

DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**") of GS Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" and each a "**Group Company**") refers to the Independent Auditor's Report dated 13 June 2023 (the "**Independent Auditor's Report**") issued by the Company's existing independent auditors (the "**Auditors**"), Moore Stephens LLP, in relation to the audited consolidated financial statements of the Group (the "**Audited Financial Statements**") for the financial year ended 31 December 2022 ("**FY2022**").

The Board wishes to highlight that the Auditors have included a disclaimer of opinion in their Independent Auditor's Report (the "**Disclaimer Opinion**"). The Disclaimer Opinion, extracted from the Independent Auditor's Report, is set out in a separate attachment to this announcement.

The Independent Auditor's Report and the Audited Financial Statements are set out in the Company's Annual Report for FY2022 ("**FY2022 Annual Report**") released by the Company on SGXNET on 13 June 2023. **Shareholders of the Company are advised to read this announcement in conjunction with the FY2022 Annual Report.**

1. BOARD'S COMMENTS ON DISCLAIMER OPINION

(a) Opening balances

The Group has been working on resolving those matters as described in the basis of disclaimer of opinion in the Auditor's Report for the Company's financial statements for the financial year ended 31 December 2021. The Group has provided updates on the progress of these unresolved matters in its quarterly and half-yearly unaudited financial results announcements since the unaudited financial results announcement for the period ended 30 June 2022 and in other various announcements made in relation to these matters from time to time. Please also refer to the Board's comments below for similar matters as described in the basis of disclaimer of opinion in the Auditor's report for the Company's financial statements for FY2022.

(b) Recoverability of Amount Due from Mr Zhang

Please refer to the Company's announcement dated 15 May 2023 for the matter update. In the announcement, we have updated that Mr Zhang has presented a new settlement proposal to the Board of the Company. Under the new proposal, Mr Zhang intends to transfer and/or procure the transfer of 10% shares in a PRC company which engages in the business of the provision of healthcare and wellness services, particularly for seniors, to the Company. Based on an internal valuation by the PRC company, such 10% shares are worth approximately RMB150 million.

The Management has performed some preliminary due diligence checks on the PRC company and noted that the PRC state government partially owns the PRC company. The Company has then requested Mr Zhang to obtain written approval from the state government to confirm that they have no objection to the transfer of 10% shares in the PRC company by one of the PRC company's shareholders to the Company prior to appointing professional firms to conduct the requisite due diligence checks on the PRC company.

As at the date of this announcement, the Board (save for Mr Zhang) understands from Mr Zhang that the state government will make a decision on this matter by the end of June 2023.

As reported in the previous reporting period, Mr Zhang had also informed the Board that he would transfer an additional 3,000,000 shares in such Hong Kong listed company (the "**Listed Shares**") to the Company by mid-March 2023. However, due to other commitments, Mr Zhang has yet to make arrangements to transfer the additional 3,000,000 Listed Shares to the Company as of this announcement's date. The Board has requested Mr Zhang to make arrangements to transfer the Listed Shares to the Company as soon as possible.

The Board will be closely monitoring developments relating to the new settlement proposal, transfer of the relevant Listed Shares and/or cash payment pursuant to the instalment terms and will ensure that relevant announcement(s) is/ are released by the Company as and when there are any material updates on the aforesaid matters.

(c) Existence and Quantum of Bank Balance Held in PRC

As announced by the Company on 15 May 2023, the appointment of Mr Pang Pok ("**Mr Pang**"), the Executive Director and Chief Executive Officer of the Company, as the authorised bank signatory for the bank account with the Bank of China (the "**Bank Account**") in the PRC (the "**Bank**") has yet to be effective as the Bank requires up to 10 working days to process the relevant documents and update relevant records in their system before effectively changing the authorised signatory of the Bank Account to Mr Pang.

As of this announcement's date, the Bank has yet to complete the aforesaid process. The Company will closely monitor the progress and follow up the matter with the Bank.

(d) Impairment Assessment on Property, Plant and Equipment and Intangible Assets

The Group has forecast/ projected a certain percentage of growth for the Food and Beverages ("**F&B**") business segment and the opening of new outlets in its profit forecast and cash flow projections for the next 5 years following the recovery of our F&B business segment in FY2022 due to relaxation of COVID-19 pandemic restriction and opening of borders by the governments for the purpose of impairment assessment of property, plant and equipment, intangible assets, investments in subsidiaries and amounts due from subsidiaries.

For FY2022 and the first few months of the financial year ending 31 December 2023, our F&B business segment has indeed shown a positive recovery. Certain F&B companies in the Group have turned around and were generating profits in FY2022.

However, the auditors were not comfortable with certain assumptions used in the profit forecast and cash flow projections, such as the growth rate and the implementation of expansion plans. The Management did not previously receive any comments from the auditors on the assumptions used in the profit forecast and cash flow projections, even though the Management has explained the bases and assumptions used in one of the meetings with the auditors.

The Management will perform an impairment assessment of these assets again prior to the release of the Company's half-year financial results announcement and as and when there is an indication of impairment when we have more months of financial data to support whether the improvement in the performance of the F&B business segment is sustainable.

(e) Impairment Assessment of Investments in Subsidiaries and Amounts Due from Subsidiaries

Please refer to the comments above in 1(d).

(f) Going Concern Assumptions

The Board noted that the basis of the Disclaimer Opinion by the Auditors' ongoing concern assumptions is due to the uncertainties surrounding the outcome of matters highlighted in paragraphs 3 to 7 of the Auditor's Report, which may require further adjustments to the financial statements. Therefore, the Auditors were unable to conclude the appropriateness of the going concern assumption used in the preparation of the financial statements.

Notwithstanding that the outcome of the matters highlighted in paragraphs 3 to 7 of the Auditor's Report, which may require further adjustments to the financial statements to the extent which could result in the Group's working capital or equity turning into negative balance, in the opinion of the Board of Directors of the Company, these financial statements can be prepared on a going concern basis as the Group has adequate resources, including the availability of banking facilities and a renewed letter of commitment from Mr Pang, the controlling shareholder of the Group, for loans of up to S\$2 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 and that the Group will continue to generate adequate cash flows from its operations for the foreseeable future. The Audit and Risk Committee has assessed the ability of Mr Pang to fulfil his commitment and concluded that Mr Pang is able to provide financial support of up to S\$2 million as and when required over a period of 2 years.

Following the relaxation and lifting of dining restrictions and opening of borders by our Singapore government in the first half of 2022 resulting in an increase in demand for F&B services, and assuming that the Group's expansion plans for the F&B division materialise and/or proceed as envisaged in 2023, the Company is cautiously optimistic of producing

better financial results for our F&B division in the next 12 months which would in turn improve the Group's cash flows.

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

2. FURTHER UPDATES

The Company will keep Shareholders updated on any developments and make the appropriate announcements as and when there are any material updates on the above matters.

3. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised 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
Executive Chairman and Chief Executive Officer

13 June 2023

This announcement has been prepared by GS Holdings Limited (the "**Company**"), and its contents have been reviewed by the Company's Sponsor, Evolve Capital Advisory 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 statements or opinions made or reports contained in this announcement.

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