

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of GS Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 105 to 192.

Disclaimer Opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group

As explained in the paragraph below on *opening balances*, we are not able to form an opinion on the accompanying consolidated statement of comprehensive income and consolidated statement of cash flows of the Group as to whether these statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial performance and consolidated cash flows of the Group for the year ended 31 December 2023.

Opinion on the Consolidated Financial Position of the Group and Financial Position of the Company

In our opinion, the accompany consolidated statement of financial position of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and SFRS(I) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2023.

Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group

Opening balances

The financial statements for the financial year ended 31 December 2022 were audited by another firm of auditor (the “**preceding auditor**”) who expressed a disclaimer opinion on those financial statements in their report dated 13 June 2023. The basis of disclaimer of opinion on the financial statements for the financial year ended 31 December 2022 is disclosed in Note 33 to the financial statements.

In view of the matters described in the *Basis for Disclaimer of Opinion* paragraphs on the financial statements for the financial year ended 31 December 2022, we were unable to determine whether the opening balances of the Group as at 1 January 2023 were fairly presented.

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Report on the Audit of the Financial Statements (cont'd)

Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group (cont'd)

Opening balances (cont'd)

Since the opening balances as at 1 January 2023 entered into the determination of the financial performance and cash flows of the Group for the financial year ended 31 December 2023, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated statement of comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2023.

Our opinion on the current year's consolidated statement of comprehensive income and consolidated statement of cash flows of the Group is also modified because of the possible effects of the abovementioned matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the consolidated financial position of the Group and financial position of the Company as at 31 December 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements, which indicates that the Group incurred a net loss of S\$18,781,000 during the year ended 31 December 2023 and, as of that date, the Group had net liabilities of S\$3,576,000 and the Company had net current liabilities of S\$2,900,000. As stated in Note 2(a), these conditions, along with matter as set forth in Notes 31 and 33, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and Company to continue as going concerns. Our opinion is not further modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 31 to the financial statements which indicates that the Chief Executive Officer, who is also an Executive Director of the Company was arrested by the Commercial Affairs Department ("CAD") and is currently under investigation in relation to a potential offence under the Securities and Futures Act 2001. Our opinion is not further modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters summarised below relate to the statements of financial position of the Group and Company as at 31 December 2023.

No.	Impairment of property, plant and equipment (including right-of-use assets)	How the matter was addressed in our audit
1	<p>At 31 December 2023, the carrying value of the Group's right-of-use assets and property, plant and equipment as disclosed in Note 11 to the financial statements were S\$1,516k and S\$568k which represents 34% and 13% respectively of the Group's total assets.</p> <p>The Group's main business segment is the selling of food and beverages. Management performed impairment assessment to determine the recoverable amounts of its property, plant and equipment (including right-of-use assets).</p> <p>Based on the outcome of the impairment tests, management determined that no impairment is required with regards to the property, plant and equipment and right-of-use assets of the entities within the Group at reporting date.</p> <p>Given the heightened level of estimation uncertainty associated with current market condition and the significant management judgement involved in determining the recoverable amounts for the above-mentioned assets which are significant to the Group, we consider this to be a key audit matter.</p>	<ul style="list-style-type: none"> • Performed evaluation of the Group's policies and procedures to identify indicators for potential impairment of the property, plant and equipment including right-of-use assets. • Reviewed the impairment model used to assess the value in use of the CGU to which the property, plant and equipment including right-of-use assets is allocated for impairment testing including reperforming the calculations to verify the accuracy. • Assessed and tested the key assumptions which the outcome of the impairment is most sensitive to. • Assessed the adequacy of disclosures made in the financial statements.

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Key Audit Matters (cont'd)

No.	Impairment of goodwill and intangible asset – brand name	How the matter was addressed in our audit
2	<p>At 31 December 2023, the Group's goodwill and intangible asset - brand name as disclosed in Note 12 to the financial statements amounted to S\$468k and S\$264k respectively, which accounted for 10% and 6% respectively, of the Group's total assets as at 31 December 2023.</p> <p>The impairment assessment of goodwill and intangible asset - brand name are considered a key audit matter as it requires management to exercise significant judgement on the assessment of various key assumptions that are affected by future market and economic conditions.</p> <p>The Group's goodwill and brand name are allocated to one Cash Generating Unit ("CGU") for impairment assessment. Management has performed an impairment review.</p> <p>Management made key assumptions in respect of future market and economic conditions such as revenue growth rates, earnings before interest and tax ("EBIT") margins, discount rates and long-term economic growth rates when performing the assessment.</p>	<ul style="list-style-type: none"> • Reviewed the discounted future cash flows used to assess the value in use of the CGU to which the goodwill and intangible asset - brand name are allocated for impairment testing, including reperforming the calculations to verify the accuracy. • Assessed that the discounted future cash flows are based on the budgets approved by the Board of Directors. • Assessed the appropriateness of the key assumptions used such as revenue growth rates, EBIT margins, discount rates and long-term economic growth rates when performing the assessment together with our internal valuation specialists. • Assessed and tested the key assumptions which the outcome of the impairment is most sensitive to. • Reviewed the adequacy of disclosures made in the financial statements.

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Key Audit Matters (cont'd)

No.	Impairment of cash and bank balances and trade and other receivables	How the matter was addressed in our audit
3	<p>At 31 December 2023, the Group's cash and bank balances (Note 17) and trade and other receivables (Note 16) amounted to S\$593k and S\$512k respectively, which accounted for 13% and 11% respectively, of the Group's total assets as at 31 December 2023 after recognising the impairment loss of financial assets of S\$22,373k as disclosed in notes 16 and 17.</p> <p>In accordance with SFRS(I) 9 <i>Financial Instruments</i>, the Group is required to recognise loss allowances for expected credit losses ("ECL") on financial assets. In formulating the ECL model, the Group considers both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information. Such an assessment involves judgement and use of estimates which are inherently subjective.</p> <p>We identified this as a key audit matter as the assessment of the determination of ECL requires management to exercise significant judgement and estimation. In determining the credit quality and whether any significant increase in credit risk occurs, the standard requires both forward-looking and historical information to be considered.</p>	<p><u>Cash and Bank Balances</u></p> <ul style="list-style-type: none"> • We have verified bank statements obtained directly from banks in the PRC. • We have obtained physically or return reply by mail, where appropriate, independent bank confirmations from the relevant banks and validate authenticity upon receipt of the confirmations. • We have reviewed bank reconciliations and checked the subsequent clearance of reconciling items which are material. • We have reviewed the movements and nature of significant bank transactions after year end. • We have reviewed the adequacy of disclosures made in the financial statements. <p><u>Trade and Other Receivables</u></p> <ul style="list-style-type: none"> • We have reviewed management's assessment on the impairment of other receivables and assessed the adequacy of the allowance for doubtful receivables in accordance with SFRS (I) 9 <i>Financial Instruments</i>. • We have reviewed the adequacy of disclosures made in the financial statements.

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Key Audit Matters (cont'd)

No.	Impairment of investments in subsidiaries	How the matter was addressed in our audit
4	<p>At 31 December 2023, the Company's carrying amount of investments in subsidiaries as disclosed in Note 13 amounted to S\$4,494k which accounted for 97% of the Company's total assets.</p> <p>Management had carried out impairment assessment to determine whether the recoverable amounts of the investments in subsidiaries are less than the respective carrying amounts using the value in use method.</p> <p>The value in use calculation requires management to estimate the future cash flows that the Group and Company expect to derive from the CGU. In estimating the future cash flows, management forecasted the future cash flows based on historical information and latest approved budgets and forecasts as well as using suitable discount rates to calculate present value of the future cash flows in deriving the value in use of the CGU.</p> <p>We have reviewed the impairment loss and noted that no additional impairment to be provided. We identified this as a key audit matter as the estimation of the value in use involved significant management judgement and estimation.</p>	<ul style="list-style-type: none">• Performed evaluation of the Company's policies and procedures to identify indicators for potential impairment of the Company's investments in subsidiaries.• Reviewed the impairment model used to assess the recoverable amount of the CGU, including reperforming the calculations to verify the accuracy.• Assessed the appropriateness of the key assumptions used such as forecasted maintainable revenue and market enterprise value to revenue multiples of publicly traded comparable companies together with our internal valuation specialists.• Assessed and tested the key assumptions which the outcome of the impairment is most sensitive to.• Reviewed the adequacy of disclosures made in the financial statements.

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Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Due to the matters described under the *Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group* section of our report, we were unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from authorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters described in the *Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group* section of our report, the accounting and other records required the Act to be kept by the Company and those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Eng Kian.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore
9 April 2024