



GS HOLDINGS LIMITED
(Incorporated in Singapore on 19 September 2014)
(Company Registration Number: 201427862D)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Pursuant to Rule 704(4) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**") of GS Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the independent auditor of the Group, Baker Tilly TFW LLP (the "**Independent Auditor**") has included a Material Uncertainty Related to Going Concern section in their report ("**Independent Auditor's Report**") on the audited financial statements of the Group and Company for the financial year ended 31 December 2018. The opinion of the Independent Auditor is not modified in respect of this matter.

The Independent Auditor's Report together with the extract of Note 3 to the financial statements are annexed to this announcement for information purposes.

Notwithstanding the above and barring any unforeseen circumstances, the Board is of the opinion that the Group will continue as a going concern for the following reasons:

1. Subsequent to end of the financial year, the Group received additional \$3.6 million from the placement exercise;
2. On 17 December 2018, the Company announced that it had entered into a Placement and Convertible Loan Introducer Agreement with an Introducer, pursuant to which the Company shall issue 50,000,000 warrants ("**Introducer Warrants**") to the Introducer as consideration for the introductory services provided by the Introducer for the placement and loan facilities as announced on 17 December 2018. The Introducer Warrants can be converted into the Company's ordinary shares at an exercise price of \$0.18 for each warrant. The Introducer Warrants may be exercised at any time during the period commencing on and including the date of issue of the 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. Assuming all the Introducer Warrants are exercised by the Introducer, the Company will receive approximately \$9 million from the conversion of the Introducer Warrants into the Company's ordinary shares;
3. On 7 March 2019, the Company announced that it has entered into a Loan Capitalisation and Repayment Agreement with Mr Pang Pok, the Company's Executive Chairman and Chief Executive Officer ("**Mr Pang**"). One of the terms stated in the Agreement is that the Company will issue and allot 11,764,705 free warrants to Mr Pang, subject to relevant Shareholders' approval being obtained in an Extraordinary General Meeting to be held on 26 April 2019. The warrants can be converted into the Company's ordinary shares at an exercise price of \$0.255 for each warrant. The warrants may be exercised at any time during the period commencing on and including the date of issue of the warrants and expiring at 5.00 p.m. on the market day immediately preceding the second anniversary of the date of issue of the warrants. Assuming all the warrants will be exercised by Mr Pang, the Company may receive approximately \$3 million from the conversion of the warrants into the Company's ordinary shares;
4. The Group intends to dispose its only leasehold property by the end of financial year ending 31 December 2019. Based on an independent valuation report dated 29 January 2019, the open market value of the property is approximately \$8.5 million. Assuming the Group is able to sell the property at \$8.5 million, the Group will receive approximately \$3.5 million (net of repayment of outstanding borrowings that are mortgage over the Group's leasehold property);
5. On 1 April 2019, the Company announced that it has completed the acquisition of Hao Kou Wei Pte. Ltd. ("**HKW**"). The profit before the taxation of HKW for its audited financial results for the financial year ended 31 December 2017 and unaudited financial results for the financial year ended 31 December 2018 were approximately \$628,000 and \$580,000 respectively. The directors believe that HKW would bring positive contributions to the Group's revenue, earnings and cash flow for the financial year ending 31 December 2019; and

6. The Group is able to improve its cash flows generated from its operations based on the Group's current business outlook.
7. Management has taken the following measures to improve the Group's operational performance and financial position:
 - (a) Adopt a disciplined capital allocation and constant review of capital expenditure plans so as to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects;
 - (b) Strengthen current customers' base with new customers in other food and beverage sector, and foster closer customer relationship by providing quality services to customers;
 - (c) Continuously seek improvements in the efficiency of the Group's centralised dishwashing process through enhancements and re-engineering of the workflow process; and
 - (d) Focus on reduction of direct labour related costs through close monitoring of the Group's manpower requirements

To the best of its knowledge, the Board (i) is of the opinion that sufficient material information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

The Independent Auditor's Report will be part of the annual report of the Group for the financial year ended 31 December 2018 ("**Annual Report 2018**"), which will be despatched to shareholders in due course. Shareholders of the Company are advised to read this announcement in conjunction with the Annual Report 2018 in their entirety.

BY ORDER OF THE BOARD

Pang Pok
Executive Chairman and Chief Executive Officer

5 April 2019

*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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

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

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