

**RESPONSES TO QUERIES FROM THE SGX-ST IN RELATION TO THE COMPANY'S
ANNOUNCEMENT DATED 18 MAY 2022**

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 responses to queries from the SGX-ST dated 18 May 2022, 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 Company's announcements dated 25 March 2022, 10 May 2022 and 18 May 2022.

Query 1:

From the Company's response to Query 2(b), 3(d) and 3(e) respectively, it was noted that the Company mentioned that

- (a) *"...if the aggregate of the amount of all Listed Shares received by the Company and/or any Group Company is insufficient to cover the sum of RMB 100 million, the Guarantors shall be liable to pay and guarantee payment to Wish and/or Wish Shanghai the outstanding balance (the "**Outstanding Balance**")...";*
- (b) *"In the event of any delay in receipt of such Listed Shares and if, at such time, the Company has not received confirmation on the complete release and discharge of the relevant encumbrance (and receipt and control over the entire RMB 100 million in the relevant bank account of Wish Shanghai), the Company may consider a placement exercise and/or a rights issue in the second half of the year to raise additional funds for the Group, if necessary. Such placement and/or rights issue, if undertaken, will be in addition to any appropriate recourse and/or steps to be taken by the Company (or any relevant Group Company) in relation to the matter pursuant to further legal advice as the Company may obtain"; and*
- (c) *"To further enable the Group to be able to meet its current liabilities and other future liabilities as and when they fall due at least in the next 12 months, Mr. Pang has provided a letter of undertaking to provide financial support in the sum of S\$1.0 million for a period of 2 years commencing from the date of this announcement. This is notwithstanding that, based on the Financial Forecast, cash available to the Group (excluding such financial support from Mr. Pang) is sufficient 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".*

In the event of any delay in receipt of such Listed Shares and if, at such time, the Company has not received confirmation on the complete release and discharge of the relevant encumbrance (and receipt and control over the entire RMB 100 million). Please provide clarification on whether Board's main direction is that a) the Group is able to meet its current liabilities and other future liabilities based on Financial Forecast and cash available to the Group or b) consider a placement exercise and/or a rights issue in the second half of the year to raise additional funds for the Group.

Company's Response to Query 1:

For avoidance of doubt, as announced by the Company on 18 May 2022, based on the Financial Forecast and assuming an increase in customers for the Group's F&B business with the gradual opening of Singapore borders, the cash available to the Group is sufficient 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. To enable the Group to be able to meet its current liabilities and other future liabilities as and when they fall due at least in the next 12 months, Mr. Pang has provided a letter of undertaking to

provide financial support in the sum of S\$1.0 million for a period of 2 years commencing from 18 May 2022.

Notwithstanding the foregoing, in anticipation of the definitive agreement to be entered into between the Company's subsidiary, GS Innovative Food Pte. Ltd. ("**GS Innovative**"), and Ants Innovate Pte. Ltd. ("**Ants Innovate**") pursuant to the memorandum of understanding ("**MOU**") entered into by and between GS Innovative and Ants Innovate on 9 May 2022, and in the event of any delay in receipt of such Listed Shares and if, at such time, the Company has not received confirmation on the complete release and discharge of the relevant encumbrance (and receipt and control over the entire RMB 100 million in the relevant bank account of Wish Shanghai), the Company may consider a placement exercise and/or rights issue in the second half of the year to raise additional funds for the Group, if necessary, to ensure that the Group has sufficient funds to fulfil its obligations under such definitive agreement and/or to fund any potential business opportunities identified by the Company's management and/or the Board, expansion of the Group's existing businesses, or the Group's working capital requirements for the period beyond the next 12 months.

Query 2:

From the Company's response to Query 3 and 3a respectively, it was noted that the Company mentioned that

- (a) *"The Board has reviewed and considered the profit and cash flow forecast prepared by management for the Group's subsidiaries engaged in the food and beverages ("**F&B**") business and the Company's corporate expenses for the period from May 2022 to December 2023 (the "**Financial Forecast**")"; and*
- (b) *"...Board has assessed the Group's cash flow needs and is of the opinion that there is and will be sufficient cash to maintain the Group's operations (which is currently expected to principally be the F&B business given the termination of the BOP and health management service agreements) and to meet the Group's obligations as and when they fall due for at least the next 12 months. Accordingly, 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".*

*In the Unaudited Condensed Interim Financial Statements For the Six Months and Full Year Ended 31 December 2021 announced on 01 Mar 22 8:02pm, not inclusive of BOP, Sales of F&B decreased from S\$6,210,000 to S\$5,964,000 & expense increased from S\$2,053,000 to S\$2,077,000 from 31 December 2020 to 31 December 2021 respectively. Please provide more information and justification on the "**Financial Forecast**" on the F&B business.*

Company's Response to Query 2:

As disclosed by the Company in the 2021 Results Announcement, in FY2021, the Group's F&B business performance was generally still affected negatively by the ongoing Covid-19 pandemic even though the Singapore government had lifted some of the Covid-19 restrictive measures imposed in FY2020. As further disclosed in the 2021 Results Announcement, revenue was lower in FY2021 as compared to FY2020 mainly due to reduction in royalty income, sales in F&B and rental income from food stalls by S\$0.11 million, S\$0.05 million and S\$0.09 million respectively.

- (a) Although the Group had then managed to secure an additional franchisee in FY2021, the franchise fee earned was lower as compared to the franchise fee charged to the previous franchisee after due consideration of several commercial factors.
- (b) As part of the Group's strategies in reviewing the financial performance of several loss-making entities, the Group had also decided to slow down the F&B operations in certain outlets during FY2021 in order to focus on the remaining outlets, resulting in lower F&B revenue in FY2021.

- (c) Decrease in rental income earned from food stalls is mainly due to lower stall rental fee earned from tenants and longer time taken in looking for replacement tenants due to the prolonged impact of the Covid-19 pandemic.

Notwithstanding the above, the Group is of the view that the Financial Forecast is justified after taking into consideration the following:

- (a) As announced in the 2021 Results Announcement, the Group had taken several measures during FY2021 to improve the performance of the Group's F&B business and for expansion purposes, such as (a) opening of more F&B outlets in food courts and eating places with good location and (b) entering into joint venture agreements with experienced F&B partners. In addition to the foregoing, with the easing of the Covid-19 restrictions pertaining to workplace requirements and dine-in capacity limits and the gradual opening of Singapore borders that is likely to result in more tourists and visitors from other countries, revenue for the Group's existing F&B business for FY2022 and FY2023 is expected to increase.
- (b) In connection with the Group's review and assessment of its existing F&B business, the Group had decided to close certain loss-making F&B outlets sometime on or around early 2022 to focus on the remaining outlets. The Group is also 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 (the "**Expansion Plan**"). In view of the closure of the Group's loss-making outlets and the Expansion Plan, it is expected 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.

Accordingly, based on the Financial Forecast and assuming an increase in customers for the Group's F&B business with the gradual opening of Singapore borders, the cash available to the Group (excluding any placement exercise or rights issue) is sufficient 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.

Shareholders should note that the Financial Forecast is prospective in nature and such projections/forecast therein are made based on the Company's current expectations and belief regarding the future of the Group's business based on information currently available and to the extent known to the Company. Such statements are qualified in their entirety by the inherent risks (both known and unknown) and uncertainties surrounding future expectations. Shareholders should not place undue reliance on such statements and forecast as there is no certainty or assurance as at the date of this announcement that the Group's actual results will be in accordance with such forecast or projections.

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

24 May 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.

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