

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

**RESPONSES TO QUERIES FROM THE SGX-ST IN RELATION TO COMPANY'S
ANNOUNCEMENT RELEASED ON 5 JULY 2022 RELATING TO THE AUDITOR'S DISCLAIMER
OF OPINION AND ANNUAL REPORT FOR FY2021**

The Board of Directors (the "**Board**") of GS Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" and each a "**Group Company**") sets out below the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Company's announcement released on 5 July 2022 relating to the auditor's disclaimer of opinion (the "**Announcement**") and Annual Report for the financial year ended 31 December 2021 ("**FY2021**"), and the Company's responses to such queries.

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

Query 1:

Please provide the Board of Directors' & Sponsor's opinion and assessment as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

Company's Response to Query 1:

Pursuant to Rule 1303(3), the trading of the shares in the Company may at any time be suspended where the Company is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so.

Board's Opinion

Notwithstanding the Disclaimer Opinion from the Auditors, the Board is of the view that the Group is able to continue operating as a going concern on the basis set out below.

- (a) The Board anticipates that the Group will continue to generate adequate cash flows from its operations in the Group's F&B business segment for the foreseeable future having considered profit and cash flow forecast prepared by management for the Group's subsidiaries engaged in the F&B business and the Company's corporate expenses for the period from May 2022 to December 2023 (the "**Financial Forecast**") and the following developments in relation to the Group's F&B business.

- *Potential diversification and generation of new revenue stream arising from collaboration with Ants Innovate*

The Company's subsidiary, GS Innovative Food Pte. Ltd. ("**GS Innovative**"), and Ants Innovate Pte. Ltd. ("**Ants Innovate**") had on 9 May 2022 entered into the memorandum of understanding ("**MOU**") in respect of a collaboration in the production and supply of plant-based and cell-based meat product. In anticipation of the definitive agreement to be entered into by parties, it is envisaged that the Group's revenue base for its F&B business will be further diversified and enable the Group to generate new cash flows.

Please refer to the Company's announcement dated 9 May 2022 for further information on the MOU with Ants Innovate.

- *Measures taken to improve performance of the F&B business*

As announced on 24 May 2022, the Group had taken several measures to mitigate, to the extent possible, the prolonged impact of the COVID-19 pandemic on the Group's F&B business. Such measures included closing certain loss-making F&B outlets sometime on or around early 2022 to enable the Group to focus on other remaining outlets which the Group deemed to be potentially more profitable and which would allow the Group to better allocate its available financial resources to other operations.

The Group was then exploring the possibility of opening up to two new coffee shops and five new food court outlets in the second half of 2022 as part of its expansion plans for the F&B business and has since rescheduled the opening of the two new coffee shops to the second half of 2023 (the "**Expansion Plan**"). In view of the closure of the Group's loss-making outlets and the Expansion Plan, and barring any unforeseen circumstances, it is envisaged that the Group's revenue will increase during the forecasted period from May 2022 to December 2023. For avoidance of doubt, the Expansion Plan is likely to result in capital expenditure by the Group of an approximate sum of S\$413,000, which has been taken into account in the Financial Forecast.

Save for the opening of the two new coffee shops being rescheduled to the second half of 2023, the above was disclosed in the Company's announcement dated 24 May 2022 and, as far as the Board is aware and based on representations made by management as at the date of this response, there are no other circumstances in relation to the Group that has arisen since the date of such announcement that will materially adversely affect the Expansion Plan.

As set out in the Announcement, the management will perform impairment assessment of the relevant assets again prior to the release of the Company's half year's financial results announcement and as and when there is indication of impairment when there are more months of financial data available to support whether the first 5 months of improvement in the performance of the F&B business segment is sustainable and whether the Group has the required financial resources to implement the Expansion Plan. In the meantime, the Board will continually assess whether the trading of the Company's shares should be suspended taking into account the provisions of the Catalist Rules, in particular, whether the Company is able to continue as a going concern under Catalist Rule 1303(3).

- (b) The Group has adequate financial resources to enable the Group to meet its current liabilities and other future liabilities as and when they fall due at least in the next 12 months. Such financial resources comprise (i) the banking facilities available to the Group, and (ii) the letter of commitment from Mr Pang Pok ("**Mr Pang**"), the Company's Chief Executive Officer and Executive Director and controlling shareholder, for loans of up to S\$1 million that can be drawn down by the Group over a period of 2 years, if required, which will enable the Group to pay its debts as and when they fall due.

As announced by the Company on 18 May 2022, other than normal monthly bank repayments (comprising in aggregate the approximate S\$0.85 million repayable in the next 12 months), the Group does not have any one-off big debts repayment in the next 12 months and the Group is not expected to have difficulty in fulfilling its current existing bank repayment obligations. As far as the Board is aware and based on representations made by management on the financial obligations of the Group as at the date of this response, there is no change in the circumstances of the Group since the foregoing disclosure on 18 May 2022 that, in the Board's view, will give rise to difficulties in the Group fulfilling its existing bank repayment obligations.

In relation to the commitment from Mr Pang, as set out in the Announcement, the ARC has assessed the ability of Mr Pang to fulfil his commitment and concluded that Mr Pang is able to provide the financial support of up to S\$1 million as and when required over such period of 2 years.

Accordingly, on the above basis, the Board is of the opinion that there is no requirement for there to be a suspension of trading of the Company's shares pursuant to Rule 1303(3) of the Catalist Rules.

Sponsor's Comments

The Sponsor has provided its views on this matter in the Company's announcement of 18 May 2022 and currently has no further comments to add. The Sponsor notes the current development as represented by the Company, *inter alia*, the loan commitment from Mr Pang whereby the ARC has assessed the ability of Mr Pang to fulfil his commitment and the Board's response above and will continue to monitor the situation closely.

Query 2:

Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response to Query 2:

In respect of the collection of the RMB 100 million, notwithstanding the arrangements between the Group and Mr Zhang set out in the Company's announcement dated 5 June 2022, as stated in the Announcement, the Company had not received the sum of HKD 1 million or the relevant Listed Shares from Mr Zhang and will provide an update by Friday, 8 July 2022. Please refer to the Company's response to Query 3 below for more information on the assessment of the recoverability of the shares and/or payment from Mr Zhang.

To the best of the Board's knowledge as at the time of providing this response, all material disclosures have been announced for the trading of the Company's shares to continue in an orderly manner. On this basis, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

Query 3:

From the Company's announcement on 4 July 2022 titled (i) REPL: General Announcement: Disclaimer of Opinion on Financial Statements for FY2021, part (b), states that "as at the date of this report, the Company has not received the sum of HKD 1 million or the 100,000,000 Listed Shares from Mr Zhang. The Board will monitor closely on the receipt of these fund and Listed Shares. The Company will provide an update by this Friday, 8 July 2022, on the next course of action to be taken by the Company if the cash of HKD 1 million and 100,000,000 Listed Shares have not been paid or transferred to the Company by 8 July 2022."

Based on the Company's responses to various queries from SGX RegCo, we noted that Mr Zhang has missed several deadlines regarding the guarantee agreement in providing Listed Shares and further payments in the aggregate sum of RMB 100million to the Company.

Please provide the Board of Directors' & Sponsor's opinion and assessment on the collectability of these shares and/or payments, and the next steps should such payments remain uncollectible by 8 July 2022.

Company's Response to Query 3:

Board's Opinion

The Board understands from management that Mr Zhang had furnished Mr Pang with bank account statements which reflect the funds remitted to Hong Kong and earmarked by Mr Zhang to facilitate payment of the HKD 1 million and the relevant Listed Shares to be transferred to the Company. The Board further understands from management that Mr Zhang is presently unable to utilise such funds yet due to various reasons including verification checks by the relevant bank.

Based on the foregoing and in view of Mr Zhang's constant communication with Mr Pang in relation to his efforts to facilitate payment of the HKD 1 million and transfer of the Listed Shares, the Board (save for Mr Zhang) is of the view that the HKD 1 million and/or the relevant Listed Shares may still be collected.

Notwithstanding the foregoing, if the Company has not received the sum of HKD 1 million and/or transfer of the relevant Listed Shares by 8 July 2022, the Board (save for Mr Zhang) has agreed for the following steps to be taken by the Company:

- (a) issuance of a letter of demand to Mr Zhang and Kaifeng Jufel for payment of the sum of HKD 1 million and transfer of the relevant Listed Shares to the Company; and
- (b) if Mr Zhang and/or Kaifeng Jufel remains unable to satisfy the foregoing demand within the stipulated timeframe, subject to legal advice from the Company's PRC lawyers, the Company intends to commence legal proceedings against Mr Zhang and Kaifeng Jufel in accordance with the terms of the 1 April Guarantee.

As previously announced by the Company on 5 June 2022, the Board understands that based on legal advice obtained from the Company's PRC lawyers, even in the absence of any resistance from Mr Zhang and/or Kaifeng Jufel, enforcement of the 1 April Guarantee will require the Company to commence an arbitration claim with the China International Economic and Trade Arbitration Commission ("CIETAC") against Mr Zhang and/or Kaifeng Jufel. Such arbitration is likely to take up to 1 year for the entire arbitration process to be completed. In addition, the Board further understands from the PRC lawyers that even if the Company obtains a favourable ruling, there is no guarantee that the Company will not encounter any difficulties in the recovery of the monies (or if such monies can be recovered in a timely manner) pursuant to such ruling. In view of the foregoing and the aforesaid communication between Mr Zhang and Mr Pang, the Board (save for Mr Zhang) was of the view a short extension of time for Mr Zhang to pay the HKD 1 million and transfer the Listed Shares to the Company will better facilitate the resolution of the matter as compared to enforcement of the 1 April Guarantee, taking into account the legal fees involved in engaging PRC lawyers to represent and successfully finish the arbitration and the time required to commence and complete relevant legal proceedings. Notwithstanding the foregoing, given that the Company has already provided several extensions to Mr Zhang, in the event that the Company does not receive the sum of HKD 1 million and/or transfer of the relevant Listed Shares by 8 July 2022, the Company will take such further steps as stated in the preceding paragraph.

Sponsor's Comments

The Sponsor notes that the matter relating to the RMB 100 million has been outstanding for some time, and in this period the Company had continually engaged with Mr Zhang to explore various different options to resolve the matter, albeit with no meaningful success to date. Given the circumstances, the Sponsor is unable to reasonably comment if such amount is collectible and had previously discussed with the Board (save for Mr Zhang) on the virtue of commencing legal proceedings vis a vis letting the matter drag on indefinitely with continual extensions. The Sponsor understands from the Board (save for Mr Zhang) that the Company had previously agreed to provide more time to Mr Zhang as Mr Zhang had continually reiterated his commitment to pay and the Board was cognisant that significant time and costs may have to be incurred via the legal route. However, the Sponsor now notes that the Company has decided to escalate its action and issue a letter of demand as a precursor to formally commencing legal proceedings, should there not be any meaningful progress by 8 July 2022. The Sponsor will work with the Company to provide timely updates to the shareholders accordingly.

CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

By Order of the Board

Pang Pok
Chief Executive Officer and Executive Director

6 July 2022

*This announcement has been prepared by GS Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.