Interest in the Company to the Lenders arising from the Proposed Conversion Shares Issue		
Resolution 9 (Ordinary Resolution) The Proposed Warrants Issue		
Resolution 10 (Ordinary Resolution) The Potential Transfer of Controlling Interest in the Company to the Introducer arising from the Proposed Warrants Issue		

Dated this _____ day of _____ 2019.

Signature(s) of member(s) or Common Seal of Corporate member

* Delete where inapplicable

** If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company circular to Shareholders dated 11 February 2019.

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
4. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Loyang Way 4 Singapore 507604 not less than 48 hours before the time set for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instruments appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 11 February 2019.

