

CIRCULAR DATED 11 APRIL 2019

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If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares in the capital of GS Holdings Limited (the "**Company**") held through CDP, you need not forward this Circular with the Notice of EGM and the attached Shareholder Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Shareholder Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical certificate(s), you should immediately forward this Circular and the enclosed Notice of EGM and Shareholder Proxy Form to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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GS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201427862D)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

- (1) THE PROPOSED VARIATION OF THE LOAN UNDERTAKING FROM MR PANG POK**
- (2) THE PROPOSED LOAN CAPITALISATION AND PROPOSED WARRANTS ISSUE AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES**
- (3) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 11,764,705 CONVERSION SHARES TO MR PANG POK AT AN ISSUE PRICE OF S\$0.255 FOR EACH CONVERSION SHARE UNDER RULE 804 AND RULE 812 OF THE CATALIST RULES PURSUANT TO THE PROPOSED LOAN CAPITALISATION**
- (4) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 11,764,705 WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.255 PER WARRANT SHARE PURSUANT TO THE PROPOSED WARRANTS ISSUE**
- (5) THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO MR PANG POK AND MS ELISS PANG, BEING A CONTROLLING SHAREHOLDER AND AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, RESPECTIVELY, UNDER THE GS PERFORMANCE SHARE PLAN**
- (6) THE PROPOSED RENEWAL OF IPT MANDATE**

Independent Financial Adviser in connection with the Proposed Transactions



RHT CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	24 April 2019 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	26 April 2019 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 10.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	8 Loyang Way 4, Singapore 507604

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:-

General

“1H2016”	:	The 6-month period ended 30 June 2016
“26 April 2018 EGM”	:	The extraordinary general meeting of the Company held on 26 April 2018
“2015 Deed of Undertaking”	:	The deed of undertaking dated 6 November 2015 executed by Mr Pang in favour of the Company in relation to, inter alia, the Loan Undertaking, details of which are set out on pages 51 and 52 of the Offer Document in the section entitled “Capitalisation and Indebtedness” and <u>Section 2.1.1</u> of this Circular
“2017 Amendment Deed”	:	An amendment deed executed by Mr Pang in favour of the Company dated 31 March 2017 setting out the terms and conditions on which the 2015 Deed of Undertaking is amended
“2019 Amendment Resolution”	:	The Ordinary Resolution for the Proposed Variation of Loan Undertaking, being Ordinary Resolution 1 as set out in the Notice of EGM and as further described in <u>Section 2.4</u> of this Circular
“Additional Loan”	:	The additional loan of S\$3,000,000 granted by Mr Pang pursuant to the Loan Undertaking and as further described in <u>Section 2.1.1</u> of this Circular
“AGM”	:	Annual general meeting of the Company
“Approval Thresholds”	:	Has the meaning ascribed to it in <u>Section 10.8.2</u> of this Circular
“Associate”	:	Has the meaning ascribed to it in the Catalist Rules
“Award”	:	A contingent award of Shares which may be granted pursuant to the GS Performance Share Plan
“Award Shares”	:	Shares granted under an Award
“Board”	:	The board of Directors of the Company
“Capitalised Amount”	:	Has the meaning ascribed to it in <u>Section 3.1</u> of this Circular

DEFINITIONS

“Capitalisation Completion”	:	Completion of the Proposed Loan Capitalisation
“Capitalisation Conditions Precedent”	:	Has the meaning ascribed to it in <u>Section 3.3.1</u> of this Circular
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“Chief Financial Officer”	:	The chief financial officer of the Company
“Circular”	:	This circular to Shareholders dated 11 April 2019
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Concert Party Group”	:	Has the meaning ascribed to it in <u>Section 13</u> of this Circular
“Consideration Shares”	:	The 14,000,000 Shares issued (or to be issued) to Ms Ang Siew Kiock as satisfaction of part of the consideration payable by the Company for the Proposed Acquisition
“Controlling Interest”	:	The interest of Controlling Shareholder(s)
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control of a company
“Conversion Price”	:	The IPO Price or such price equivalent to the VWAP per Share on the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST, whichever is higher, and as further described in <u>Section 3.2.2</u> of this Circular. The Conversion Price has been determined to be S\$0.255.
“Conversion Shares”	:	Up to 11,764,705 new Shares to be issued pursuant to the conversion of the Moneys Outstanding and the specific number of Shares to be issued shall be determined as set out in <u>Section 3.2.3</u> of this Circular, and each a “Conversion Share”

DEFINITIONS

“Convertible Loan”	:	The convertible loan in the aggregate sum of RMB68,000,000 (or S\$13,600,000) facilities extended by the Lenders pursuant to the convertible loan agreement entered into by the Company dated 17 December 2018
“Deed”	:	The deed entered into by and between Mr Pang and the Company on 7 March 2019, as further described in <u>Section 1.1</u> of this Circular
“Deed Poll”	:	The deed poll to be executed by the Company constituting the Warrants
“Directors”	:	The directors of the Company
“EGM”	:	The extraordinary general meeting of the Company to be held at 8 Loyang Way 4, Singapore 507604 on 26 April 2019 at 10.30 a.m., (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 10.00 a.m. on the same day and at the same place), notice of which is set out on pages N-1 to N-7 of this Circular
“EP Award”	:	The Award proposed to be granted to Ms Eliss Pang, details of which are set out in <u>Section 9.4.2</u>
“Exercise Period”	:	The exercise period for the Warrants, as further described in <u>Section 4.2</u> of this Circular
“Exercise Price”	:	The exercise price of a Warrant, as further described in <u>Section 4.2</u> of this Circular
“Existing Loan”	:	The then existing S\$1,000,000 loan owed by the Company to Mr Pang as at the date of the Offer Document, as also described in <u>Section 2.1.1</u> of this Circular
“Financial Reporting Standard 102”	:	The Singapore Financial Reporting Standard regulating share-based payments as issued by the Accounting Standards Council Singapore
“FY2016”	:	Financial year ended 31 December 2016
“FY2017”	:	Financial year ended 31 December 2017
“FY2018”	:	Financial year ended 31 December 2018
“GS Employee Share Option Scheme”	:	The share option scheme of the Company known as the GS Employee Share Option Scheme which was approved by Shareholders on 17 December 2015

DEFINITIONS

“GS Performance Share Plan”	:	The performance share plan of the Company known as the GS Holdings Performance Share Plan approved by Shareholders on 17 December 2015, the rules of which are set out in Appendix H of the Offer Document
“HY2018”	:	Half year ended 30 June 2018
“IFA Letter”	:	The letter dated 11 April 2019 issued by the IFA to the Non-Interested Directors in respect of the Proposed Transactions as interested person transactions, as set out in Appendix A of this Circular
“Interested Persons”	:	The interested persons vis-à-vis the Company who fall within the IPT Mandate, as more particularly described in <u>Section 10.6</u> of this Circular
“Interested Person Transactions” or “IPT”	:	The categories of transactions with the Interested Persons which fall within the IPT Mandate, as set out in <u>Section 10.7</u> of this Circular.
“Introducer Warrants”	:	The 50,000,000 warrants to be issued to Alto Vencap pursuant to the introducer agreements entered into by and between the Company and Alto Vencap dated 17 December 2018
“Introducer Warrant Shares”	:	The aggregate of 50,000,000 Shares that may be issued to the Introducer pursuant to Alto Vencap’s exercise of all the Introducer Warrants at the agreed exercise price
“IPO Price”	:	The price of S\$0.250, being the price offered per Share at the initial public offering of the Company on the Catalist board of the SGX-ST
“IPT Mandate”	:	The general mandate given by the Shareholders to enable the Group to enter into the Interested Person Transactions
“IPT Register”	:	Has the meaning ascribed to it in <u>Section 10.9</u> of this Circular
“Latest Practicable Date”	:	28 March 2019, being the latest practicable date prior to the printing of this Circular
“Lenders’ Conversion Shares”	:	The aggregate of 93,688,888 Shares (or 46,844,444 Shares in respect of each Lender) that may be issued to the Lenders pursuant to the Lenders’ exercise of their conversion right in respect of all of the Convertible Loan

DEFINITIONS

“Listing Approval”	:	The approval-in-principle from the SGX-ST for the listing and quotation of the Conversion Shares or Warrant Shares (as the case may be)
“Loan Undertaking”	:	The undertaking from Mr Pang in favour of the Company, as set out in the 2015 Deed of Undertaking, to forgive and/or grant certain loans to the Company, details of which are set out on pages 51 and 52 of the Offer Document in the section entitled “Capitalisation and Indebtedness” and <u>Section 2.1</u> of this Circular
“LPS”	:	Loss per Share
“Mandatory Offer”	:	Has the meaning ascribed to it in <u>Section 13</u> of this Circular
“Moneys Outstanding”	:	The sum of S\$3,200,000 as further described in <u>Section 3.1</u> of this Circular
“NAV”	:	Net asset value
“Net Warrants Proceeds”	:	Has the meaning ascribed to it in <u>Section 6.1</u> of this Circular
“New Loan”	:	The sum of S\$1,200,000 lent by Mr Pang to the Company and as further described in <u>Section 2.2</u> of this Circular
“NTA”	:	Net tangible assets
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-7 of this Circular
“Offer Document”	:	The offer document of the Company dated 7 January 2016
“Operating Loss”	:	Has the meaning ascribed to it in the 2015 Deed of Undertaking which was thereafter further clarified in the 2017 Amendment Deed, further details of which are set out in <u>Section 2.1.1</u> and <u>Section 2.1.2</u> of this Circular
“Ordinary Resolutions”	:	The ordinary resolutions as set out in the Notice of EGM
“PP Award”	:	The Award proposed to be granted to Mr Pang, details of which are set out in <u>Section 9.3.2</u>
“Proposed Acquisition”	:	The Company’s acquisition of Hao Kou Wei which, as at the Latest Practicable Date, is owned by Ms Ang Siew Kiock, the spouse and Associate of Mr Pang, further details of which are set out in the announcement released by the Company on 17 December 2018 and the Company’s circular dated 11 February 2019

DEFINITIONS

“Proposed Grant of Awards”	:	The proposed grant of Awards under the GS Performance Share Plan to Mr Pang and Ms Eliss Pang, the allotment and issuance of the Award Shares thereunder
“Proposed Loan Capitalisation”	:	The capitalisation of certain loans owing by the Company to Mr Pang, as further described in <u>Section 1.2.3</u> of this Circular
“Proposed Participation in the GS Performance Share Plan”	:	The proposed participation of Mr Pang and Ms Eliss Pang, being a Controlling Shareholder and an Associate of a Controlling Shareholder respectively, under the GS Performance Share Plan
“Proposed Renewal of IPT Mandate”	:	Has the meaning ascribed to it in <u>Section 1.2.5</u> of this Circular
“Proposed Transactions”	:	The Proposed Loan Capitalisation and Proposed Warrants Issue, collectively
“Proposed Variation of Loan Undertaking”	:	Has the meaning ascribed to it in <u>Section 1.2.1</u> of this Circular
“Proposed Warrants Issue”	:	Has the meaning ascribed to it in <u>Section 1.2.4</u> of this Circular
“Record Date”	:	The date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares
“Scenario A”	:	Has the meaning ascribed to it in <u>Section 11.1</u> and Appendix B of this Circular
“Scenario B”	:	Has the meaning ascribed to it in <u>Section 11.1</u> and Appendix B of this Circular
“Scheme Shares”	:	Has the meaning ascribed to it in <u>Section 9.5.1</u> of this Circular
“Securities Account”	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“Second Tranche Marvel Placement”	:	The issuance of 18,655,555 Shares to Marvel Earn Limited pursuant to the placement agreement entered into by the Company with Marvel Earn Limited on 17 December 2018
“Shareholder Proxy Form”	:	Has the meaning ascribed to it in <u>Section 20.1</u> of this Circular

DEFINITIONS

“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Take-over Code”	:	Singapore Code on Take-overs and Mergers
“Threshold”	:	Has the meaning ascribed to it in <u>Section 10.2</u> of this Circular
“Trigger Event”	:	Has the meaning ascribed to it in <u>Section 13</u> of this Circular
“VWAP”	:	Volume weighted average price
“Warrants”	:	The up to 11,764,705 warrants to be issued to Mr Pang pursuant to the Deed
“Warrant Shares”	:	The Shares issued pursuant to the exercise of Warrants as further defined in <u>Section 4.2</u> of this Circular

Companies, Persons, Organisation and Agencies

“Alto Vencap” or “Introducer”	:	Alto Vencap Pte. Ltd.
“Audit and Risk Committee”	:	The audit and risk committee of the Company, comprising, as at the Latest Practicable Date, Mr Lee Dah Khang, Mr Chong Eng Wee, Mr Chow Kek Tong and Mr Liu Changsheng
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	GS Holdings Limited
“Group”	:	The Company together with its subsidiaries
“Green Valley”	:	Guangzhou Green Valley Ecological Environment Co. Ltd., being a Lender
“Hao Kou Wei”	:	Hao Kou Wei Pte. Ltd.
“IFA” or “Independent Financial Adviser”	:	RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Non-Interested Directors on the Proposed Transactions

DEFINITIONS

“Lenders”	:	Green Valley and Yue Da, being the Lenders under the Convertible Loan
“Mr Pang”	:	Mr Pang Pok, being the Executive Chairman and Chief Executive Officer of the Company
“Ms Eliss Pang”	:	Ms Pang Yiling Eliss, the daughter of Mr Pang, and the Director of Operations of the Group
“Non-Interested Directors”	:	The Directors who are considered to be independent for the purpose of making the recommendations to Shareholders in respect of the Proposed Transactions, being Mr Lee Dah Khang, Mr Chong Eng Wee, Mr Chow Kek Tong and Mr Liu Changsheng
“Remuneration Committee”	:	The remuneration committee of the Company comprising, as at the Latest Practicable Date, Mr Chow Kek Tong, Mr Lee Dah Khang, Mr Liu Changsheng and Mr Chong Eng Wee
“SIC”	:	Securities Industry Council
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	UOB Kay Hian Private Limited
“Yue Da”	:	Guangzhou Yue Da Environmental Technology Development Co. Ltd., being a Lender

Currencies, Units and Others

“S\$” and “cents”	:	Singapore Dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall include corporations.

References to “**Section**” are to the sections of this Circular, unless otherwise stated.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or Chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

GS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201427862D)

Directors:

Pang Pok (*Executive Chairman and Chief Executive Officer*)
Lee Dah Khang (*Lead Independent Director*)
Chow Kek Tong (*Independent Director*)
Chong Eng Wee (*Independent Director*)
Liu Changsheng (*Non-Independent and Non-Executive Director*)

Registered Office:

8 Loyang Way 4
Singapore 507604

11 April 2019

To: The Shareholders of GS Holdings Limited

Dear Sir/Madam,

- (1) **THE PROPOSED VARIATION OF THE LOAN UNDERTAKING FROM MR PANG**
- (2) **THE PROPOSED LOAN CAPITALISATION AND PROPOSED WARRANTS ISSUE AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES**
- (3) **THE PROPOSED ALLOTMENT AND ISSUE OF 11,764,705 CONVERSION SHARES TO MR PANG AT AN ISSUE PRICE OF S\$0.255 FOR EACH CONVERSION SHARE UNDER RULE 804 AND RULE 812 OF THE CATALIST RULES PURSUANT TO THE PROPOSED LOAN CAPITALISATION**
- (4) **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 11,764,705 WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.255 PER WARRANT SHARE PURSUANT TO THE PROPOSED WARRANTS ISSUE**
- (5) **THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO MR PANG AND MS ELISS PANG, BEING A CONTROLLING SHAREHOLDER AND AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, RESPECTIVELY, UNDER THE GS PERFORMANCE SHARE PLAN**
- (6) **THE PROPOSED RENEWAL OF IPT MANDATE**

1. INTRODUCTION

1.1 Entry into the Deed

As announced by the Company on 7 March 2019, the Company has entered into a deed with Mr Pang, the Company's Executive Chairman and Chief Executive Officer, in respect of, among others, the following:

- (a) a variation of the terms of the 2017 Amendment Deed in respect of, among others, the Loan Undertaking. Further details on the Loan Undertaking is set out in Section 2.1 of this Circular;

LETTER TO SHAREHOLDERS

- (b) the Proposed Loan Capitalisation; and
 - (c) the Proposed Warrants Issue,
- (collectively, the “**Deed**”).

1.2 Purpose of Circular

The Board is now proposing to convene an EGM on 26 April 2019 (after the Company’s AGM) to seek Shareholders’ approval for the following:

- 1.2.1 (Ordinary Resolution 1) the proposed variation of the Loan Undertaking set out in the 2015 Deed of Undertaking, as amended by the 2017 Amended Deed, such variations to be adopted as set out in Section 2 of this Circular (the “**Proposed Variation of Loan Undertaking**”);
- 1.2.2 (Ordinary Resolution 2) the Proposed Transactions (comprising the Proposed Loan Capitalisation and Proposed Warrants Issue) being interested person transactions under Chapter 9 of the Catalist Rules;
- 1.2.3 (Ordinary Resolution 3) the allotment and issuance of up to 11,764,705 new Shares at an issue price of S\$0.255 pursuant to the capitalisation of a portion of the outstanding loan owing by the Company to Mr Pang, such issuance of Conversion Shares requiring specific Shareholders’ approval under Rule 804 and Rule 812 of the Catalist Rules (the “**Proposed Loan Capitalisation**”);
- 1.2.4 (Ordinary Resolution 4) the allotment and issuance of up to 11,764,705 Warrants to Mr Pang, each Warrant carrying the right to subscribe for one (1) new Share, such issuance of the Warrants requiring specific Shareholders’ approval under Rule 804 and Rule 812 of the Catalist Rules (the “**Proposed Warrants Issue**”);
- 1.2.5 (Ordinary Resolution 5) the proposed renewal of the Shareholders’ general mandate for Interested Person Transactions (the “**Proposed Renewal of IPT Mandate**”); and
- 1.2.6 (Ordinary Resolution 6) the proposed participation by Mr Pang, being a Controlling Shareholder, in the GS Performance Share Plan;
- 1.2.7 (Ordinary Resolution 7) the proposed grant of Awards to Mr Pang, being a Controlling Shareholder, under the GS Performance Share Plan;
- 1.2.8 (Ordinary Resolution 8) the proposed participation by Ms Eliss Pang, being an Associate of a Controlling Shareholder, in the GS Performance Share Plan; and
- 1.2.9 (Ordinary Resolution 9) the proposed grant of Awards to Ms Eliss Pang, being an Associate of a Controlling Shareholder, under the GS Performance Share Plan.

The purpose of this Circular is therefore to provide Shareholders with the relevant information relating to the above, and to seek Shareholders’ approval in respect of the same at the upcoming EGM. The Notice of EGM is set out on pages N-1 to N-7 of this Circular.

LETTER TO SHAREHOLDERS

1.3 Conditionality of Resolutions

Shareholders should note that the passing of Ordinary Resolution 3 (in respect of the Proposed Loan Capitalisation) and Ordinary Resolution 4 (in respect of the Proposed Warrants Issue) are conditional on the passing of Ordinary Resolution 2 (in respect of the Proposed Transactions being interested person transactions). This means that if Ordinary Resolution 2 is not passed at the EGM, both Ordinary Resolutions 3 and 4 will not be tabled.

Shareholders should note that the passing of Ordinary Resolution 7 (in respect of the grant of Awards to Mr Pang under the GS Performance Share Plan) shall be conditional upon the passing of Ordinary Resolution 6 (in respect of the participation by Mr Pang in the GS Performance Share Plan). This means that if Ordinary Resolution 6 is not passed at the EGM, Ordinary Resolution 7 will not be tabled.

Shareholders should note that the passing of Ordinary Resolution 9 (in respect of the grant of Awards to Ms Eliss Pang under the GS Performance Share Plan) shall be conditional upon the passing of Ordinary Resolution 8 (in respect of the participation by Ms Eliss Pang in the GS Performance Share Plan). This means that if Ordinary Resolution 8 is not passed at the EGM, Ordinary Resolution 9 will not be tabled.

2. THE PROPOSED VARIATION OF LOAN UNDERTAKING

2.1 Overview of the Loan Undertaking

2.1.1 The 2015 Deed of Undertaking

In connection with the listing and quotation of the Shares on the Official List of the SGX-Catalist, Mr Pang had executed the 2015 Deed of Undertaking. Pursuant to the 2015 Deed of Undertaking, Mr Pang had agreed, among others, that if the Company:

- (a) has incurred an Operating Loss (as defined below) for its financial results for 1H2016, (i) he shall forgive the then existing S\$1,000,000 (the “**Existing Loan**”) owed by the Company to him in its entirety, and (ii) he shall grant an additional S\$3,000,000 (the “**Additional Loan**”) interest-free shareholder’s loan to the Company for its working capital requirements or any other purpose which the Company may deem fit within 30 days from the date of the Company’s announcement of the 1H2016 financial results; and/or
- (b) has incurred an Operating Loss for its financial results for 1H2016, and continues to incur an Operating Loss for its audited financial results for FY2016, he shall forgive the Additional Loan in its entirety.

For the purposes herein, pursuant to the Loan Undertaking, “**Operating Loss**” shall be determined by taking the operating revenue of the Group which is derived from only the Group’s dishware washing business, less all costs (including cost of sales, sales and administrative expenses, and depreciation and taxes), but excluding any extraordinary or one-off items (such as expenses incurred in connection with the listing of the Company on the Official List of the SGX-Catalist, and any loss or gain on any valuation or disposal of the Group’s assets). The determination of the Company’s auditors of the Operating Loss for 1H2016 and FY2016 shall be final and conclusive.

LETTER TO SHAREHOLDERS

As announced on 11 August 2016 in the Company's unaudited financial statements for 1H2016 and in compliance with the terms of the 2015 Deed of Undertaking, Mr Pang had forgiven the Existing Loan of S\$1,000,000.

2.1.2 The 2017 Amendment Deed

On 31 March 2017, the terms of the 2015 Deed of Undertaking was varied pursuant to the 2017 Amendment Deed. The variation of the terms of the 2015 Deed of Undertaking pursuant to the 2017 Amendment Deed was approved by the Shareholders at an EGM held on 28 April 2017. Pursuant to the 2017 Amendment Deed, Mr Pang had undertaken, among others, that if the Company:

- (a) records an Operating Loss for its audited financial results for 1H2016, as determined by the Company's auditors, and continues to incur an Operating Loss for its audited financial results for FY2016, he is not obliged to forgive the Additional Loan in its entirety, and he shall automatically and without any further action on the part of the Company disburse S\$2,000,000 out of the Additional Loan within 30 days from the date of the audited financial statements of the Company for FY2016;
- (b) records an Operating Loss for its audited financial results for FY2017, he shall automatically and without any further action on the part of the Company disburse the remaining S\$1,000,000 (if not already disbursed) out of the Additional Loan within 30 days from the date of the audited financial statements of the Company for FY2017; and/or
- (c) records an Operating Loss for its audited financial results for FY2018, he shall automatically and without any further action on the part of the Company disburse any amount remaining under the Additional Loan, and shall immediately thereafter forgive the Additional Loan in its entirety.

As announced on 26 February 2019 in the Company's unaudited financial statements for FY2018, Mr Pang has forgiven a part of the Additional Loan in the sum of S\$1,000,000.

Shareholders should note that pursuant to the 2017 Amendment Deed, the definition of "**Operating Loss**" was further clarified, such that "**Operating Loss**" shall be determined by taking the operating revenue of the Group which is derived from the Group's dishware washing business, *and related and ancillary businesses thereto (including but not limited to the dishware washing business, the sale and rental of crockeries, the sale of trays collection robots, trays return systems, and waste disposal systems, and the Group's hotel and clubs stewarding businesses)*, less all costs (including cost of sales, sales and administrative expenses, finance charges and expenses, depreciation, and taxes), but excluding any extraordinary or one-off items (such as any loss or gain on any valuation or disposal of the Group's assets). The determination of the Company's auditors of the Operating Loss for 1H2016, FY2016, FY2017, and FY2018 shall be final and conclusive. Furthermore, the 2017 Amendment Deed clarifies that the operating revenue and costs in relation to Operating Loss do not include rental income nor expenses directly related to such rental income.

Shareholders may wish to refer to the Company's circular dated 11 April 2017 for further details on the 2015 Deed of Undertaking and the 2017 Amendment Deed.

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2.2 Loans Disbursed to the Company

As at the Latest Practicable Date, the amount disbursed by Mr Pang to the Company so far is set out below:–

Amount of Loan from Mr Pang	Provided pursuant to the Loan Undertaking?	Mode of Repayment
S\$1,000,000 (being the Existing Loan)	Yes, this is provided in the 2015 Deed of Undertaking.	Pursuant to the 2015 Deed of Undertaking, the loan of S\$1,000,000 shall be forgiven. This amount was forgiven as announced in the Company's unaudited financial statements for 1H2016.
S\$3,000,000 (being the Additional Loan)	Yes, this is provided in the 2015 Deed of Undertaking (as amended pursuant to the 2017 Amendment Deed).	<p>Pursuant to the 2017 Amendment Deed, Mr Pang shall immediately forgive the Additional Loan in its entirety if the Company records an Operating Loss for its audited financial results for FY2018.</p> <p>S\$1,000,000 has already been forgiven by Mr Pang as set out in the Company's unaudited financial statements for FY2018. In accordance with the 2017 Amendment Deed, the remaining S\$2,000,000 of the Additional Loan is likely to also be forgiven as the Company's unaudited financial statements for FY2018 announced on 26 February 2019 reflects a loss.</p>
S\$1,200,000 (being the "New Loan")	No. This is an additional loan.	As set out in the Deed, the New Loan shall be satisfied as follows: (a) S\$1,000,000 to be repaid by way of such number of Shares pursuant to the Proposed Loan Capitalisation; and (b) S\$200,000 to be paid in cash.

As at the Latest Practicable Date, the amount owed by the Company to Mr Pang is S\$3,200,000.

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2.3 Terms of the Proposed Variation of the Loan Undertaking

Pursuant to the Deed, subject to the relevant conditions, the Company and Mr Pang have agreed to vary the terms of the Loan Undertaking under the 2017 Amendment Deed such that insofar as Mr Pang remains a Director or an employee of the Group, and in any case for a period of 12 calendar months after he ceases to be employed by the Group, in the event that the Company records an Operating Loss (as defined in the 2017 Amendment Deed) for its audited financial results for FY2018, Mr Pang shall:

- (a) automatically and without any further action on the part of the Company disburse any amount remaining under the Additional Loan; and
- (b) immediately thereafter forgive the Additional Loan in the amount of S\$1,000,000; and
- (c) in respect of the remaining part of the Additional Loan in the amount of S\$2,000,000, Mr Pang shall agree to capitalise such loan into Shares on such terms and subject to such conditions as may be specified by the Board and approved by the Audit and Risk Committee.

The issuance of Shares pursuant to such capitalisation shall be subject to the relevant Shareholders' approval being obtained under the Catalist Rules (including Rule 804 and Rule 812). In this regard, Mr Pang shall abstain from any deliberations and/or discussions by the Board on the terms of the capitalisation of the loan, and shall abstain from voting on any resolutions to be approved by Shareholders in respect of the foregoing.

2.4 Conditions to the Proposed Variation

The Proposed Variation is subject to the following conditions:

- (a) the Audit and Risk Committee having given its consent in writing for the Proposed Variation of Loan Undertaking;
- (b) a majority of holders of voting rights of the Company present and voting at an EGM, approve by way of a poll, a resolution for the Proposed Variation of Loan Undertaking, being Ordinary Resolution 1 as set out in the Notice of EGM (the "**2019 Amendment Resolution**");
- (c) the 2019 Amendment Resolution is separate from other resolutions to be tabled at the relevant EGM; and
- (d) Mr Pang and his Associates shall abstain from voting on the 2019 Amendment Resolution.

Shareholders should note that if the relevant Shareholders' approval is not obtained in respect of the 2019 Amendment Resolution, (i) Mr Pang shall immediately forgive the sum of S\$2,000,000, being part of the Additional Loan, in accordance with the terms of the 2017 Amendment Deed, and (ii) only S\$1,000,000 (being part of the New Loan) shall be payable by way of the issuance and allotment of Shares pursuant to the Proposed Loan Capitalisation.

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3. THE PROPOSED LOAN CAPITALISATION

3.1 Moneys Outstanding

Pursuant to the Deed, the Company and Mr Pang have agreed that the sum of S\$3,200,000 (the “**Moneys Outstanding**”) comprising the following amounts shall, subject to the relevant conditions precedent, be repaid to Mr Pang in the following manner:–

Manner of Repayment	Amount of Moneys Outstanding
By way of allotment and issuance to Mr Pang of such number of Shares at the Conversion Price pursuant to the Proposed Loan Capitalisation	(i) S\$2,000,000 (being part of the Additional Loan which has not been forgiven) (subject to Shareholders’ approval being obtained for the 2019 Amendment Resolution); and (ii) S\$1,000,000 (being part of the New Loan), (collectively, the “ Capitalised Amount ”)
By way of payment in cash no later by 31 March 2019	S\$200,000 (being part of the New Loan)
Total	S\$3,200,000

As at the Latest Practicable Date, the sum of S\$200,000 (being part of the New Loan) has yet to be fully repaid by the Company.

3.2 Salient Terms of the Proposed Loan Capitalisation

3.2.1 Conversion

Pursuant to the Deed, Mr Pang has agreed to convert a part of the Moneys Outstanding in the sum of S\$3,000,000 into such number of Shares (each a “**Conversion Share**”) at the Conversion Price.

3.2.2 Conversion Price

Each Conversion Share shall be issued at the IPO Price or such price equivalent to the VWAP per Share on the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST, whichever is higher.

As the VWAP per Share of S\$0.255 for the trades done on the SGX-ST on 21 February 2019, being the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST is higher than the IPO Price, in accordance with the terms of the Deed, each Conversion Share shall be issued at an issue price of S\$0.255 (the “**Conversion Price**”). There were no trades in the Shares recorded on the SGX-ST on 22 February 2019, 25 February 2019, 26 February 2019, 27 February 2019, 28 February 2019, 1 March 2019, 4 March 2019, 5 March 2019 and 6 March 2019.

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The Conversion Price was mutually agreed on between the Company and Mr Pang based on arms' length negotiations and was arrived at after taking into consideration (i) the rationale as set out in Section 5 of this Circular, (ii) the financial performance and condition and cash flow generation abilities of the Group, (iii) Mr Pang's continuing support for the Group's future development, and (iv) the requirements under Rule 811(1) of the Catalist Rules.

3.2.3 Number of Conversion Shares

Based on the Conversion Price of S\$0.255, the number of Conversion Shares to be issued to Mr Pang will be:

- (a) 11,764,705 Shares (if Shareholders' approval is obtained for the 2019 Amendment Resolution and the Capitalised Amount being S\$3,000,000); or
- (b) 3,921,568 Shares (if Shareholders' approval is not obtained for the 2019 Amendment Resolution and the Capitalised Amount being S\$1,000,000).

3.2.4 Ranking of Conversion Shares

The Conversion Shares shall, when allotted and issued on conversion, (i) be duly authorised and free from all encumbrances whatsoever, (ii) be validly issued and credited as fully paid up, and (iii) in all respects rank *pari passu* with the then existing Shares (except that the Conversion Shares shall not rank for any rights, dividends, entitlements or other distributions, the Record Date for which falls on or before the date of allotment of the Conversion Shares).

3.3 Capitalisation Conditions Precedent

3.3.1 Capitalisation Completion is conditional upon, *inter alia*, the fulfilment of the following conditions precedent:

- (a) in respect of the capitalisation of the S\$2,000,000 (being part of the Additional Loan), the relevant Shareholders' approval being obtained in respect of the 2019 Amendment Resolution. For the avoidance of doubt, if the relevant Shareholders' approval is not obtained for the 2019 Amendment Resolution, the Proposed Loan Capitalisation shall only be carried out in respect of the Capitalised Amount in the sum of S\$1,000,000 only (being part of the New Loan) and shall exclude the sum of S\$2,000,000, being part of the Additional Loan (which is to be forgiven under the 2017 Amendment Deed);
- (b) specific Shareholders' approval(s) as required under the Catalist Rules (including such approvals pursuant to Rule 804, Rule 812 and Chapter 9) having been obtained at an EGM to be convened for, among others, the issuance of the Conversion Shares (on terms and conditions acceptable to the Company and Mr Pang (as the case may be), each acting reasonably) and not being revoked or amended;
- (c) the Listing Approval for the Conversion Shares having been obtained (on terms and conditions acceptable to the Company and Mr Pang, each acting reasonably) and not being revoked or amended, and any conditions attached to such Listing Approval which are required to be fulfilled on or before the date of the Capitalisation Completion, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST; and

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- (d) the issuance of the Conversion Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Deed by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or Mr Pang (including but not limited to the SGX-ST).

(collectively, the “**Capitalisation Conditions Precedent**”).

- 3.3.2** The long stop date for the fulfillment of the Capitalisation Conditions Precedent is such date falling 180 calendar days after the date of the Deed or such other date as the Company and Mr Pang may agree.

3.4 Capitalisation Completion

Upon the Capitalisation Completion, the obligation to repay the Capitalised Amount will be deemed to have been discharged and all rights accruing to Mr Pang in connection with the Capitalised Amount which have been converted in accordance with the terms of the Deed will thereby be extinguished.

4. THE PROPOSED WARRANTS ISSUE

4.1 Introduction

Pursuant to the Deed, the Company will issue and allot such number of free Warrants at the Exercise Price (as defined below) to Mr Pang. The number of Warrants to be issued to Mr Pang shall be on the basis of 1 Warrant for each Conversion Share issued to Mr Pang.

4.2 Key Terms of the Warrants

The key terms of the Warrants are as follows:–

- Number of Warrants** : 1 Warrant for each Conversion Share issued to Mr Pang. For the avoidance of doubt, where:
- (a) Shareholders’ approval is obtained for the 2019 Amendment Resolution, an aggregate of 11,764,705 Warrants shall be issued to Mr Pang; or
 - (b) Shareholders’ approval is not obtained for the 2019 Amendment Resolution, an aggregate of 3,921,568 Warrants shall be issued to Mr Pang.
- Subscription rights** : Subject to the terms and conditions of the Warrants set out in the Deed Poll, each Warrant shall entitle Mr Pang, at any time during the Exercise Period (as defined below), to subscribe for one (1) new Share at the Exercise Price (each a “**Warrant Share**”).

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- Exercise Price** : Each Warrant shall be exercised at an exercise price equivalent to the Conversion Price of S\$0.255 (the “**Exercise Price**”).
- The Exercise Price is equivalent to the VWAP per Share of S\$0.255 for the trades done on the SGX-ST on 21 February 2019, being the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST. There were no trades in the Shares recorded on the SGX-ST on 22 February 2019, 25 February 2019, 26 February 2019, 27 February 2019, 28 February 2019, 1 March 2019, 4 March 2019, 5 March 2019 and 6 March 2019.
- The Exercise Price was mutually agreed on between the Company and Mr Pang based on arms’ length negotiations and was arrived at after taking into consideration (i) the rationale as set out in Section 5 of this Circular, (ii) the financial performance and condition and cash flow generation abilities of the Group, (iii) Mr Pang’s continuing support for the Group’s future development, and (iv) the requirements under Rule 811(1) of the Catalist Rules.
- Exercise Period** : 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 (the “**Exercise Period**”). Warrants which remain unexercised on the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.
- End of Exercise Period** : The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to Mr Pang in accordance with the conditions set out in the Deed Poll, and announce the expiration date of the Warrants on the SGXNet.

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- Status of Warrant Shares** : The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue:
- (a) rank *pari passu*, in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue and allotment of the Warrant Shares; and
 - (b) be listed on the SGX-ST and free from pre-emptive rights.
- Adjustment to Exercise Price and/or the number of Warrants** : The Exercise Price and/or the number of Warrants to be held by Mr Pang will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series.
- Transferability and Listing** : The Warrants shall not be transferable, and will not be listed and traded on the Catalist of SGX-ST.
- Further issues of securities** : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, Mr Pang, being a warrant holder, shall have no participation rights in any such issues of Shares by the Company (save in his capacity as Shareholder at such time of issues of Shares) unless otherwise resolved by the Company in general meeting.
- Winding-up** : If the Company is wound-up for any reason other than a members' voluntary winding-up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.
- Alteration to the terms of the Warrants** : Any material alteration to the terms of the Warrants to the advantage of Mr Pang, being the warrant holder, and/or prejudicial to the Shareholders shall be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the terms and conditions in the Deed Poll.

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4.3 Conditions Precedent for the Proposed Warrants Issue

Completion of the Proposed Warrants Issue is conditional upon, *inter alia*, the fulfilment of the following conditions precedent:

- (a) specific Shareholders' approval(s) as required under the Catalist Rules (including such approvals pursuant to Rule 804, Rule 812 and Chapter 9) having been obtained at an EGM to be convened for, among others, the Proposed Warrants Issue and the issuance of such number of Warrant Shares pursuant to the exercise of the Warrants (on terms and conditions acceptable to the Company and Mr Pang (as the case may be), each acting reasonably) and not being revoked or amended;
- (b) the Listing Approval for the Warrant Shares having been obtained (on terms and conditions acceptable to the Company and Mr Pang, each acting reasonably) and not being revoked or amended, and any conditions attached to such Listing Approval which is required to be fulfilled on or before the date of issuance of the Warrants, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST; and
- (c) the Proposed Warrants Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Deed by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or Mr Pang (including but not limited to the SGX-ST).

The long stop date for the fulfillment of the above conditions precedent is such date falling 180 calendar days after the date of the Deed or such other date as the Company and Mr Pang may agree.

4.4 Completion of the Proposed Warrants Issue

Subject to the conditions precedent for the Proposed Warrants Issue specified in Section 4.3 above being satisfied (or waived, as the case may be), the Company shall, as soon as practicable, issue the Warrants and deliver to Mr Pang the Deed Poll.

For the avoidance of doubt, the issue of the Conversion Shares and the Warrants need not be completed simultaneously.

5. RATIONALE FOR THE PROPOSED VARIATION OF LOAN UNDERTAKING, PROPOSED LOAN CAPITALISATION AND PROPOSED WARRANTS ISSUE

The Company is undertaking the Proposed Variation of Loan Undertaking, the Proposed Loan Capitalisation and Proposed Warrants Issue in recognition of Mr Pang's continuing and unwavering show of support and commitment for the Company, in particular:

- (a) Mr Pang's continued financial support for the Group in the form of interest-free loans;
- (b) Mr Pang agreeing to make available the New Loan in the sum of S\$1,200,000 to the Company to tide it through its difficult times notwithstanding that he is under no such obligation to provide such New Loan;

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- (c) Mr Pang procuring the injection of a profitable asset into the Group via the Proposed Acquisition. Shareholders may wish to refer to the announcement released by the Company on 17 December 2018 and the Company's circular dated 11 February 2019 for more information on the Proposed Acquisition;
- (d) the new initiatives commenced by Mr Pang for the future expansion of the Group's business (including the Group's expansion plans into the food and beverage business in the People's Republic of China);
- (e) Mr Pang agreeing to capitalise part of the New Loan in the sum of S\$1,000,000 and accepting cash repayment of only S\$200,000; and
- (f) specifically in respect of the Proposed Warrants Issue, Mr Pang having forgiven in FY2016 and FY2018 an aggregate of S\$2,000,000 interest-free loans borrowed by the Company.

In addition, the capitalisation of part of the New Loan in the sum of S\$1,000,000 will enable the Group to:

- (i) reduce its current liabilities and settle all outstanding loans owed by the Company to Mr Pang;
- (ii) eliminate one of the competing needs for working capital and improve the Company's NTA value and reduce its LPS; and
- (iii) eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Group.

6. USE OF PROCEEDS FROM PROPOSED WARRANTS ISSUE

6.1 Assuming all Warrants are fully exercised into Warrant Shares, the estimated amount of additional proceeds that may be raised from the Proposed Warrants Issue, after deducting expenses of approximately S\$50,000 incurred in connection with the Proposed Warrants Issue (the "**Net Warrants Proceeds**") will be as set out below:-

	Assuming Shareholders' approval is obtained for the 2019 Amendment Resolution and an aggregate of 11,764,705 Warrants are issued	Assuming Shareholders' approval is <u>not</u> obtained for the 2019 Amendment Resolution and an aggregate of 3,921,568 Warrants are issued
Gross Warrants Proceeds	S\$3,000,000 (approximate)	S\$1,000,000 (approximate)
Net Warrants Proceeds	S\$2,950,000 (approximate)	S\$950,000 (approximate)

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- 6.2** The Company intends to utilise the entirety of the Net Warrants Proceeds as follows:
- (a) approximately 30% of the Net Warrants Proceeds for general working capital purposes; and
 - (b) approximately 70% of the Net Warrants Proceeds for business expansion and/or acquisitions.
- 6.3** Pending the deployment of the Net Warrants Proceeds for the above-mentioned purposes, the Net Warrants Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interest of the Group.
- 6.4** The Company will make periodic announcements as and when the Net Warrants Proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Warrants Proceeds in the interim and full year financial statements and the annual report. Where the Net Warrants Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Warrants Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the Net Warrants Proceeds, the Company will announce the reason(s) for such deviation.
- 6.5** Shareholders should note that as the issuance of Conversion Shares is in connection with the capitalisation of part of the Moneys Outstanding, no proceeds are to be raised from the issuance of the Conversion Shares.

6.6 Directors' Opinion

The Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the present bank facilities, the Proposed Loan Capitalisation and the net proceeds from the Proposed Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the foregoing, the Company has decided to enter into the Deed to strengthen its financial position in order to meet its anticipated general working capital requirements and business expansion. Shareholders should also refer to Section 5 of this Circular for the rationale of the Proposed Transactions.

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7. SHAREHOLDERS' APPROVAL FOR THE PROPOSED TRANSACTIONS

7.1 Maximum Number of Warrant Shares

For purposes of compliance with Rule 832(1), the maximum number of Warrant Shares to be allotted and issued by the Company pursuant to Mr Pang's exercise of the Warrants in accordance with the terms of the Deed Poll will be as follows:

- (a) if Shareholders' approval is obtained for the 2019 Amendment Resolution and an aggregate of 11,764,705 Warrants is issued to Mr Pang, the maximum number of Warrant Shares that may be issued to Mr Pang will be 11,764,705 Warrant Shares; and
- (b) if Shareholders' approval is not obtained for the 2019 Amendment Resolution and an aggregate of 3,921,568 Warrants is issued to Mr Pang, the maximum number of Warrant Shares that may be issued to Mr Pang will be 3,921,568 Warrant Shares.

7.2 Rule 805(1) – Specific Mandate

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The Company will not be relying on the general mandate previously obtained from Shareholders at the AGM on 26 April 2018 or the general mandate to be obtained from Shareholders at the upcoming AGM for the allotment and issue of the Conversion Shares, Warrants and Warrant Shares. The allotment and issue of the Conversion Shares, Warrants and Warrant Shares will be made pursuant to a specific mandate and as such, the Company will be seeking specific Shareholder's approval for the allotment and issue of the Conversion Shares, Warrants and Warrant Shares in accordance with Rule 805(1) of the Catalist Rules.

7.3 Rule 804 and Rule 812 – Issuance of Shares to Restricted Persons

Pursuant to Rule 804 of the Catalist Rules, except in the case of an issue made on a pro rata basis to shareholders or under a scheme referred to in Part VII of Chapter 8 of the Catalist Rules, no director of an issuer, or Associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and their Associates must abstain from exercising any voting rights on the matter.

In addition, Rule 812 of the Catalist Rules further provides, among others, that an issue must not be placed to an issuer's directors and substantial shareholders unless specific shareholder approval for such a placement has been obtained and the director or substantial shareholder and their respective Associates abstain from voting on the resolution approving the placement.

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Mr Pang is the Executive Chairman, Chief Executive Officer and a controlling shareholder of the Company. Accordingly, pursuant to Rule 804 and Rule 812 of the Catalist Rules, the Company will be seeking Shareholders' approval for the allotment and issue of the Conversion Shares, Warrants and Warrant Shares at the EGM.

Pursuant to Rule 812(2) of the Catalist Rules, Mr Pang shall abstain, and will procure that his Associates abstain, from voting on the resolutions relating to the Proposed Loan Capitalisation and Proposed Warrants Issue.

8. THE PROPOSED TRANSACTIONS AS INTERESTED PERSON TRANSACTIONS

8.1 Interested Person Transaction

Mr Pang is a Director and controlling Shareholder, having, in aggregate, a direct and deemed interest in 69.96% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, for the purposes of Chapter 9 of the Catalist Rules, Mr Pang would be considered an "interested person" vis-a-vis the Company, which is regarded as an "entity at risk" pursuant to Chapter 9 of the Catalist Rules. Accordingly, the Proposed Loan Capitalisation and the Proposed Warrants Issue (being the Proposed Transactions) both constitute "interested person transactions" under Chapter 9 of the Catalist Rules.

8.2 NTA

Based on the audited consolidated financial statements of the Group for FY2017 (being the latest audited full year financial statements available as at the Latest Practicable Date), 5% of the NTA of the Group, being S\$3.08 million, is approximately S\$154,000.

8.3 Shareholders' Approval

As the value of the Proposed Transactions may amount up to S\$3,000,000 which represents more than 5% of the Group's latest audited consolidated NTA for FY2017, approval of the non-interested Shareholders will be required for the Proposed Transactions, in accordance with Rule 906 of the Catalist Rules. The Company will therefore be seeking Shareholders' approval at the EGM for the Proposed Transactions being interested person transactions.

8.4 Total Value of Interested Person Transactions

For the period from the beginning of the current financial year (being 1 January 2019) to the Latest Practicable Date:

- (a) the total value of all interested person transactions entered into by the Company or any member of the Group with Mr Pang (excluding transactions which are less than S\$100,000) is zero; and
- (b) the total value of all interested person transactions entered into by the Company or any member of the Group (excluding transactions which are less than S\$100,000) is approximately S\$325,000.

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8.5 IFA Opinion

Pursuant to Rule 921(4)(a) of the Catalist Rules, an issuer is required to appoint an IFA to advise the independent directors if the interested person transaction:

- (a) is on normal commercial terms; and
- (b) is prejudicial to the interests of the issuer and its minority shareholders.

RHT Capital Pte. Ltd. has been appointed as the IFA to provide an opinion on whether the Proposed Transactions are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter dated 11 April 2019, containing the IFA's opinion in full, is set out in **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Non-Interested Directors has been extracted from section 6 of the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:–

“6. OUR OPINION

In arriving at our recommendation in respect of the Proposed Transactions, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) *the rationale for the Proposed Transactions;*
- (ii) *financial assessment of the terms of the Proposed Transactions:*

Historical trading performance of the Shares

- (a) *the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255 represents a premium of 15.9% over the Share price of S\$0.22 prior to the release of the Announcement;*
- (b) *the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 13.3%, 20.9%, 26.9% and 20.9% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Announcement respectively;*
- (c) *the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 23.2% over the VWAP of the Shares for the period between the market day immediately after the release of the Announcement and up to the Latest Practicable Date;*
- (d) *as at the Latest Practicable Date, the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 6.3% over the VWAP of the Shares of S\$0.24;*

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- (e) *during the period from 8 March 2018 up to the Announcement Date, the Shares were traded on 65 market days or 25.0% of the total market days. The total number of Shares traded during this period was 2,962,700 Shares with an average daily trading volume of 45,580 Shares, representing 0.05% of the free float; and*
- (f) *during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 5 market days or 33.3% of the total market days. The total number of Shares traded during this period was 292,200 Shares with an average daily trading volume of 58,000 Shares, representing 0.06% of the free float.*

Financial analysis of the Group

The implied P/Adjusted NTA ratio is 18.2 times and the Conversion Price and Exercise Price represents a substantial premium of 1,721.4% over the Adjusted NTA per Share of S\$0.014 as at 31 December 2018.

Valuation of the Warrants

- (a) *the Warrants are issued “out-of-the-money” as the Exercise Price is above the Share price on the Announcement Date of S\$0.22;*
 - (b) *as at the Latest Practicable Date, the Warrants are still “out-of-the-money”, as the Exercise Price is above the Share price of S\$0.24;*
 - (c) *assuming the Proposed 2019 Amendments are approved by Shareholders, the implied share issuance price of S\$0.244 per Share represents a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date;*
 - (d) *assuming the Proposed 2019 Amendments are not approved by Shareholders, the implied share issuance price of S\$0.244 per Share represents a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date;*
 - (e) *based the prime lending rate of 5.25% per annum, we note that had the Company taken a loan from a bank or financial institution, it would have theoretically incurred a minimum of S\$273,000 a year on interest expenses. As Mr Pang had provided the loans on an interest-free basis, the Company had saved an estimated amount of S\$273,000 a year, which is more than the theoretical value of the Warrants to be issued to Mr Pang; and*
 - (f) *potential net proceeds from the exercise of Warrants.*
- (iii) *the financial effects to the Group; and*
 - (iv) *other relevant considerations as set out in Paragraph 5.4 of this Letter, namely: (a) Conversion Price of the Conversion Shares and Exercise Price of the Warrants is higher than the IPO Price of the Shares and other corporate*

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actions undertaken by the Group; (b) improvement in gearing ratio of the Group; (c) track record of support from Mr Pang; and (d) shareholding interest of Mr Pang.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Transactions, as Interested Person Transactions, are on normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed 2019 Amendments and our opinion on the Proposed Transactions, being the Proposed Loan Capitalisation and the Proposed Warrants Issue, is not meant to express a view or opinion on the Proposed 2019 Amendments.

We also wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not warrant the merits of the Proposed Transactions.”

8.6 Shareholders are advised to read and consider the IFA Letter for the Proposed Transactions as interested person transactions in its entirety and as reproduced in Appendix A to this Circular, and carefully consider the recommendations of the Non-Interested Directors for the Proposed Transactions set out in this Circular.

8.7 Audit and Risk Committee’s Statement

Having considered the terms, rationale and the benefits of the Proposed Transactions, and the opinion of the IFA on the Proposed Transactions as set out in the IFA Letter, the Audit and Risk Committee concurs with the opinion of the IFA and is of the view that the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

9. THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO MR PANG AND MS ELISS PANG, BEING A CONTROLLING SHAREHOLDER AND AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, RESPECTIVELY, UNDER THE GS PERFORMANCE SHARE PLAN

9.1 Introduction

The GS Performance Share Plan was adopted by the Company pursuant to the approval of Shareholders obtained on 17 December 2015. The GS Performance Share Plan serves to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance and to align the interests of Directors with the interests of Shareholders.

Under the Catalist Rules and the rules of the GS Performance Share Plan, Controlling Shareholders and Associates of Controlling Shareholders are eligible to participate in the GS Performance Share Plan if each of (i) their participation in the GS Performance Share Plan; and (ii) the actual or maximum number of Award Shares to be granted to them and the terms of any Award Shares to be granted to them, has been approved by independent shareholders in a general meeting in separate resolutions for each such person. For the

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purposes of obtaining such approval from independent Shareholders, (a) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders; and (b) clear rationales for the terms of the Awards to be granted to such Controlling Shareholders or Associates of Controlling Shareholders, are set out in Section 9.3 of this Circular below.

Pursuant to Rule 852 of the Catalist Rules, independent Shareholders' approval is being sought for the participation by Mr Pang (being a Controlling Shareholder) and Ms Eliss Pang (being an associate of a Controlling Shareholder) in the GS Performance Share Plan, by way of Ordinary Resolutions 6 and 8 respectively as set out in the Notice of EGM.

9.2 Rationale for participation by Controlling Shareholders and the Associates of Controlling Shareholders

The GS Performance Share Plan contemplates the award of fully paid Shares free of charge to participants after pre-determined performance or service conditions are accomplished. Awards granted under the GS Performance Share Plan will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management and non-executive Directors aimed at delivering long-term shareholder value.

The extension of the GS Performance Share Plan to executive Directors and employees of the Group and associated companies, including those who are Controlling Shareholders and their Associates and non-executive Directors (including the Independent Directors) of the Group allows the Group to have a fair and equitable system to reward Directors and employees who have made and who continue to make significant contributions to the long-term growth of the Group.

Although participants who are Controlling Shareholders or Associates of Controlling Shareholders may already have shareholding interest in the Company, the extension of the GS Performance Share Plan to include them ensures that they are equally entitled as the other employees of the Group to take part and benefit from this system of remuneration. The Board is of the view that a person who would otherwise be eligible should not be excluded from participating in the GS Performance Share Plan solely by reason that he or she is a Controlling Shareholder or an Associate of Controlling Shareholders.

The Board is of the view that there are sufficient safeguards against any abuse of the GS Performance Share Plan resulting from the participation of employees who are Controlling Shareholders or Associates of Controlling Shareholders.

The specific approval of Independent Shareholders in separate resolutions at a general meeting is required for each of (i) the participation of such persons in the GS Performance Share Plan, and (ii) the actual or maximum number of Shares comprised in the Awards and terms of Awards granted to Controlling Shareholders or Associates of Controlling Shareholders, in respect of each such participant. For the purposes of obtaining such approval from Independent Shareholders, the Company shall procure that the Circular to Shareholders in connection therewith shall set out (i) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders, and (ii) clear rationale for the terms of the Awards to be granted to such Controlling Shareholders or Associates of Controlling Shareholders.

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9.3 Rationale and Justification for Participation by Mr Pang and Terms of the Proposed Grant of Award to Mr Pang

9.3.1 Rationale and justification for participation by Mr Pang

Mr Pang is the Chief Executive Officer and Executive Chairman of the Group, and a Controlling Shareholder. As at the Latest Practicable Date, Mr Pang has, in aggregate, a direct and deemed interest in 98,190,000 Shares representing approximately 69.96% of the total number of issued Shares (excluding treasury shares). Mr Pang is in charge of the overall management of the Group and is responsible for the Group's overall business strategy and development.

Mr Pang has been committed in providing the Group continued financial support in the form of interest-free loans since the listing of the Company on the Catalist board of the SGX-ST. In addition to the foregoing, Mr Pang has been instrumental in commencing new initiatives for the future expansion of the Group's business (including the Group's expansion plans into the food and beverage business in the People's Republic of China).

The proposed grant of the PP Award is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. Although Mr Pang already has a Controlling Interest in the Company, the grant of the PP Award to him will ensure that he is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his long term commitment to the Company. In view of the above reasons, the Company proposes to grant to Mr Pang the PP Award comprising 125,000 Award Shares, subject to the approval by independent Shareholders for the grant of the PP Award.

9.3.2 Proposed grant of Awards to Mr Pang

For the reasons set out in Section 9.3.1 above, subject to and contingent upon the passing of Ordinary Resolution 6 at the EGM, it is proposed that independent Shareholders' approval be sought by way of Ordinary Resolution 7 as set out in the Notice of EGM, for authority to be given to the Remuneration Committee to grant an Award to Mr Pang on the following terms:

Date of grant of Award	:	Within 1 week from the date of the EGM
Aggregate number of Shares granted under the Award	:	125,000
Vesting period of the Award	:	Immediately upon date of grant

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9.4 Rationale and Justification for Participation by Ms Eliss Pang and Terms of the Proposed Grant of Award to Ms Eliss Pang

9.4.1 Rationale and justification for participation by Ms Eliss Pang

Ms Eliss Pang joined the Group in 2015 as a Special Projects Manager and was promoted to Director of Operations in June 2018. Since joining the Group, Ms Eliss Pang has implemented various measures to improve the efficiency of the Group's existing dishwashing business and reduce its operating costs. As a result of her efforts, there was a substantial reduction in the Group's operating costs.

Ms Eliss Pang is also the daughter of Mr Pang, the Executive Chairman and Chief Executive Officer of the Company and therefore an Associate of a Controlling Shareholder. As at the Latest Practicable Date, Mr Eliss Pang does not hold any Shares.

The proposed grant of the EP Award is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. The grant of the EP Award to Ms Eliss Pang will ensure that she is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing her long term commitment to the Company. In view of the above reasons, the Company proposes to grant to Ms Eliss Pang the EP Award comprising 100,000 Award Shares, subject to the approval by independent Shareholders for the grant of the EP Award.

9.4.2 Proposed grant of Awards to Ms Eliss Pang

For the reasons set out in Section 9.4.1 above, subject to and contingent upon the passing of Ordinary Resolution 8 at the EGM, it is proposed that independent Shareholders' approval be sought by way of Ordinary Resolution 9 as set out in the Notice of EGM, for authority to be given to the Remuneration Committee to grant an Award to Ms Eliss Pang on the following terms:

Date of grant of Award : Within 1 week from the date of the EGM

Aggregate number of Shares granted under the Award : 100,000

Vesting period of the Award : Immediately upon date of grant

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9.5 Catalyst Rules and the Rules of the GS Performance Share Plan

9.5.1 Limitation on the size of the GS Performance Share Plan

Under the rules of the GS Performance Share Plan:

- (a) the total number of Shares which may be issued or transferred pursuant to the Awards granted under the GS Performance Share Plan, when aggregated with (i) the aggregate number of Shares issued or issuable and/or transferred or transferrable in respect of all Awards granted thereunder, and (ii) the aggregate number of Shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force (including the GS Employee Share Option Scheme) (collectively, the “**Scheme Shares**”), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding such grant of Awards;
- (b) the aggregate number of Shares which may be issued and/or transferred pursuant to all Awards granted under the GS Performance Share Plan to Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the GS Performance Share Plan;
- (c) the number of Shares which may be issued and/or transferred pursuant to all Awards granted under the GS Performance Share Plan to each participant who is a Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the GS Performance Share Plan.

As at the Latest Practicable Date:

- (a) since the commencement of the GS Performance Share Plan on 17 December 2015, the Company has allotted and issued an aggregate of 328,000 Shares to the Independent Directors, being Mr Lee Dah Khang, Mr Chow Kek Tong and Mr Chua Kern (who resigned with effect from 10 January 2019), and several of the Company’s employees pursuant to the vesting of Awards granted under the GS Performance Share Plan;
- (b) since the commencement of the GS Employee Share Option Scheme on 17 December 2015, the Company has not granted any options under the GS Employee Share Option Scheme;
- (c) the aggregate number of Shares which may still be issued and/or transferred pursuant to Awards granted under the GS Performance Share Plan and the number of Shares which may still be issued or issuable and/or transferred or transferable in respect of options granted under the GS Employee Share Option Scheme, to Controlling Shareholders and their Associates, is 5,181,050 Shares;

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- (d) the aggregate number of Shares to be issued and/or transferred pursuant to the vesting of the Award to Mr Pang is 125,000 Shares, representing approximately 0.6% of the Scheme Shares, which is within the limits set out in sub-paragraph (c) above; and
- (e) the aggregate number of Shares to be issued and/or transferred pursuant to the vesting of the Award to Ms Eliss Pang is 100,000 Shares, representing approximately 0.5% of the Scheme Shares, which is within the limits set out in sub-paragraph (c) above.

9.5.2 Announcements relating to the Awards to Mr Pang and Ms Eliss Pang

Pursuant to the Rule 704(32) of the Catalist Rules, the Company will make an announcement in relation to each Award to Mr Pang and Ms Eliss Pang, if approved by Independent Shareholders, on the date of grant of the Award and provide details, including (i) the date of grant, (ii) the number of Shares comprised in the Award granted, (iii) the market price of its Shares on the date of grant, and (iv) the number of Shares granted to each Director and Controlling Shareholder (and each of their Associates, if any).

9.5.3 Ranking of Shares

The new Shares to be issued and allotted pursuant to the grant of Awards under the GS Performance Share Plan shall be subject to all provisions of the Constitution and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distribution (if any), the Record Date of in respect of which is prior to the vesting date of such Award.

9.6 **Potential Cost**

The GS Performance Share Plan is considered a share-based payment that falls under the scope of the Singapore Financial Reporting Standard regulating Share-based payments as issued by the Accounting Standards Council Singapore (Financial Reporting Standard 102 (Share-based Payment)). For the grant of Awards, the fair value of employee services received in exchange for the grant of such Awards would be determined by reference to the fair value of each Award on the date of grant and would be recognised as an expense in the Group's income statement with a corresponding adjustment to the Share capital account when new Shares are issued, or to treasury Shares account when treasury Shares are transferred to the participants. The fair value of the Awards to Mr Pang and Ms Eliss Pang are expected to be the prevailing market price per Share on the date of grant multiplied by the number of Shares under the Awards.

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10. THE PROPOSED RENEWAL OF IPT MANDATE

10.1 Introduction

The IPT Mandate was approved by Shareholders at the EGM held on 15 April 2016. The IPT Mandate was last renewed at the 26 April 2018 EGM. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, which is scheduled to be held on 26 April 2019.

Accordingly, the Directors propose that the IPT Mandate be renewed at the EGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next and each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit and Risk Committee of its continued application to transactions with the Interested Persons set out in Section 10.6 below.

10.2 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies that are defined as an “entity at risk”, proposes to enter into a transaction with an “interested person”, an immediate announcement or an immediate announcement and shareholders’ approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds.

In particular, an immediate announcement is required where:

- (d) the transaction is of a value equal to, or more than, 3% of the group’s latest audited NTA; or
- (e) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited NTA.

Further, shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the group’s latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the group’s latest audited NTA.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

The definitions of certain terms which are used in Chapter 9 of the Catalist Rules (such as “**entity at risk**”, “**interested person**” and “**associate**”) are set out in **Appendix C** of this Circular.

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Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is also subject to annual renewal.

Based on the latest audited consolidated financial statements of the Group for FY2018, the audited NTA of the Group was S\$538,000. Accordingly, for illustration purposes, in relation to the Group and for the purposes of Chapter 9 of the Catalist Rules for the current financial year, Shareholders' approval is required where:

- (a) an interested person transaction is of a value equal to, or more than, approximately S\$27,000 (the "**Threshold**"), being 5% of the latest audited NTA value of the Group; or
- (b) the interested person transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, the Threshold.

For the period from the 26 April 2018 EGM to the Latest Practicable Date, the value of the Interested Person Transactions amounted to approximately S\$1,313,000. The Company estimates that from the date of the EGM to the date of the next AGM, which will have to be held no later than 30 April 2020, the value of the Interested Person Transactions may cross the Threshold, and accordingly, the Company is seeking the Proposed Renewal of IPT Mandate to ensure that it remains in compliance with the requirements of Chapter 9 of the Listing Manual.

10.3 Rationale for the Proposed Renewal of IPT Mandate

It is envisaged that the Group will in its ordinary course of business, continue to enter into transactions with the Interested Persons. Such transactions are recurring transactions that are likely to occur with some degree of frequency and are part of the day-to-day operations of the Group and could arise any time. In view of the time-sensitive and/or recurrent nature of such transactions, it is proposed that approval be obtained from the Shareholders for the Proposed Renewal of the IPT Mandate for the Company to enter into the Interested Person Transactions with the Interested Persons set out in Section 10.6 below, provided that such transactions will be carried out on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders.

10.4 Benefits of the Proposed Renewal of IPT Mandate

The Proposed Renewal of IPT Mandate, if approved by the Shareholders, will give the Group flexibility to enter into transactions with the Interested Persons set out in Section 10.6 of this Circular in the ordinary course of the Group's business without the need to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in the Group into such Interested Person Transactions that exceeds the Threshold. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, will improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives available to the Group.

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The Group will be able to maximise its business opportunities especially in transactions that are time-sensitive in nature, and the significant amount of administrative resources, time and expenses saved could be channelled towards attaining other corporate objectives. The provision of services to the Interested Persons is also an additional source of revenue stream for the Group which will help to bolster its market share within the industry, provided that such products and services are provided on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

10.5 Validity Period of the IPT Mandate

The renewed IPT Mandate will take effect from the passing of Ordinary Resolution 5 relating to the Proposed Renewal of IPT Mandate at the EGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to satisfactory review by the Audit and Risk Committee of its continued application to the transactions with the Interested Persons.

10.6 Classes of Interested Persons under the IPT Mandate

The IPT Mandate will apply to the Interested Person Transactions (as described in Section 10.7 of this Circular) which are carried out between any entity in the Group with any of the following interested persons (the “Interested Persons”):-

Interested Persons	Relationship with the Group
Eastlink Foodcourt (“Eastlink”)	Eastlink is a sole-proprietorship registered in Singapore and is engaged in the operation of food courts. It is owned by Mr Ernest Lim Hock Chye, brother-in-law of Mr Pang.
Koufu Pte Ltd (“Koufu”)	Koufu is a company incorporated in Singapore and is engaged in the operation of food courts. Koufu is a wholly-owned subsidiary of Koufu Group Limited, a company listed on the Main Board of the SGX-ST. Mr Pang Lim, the brother of Mr Pang, the Company’s Executive Chairman and Chief Executive Officer, has a deemed interest in more than 50.0% of the shares in Koufu Group Limited.
Hao Kou Wei	Hao Kou Wei is principally involved in operating the canteens located at 16A Sungei Kadut Way, Singapore 728794, 271 Bukit Batok East Avenue 4 #01-160, Singapore 650271 and 272 Bukit Batok East Avenue 4 #01-156, Singapore 650272, and is wholly-owned by Ms Ang Siew Kiock as at the Latest Practicable Date. She is the spouse of Mr Pang.

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Interested Persons	Relationship with the Group
	<p>Shareholders should note that the Company has on 17 December 2018 entered into a sale and purchase agreement with Ms Ang Siew Kiock in respect of the Proposed Acquisition. As at the Latest Practicable Date, the Proposed Acquisition has not been completed. Upon completion of the Proposed Acquisition, Hao Kou Wei will become a subsidiary of the Company and will cease to be an Interested Person. The Company will make the relevant announcement(s) at the appropriate juncture(s). Shareholders may wish to refer to the Company's announcement dated 17 December 2018 and the Company's circular dated 11 February 2019 for further details on the Proposed Acquisition.</p>
Hawker Management Pte. Ltd. (" Hawker Management ")	<p>Hawker Management is a company incorporated in Singapore, and its principal activities are (i) letting and operating of food courts, coffee shops and eating houses (with mainly rental income) (68104), and (ii) other food and beverage serving premises N.E.C (56129). Hawker Management is a wholly-owned subsidiary of Koufu Group Limited, a company listed on the Main Board of the SGX-ST. Mr Pang Lim, the brother of Mr Pang, the Company's Executive Chairman and Chief Executive Officer, has a deemed interest in more than 50.0% of the shares in Koufu Group Limited.</p>

10.7 Categories and Nature of Interested Person Transactions

The transactions contemplated under the IPT Mandate (the "**Interested Person Transactions**") are as follows:-

(a) Centralised Commercial Dishware Washing Services

This is for the provision of centralised commercial dishware washing service on a contractual basis, whereby the Group collects soiled crockery and utensils from the operating premises of the customers, and put the soiled crockery and utensils through the Group's specialised semi-automated cleaning process at the Group's dishware washing facilities, and return the cleaned crockery and utensils to the customers within a day.

(b) On-site Front-end Cleaning and Stewarding Services

This is for the provision of cleaning and stewarding services within the customers' premises including the wiping of tables, removing trash from seating areas, clearing of trays and utensils and cleaning of dishware, which the Group provides to complement the provision of centralised commercial dishware washing services. In order to provide such services, the Group may station staff at customer's outlets to take charge of sorting the soiled crockery and utensils, washing up of bulky pots at

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the Group's customers' premises, looking after the sanitation of the kitchen area and managing waste disposal.

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate.

The IPT Mandate will not cover:

- (i) any transaction by any entity in the Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions;
- (ii) transactions with other interested persons (other than the Interested Persons); and
- (iii) transactions which are not under the Interested Person Transactions with Interested Persons.

All transactions that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

10.8 Methods and Procedures for the Interested Person Transactions

To ensure that the Interested Person Transactions with Interested Persons will be undertaken on normal commercial terms and are consistent with the Group's usual business practices and policies, which will not be prejudicial to the interests of the Company and the minority Shareholders, the Group will adopt the following methods and procedures for the review and approval of the Interested Person Transactions.

10.8.1 Methods and Procedures for Determining Transactions Terms (including Transaction Prices)

Both centralised commercial dishware washing services and on-site front-end cleaning and stewarding services are provided on a contractual basis. Majority of the contracts and/or agreements are for a duration of one (1) year, some of which may provide an option to extend the contract and/or agreements for a further period of three (3) months or one (1) year.

- (a) Where possible and practicable, the Group will use its reasonable endeavours to compare the quotation offered to the Interested Persons with at least two (2) recent contracts or agreements entered into by the Group with unrelated third parties to determine whether the prices and terms offered to the Interested Persons are in accordance with the Group's usual business practices and policies, commensurate with the nature and scope of services provided, and are not more favourable to the Interested Persons than those extended to unrelated third parties.
- (b) In the event where two (2) recent contracts or agreements are not available for comparison due to the customised services to be provided to the Interested Persons, the Head of Finance of the Company and/or the Audit and Risk Committee (who have no interest, direct or indirect, in the transaction) may, subject to the Approval Thresholds as set out in Section 10.8.2 below, determine if the prices and terms of the contract or agreement are reasonable, taking into account factors such as, but not limited to, the nature and scope of services to be provided, the size of the operating premises, the equipment and materials required, the frequency of collection and delivery of dishware, the manpower required for on-site front-end

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cleaning and stewarding services, the duration of the contract or agreement, billing frequency, credit terms, and the amount to be deducted for empty staff or occurrence of non-compliance.

10.8.2 Approval Thresholds

The following approval thresholds shall be adopted in respect of the Interested Person Transactions (the “**Approval Thresholds**”):-

Total contractual value⁽¹⁾ of the contract or agreement	Independent Approving Authority
Total contractual value of equal or less than S\$100,000	Head of Finance
Total contractual value of more than S\$100,000	Head of Finance and Audit and Risk Committee

Note:

(1) Total contractual value refers to the total amount billable under the contract or agreement. For example, a one (1) year contract with billings of S\$20,000 a month will have a total contractual value of S\$240,000.

The approving authority may request for additional information pertaining to the transaction under review as he, it or they deem fit.

The approving authority shall be independent of the Interested Person. If any of the approving authority has an interest in the transaction or is a nominee of any Interested Person, the transaction shall be approved by other senior executive(s) of the Group as designated by the Audit and Risk Committee.

10.8.3 Other Procedures

- (a) The food and beverage division shall submit the schedules of the services provided to the finance department with the supporting checklists on a timely basis in accordance with the terms set out in the contract or agreement. Such schedules and supporting checklists shall state clearly the variation to the billings, if any, due to, but not limited to, any empty stall at the operating premise, additional equipment, material and/or services (for example additional trips or operating hours), and deduction for non-compliance.
- (b) Upon receipt of the schedules and supporting checklists from the food and beverage division, the finance department shall prepare and issue the invoice to the Interested Person according to the agreed timeframe set out in the contract or agreement.
- (c) The finance department shall closely monitor the receipt of trade receivables from the Interested Persons and report to the Chief Financial Officer (or the Head of Finance) in case of any overdue trade receivables by the Interested Persons. In the event that the trade receivables due from an Interested Person were more than one-month overdue, the Company will obtain prior approval from the Audit and Risk Committee before proceeding to enter into more Interested Person Transactions with the relevant Interested Person.

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10.8.4 Quarterly Review by the Audit and Risk Committee

The Audit and Risk Committee shall review all Interested Person Transactions with accompanying relevant information and reports on a quarterly basis (or such other more frequent basis as may be required or as the Audit and Risk Committee may deem necessary) to ascertain that the established methods and procedures under the IPT Mandate have been complied with.

If during these reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the established methods and procedures under the IPT Mandate have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will take such actions as it deems appropriate and/or to establish additional procedures as necessary (such as, obtaining a fresh mandate for the Interested Person Transactions) to ensure that the Interested Person Transactions will be conducted based on normal commercial terms and, will not be prejudicial to the interests of the Company and its minority Shareholders.

10.9 **General Guidelines and Procedures for All Interested Person Transactions**

- (a) The finance department will maintain a register of interested persons, and will monitor the announcements of the Company as well as obtain signed letters of confirmation from all Directors and key executive officers on a periodic basis (at least semi-annually) to ensure that the register of interested persons is up-to-date for ease of identification of interested persons. The register of Interested Persons shall be reviewed by the Chief Financial Officer quarterly and be subject to such verifications or declarations as required by the Audit and Risk Committee from time to time.
- (b) All contracts or agreements to be entered with an interested person shall be undertaken on terms consistent with the Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties.
- (c) In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit and Risk Committee will review the comparable factors, taking into account the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.
- (d) In relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

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- (e) All interested person transactions above S\$100,000 are to be approved by a Director who is not interested in that transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with the Group's usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.
- (f) For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties. In the event that it is not possible for appropriate information for comparative purposes to be obtained, the matter will be referred to the Group's Audit and Risk Committee who will determine whether the relevant price and terms are fair and reasonable and consistent with the Group's usual business practices.
- (g) In addition, the Company shall monitor all interested person transactions entered into by the Group categorising such interested person transactions as follows:
 - (i) a "category one" interested person transaction is one where the value thereof is in excess of 3.0% of the latest audited NTA of the Group; and
 - (ii) a "category two" interested person transaction is one where the value thereof is below or equal to 3.0% of the latest audited NTA of the Group.
- (h) All "category one" interested person transaction must be approved by the Audit and Risk Committee prior to entry. All "category two" interested person transaction need not be approved by the Audit and Risk Committee prior to entry but shall be reviewed on a quarterly basis by Audit and Risk Committee.
- (i) Prior to entering into any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior approval must be obtained from the Audit and Risk Committee. In the event that a member of the Audit and Risk Committee is interested in any interested person transaction(s), he will abstain from any decision making from reviewing or approving that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit and Risk Committee.
- (j) The finance department will maintain a register of transactions carried out with interested persons (including the Interested Person Transactions), including the nature of the interested person transactions, the amount of the interested person transactions, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations obtained to support such basis (the "**IPT Register**"). For the avoidance of doubt, all interested person transactions, including interested person transactions below S\$100,000, shall be recorded in the IPT Register. The finance department will also obtain signed letters of confirmation from all directors and key executive officers on a periodic basis (at least semi-annually) with respect to their interest in any transactions with the Group.

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- (k) The Group's annual internal audit plan shall incorporate a review of all interested person transactions, including whether the Interested Person Transactions have been carried out in accordance to the methods and procedures set out in the IPT Mandate. The Group's internal auditor shall report to the Audit and Risk Committee on its findings.
- (l) The Board will ensure that all disclosure, approvals and other requirements on all interested person transactions (including the Interested Person Transactions), including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

10.10 Additional Role of the Audit and Risk Committee

- (a) The Audit and Risk Committee shall review the IPT Register quarterly to ensure that the interested person transactions are carried out in accordance with the Group's general guidelines and procedures for all interested person transactions as set out above.
- (b) In the event that approval from the Audit and Risk Committee is required (for example a "category one" transaction), the Audit and Risk Committee will generally only approve a transaction if the prices and terms of the transaction are (i) no more favourable to the interested person than the terms offered to unrelated third parties, or (ii) no less favourable to the Group than the terms offered by unrelated third parties, and in accordance with Group's usual business practices and pricing policies or industry norms (as the case may be). All relevant non-quantitative factors will also be taken into account, such as but not limited to, the review of supporting documents or such other data deemed necessary by the Audit and Risk Committee. The Audit and Risk Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.
- (c) The Audit and Risk Committee has the overall responsibility for determining the adequacy of the Group's general guidelines and procedures for interested person transactions, with the authority to delegate to individuals within the Group as it deems appropriate.
- (d) For purposes of the above review and approval, any Director who is not considered independent for purposes of the transaction will abstain from the review and approval, and will undertake to ensure that he and his Associates will abstain from voting in relation to any related resolutions.

10.11 Disclosure in Financial Results Announcement and Annual Report

The Company will announce the aggregate value of transactions conducted with the respective Interested Persons pursuant to the IPT Mandate in its financial results announcements for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules, and within the time required for the announcement of such financial results.

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Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the respective Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The names of the Interested Persons and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format (or in such other form as the Catalist Rules may require from time to time):

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
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10.12 Audit and Risk Committee's statement on the IPT Mandate

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit and Risk Committee, comprising Mr Lee Dah Khang, Mr Chong Eng Wee, Mr Chow Kek Tong and Mr Liu Changsheng confirms that:

- (a) the methods or procedures for determining the transaction prices as described in Section 10.8 in this Circular have not changed since the IPT Mandate last approved by Shareholders at the 26 April 2018 EGM; and
- (b) the methods or procedures for determining the transaction prices as described in Section 10.8 in this Circular are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the review procedures are inadequate or inappropriate to ensure that the relevant transactions with the Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Catalist Rules, the Audit and Risk Committee will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on the new guidelines and procedures for Interested Person Transactions.

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11. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

11.1 Bases and Assumptions

The financial effects of the Proposed Transactions on the share capital, LPS and NTA per Share of the Group have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018 (being the latest announced consolidated full year financial statements of the Group available as at the Latest Practicable Date).

The *pro forma* financial effects of the Proposed Transactions are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Transactions.

For illustration purposes only, the financial effects of the Proposed Transactions have been computed based on the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Transactions were completed on 31 December 2018, being the end of the most recently completed financial year;
- (b) the financial effects on the Group's loss attributable to the Shareholders and LPS have been computed assuming that the Proposed Transactions were completed on 1 January 2018, being the beginning of the most recently completed financial year;
- (c) no adjustments have been made to the Exercise Price;
- (d) the expenses in connection with the Proposed Transactions have been disregarded;
- (e) the completion of the Second Tranche Marvel Placement;
- (f) the completion of the issuance of 14,000,000 Consideration Shares to Ms Ang Siew Kiock in connection with the Proposed Acquisition;
- (g) the Company draws down an aggregate of RMB68,000,000 (or S\$13,600,000) under the Convertible Loan and assuming the Lenders have exercised their conversion rights under the Convertible Loan and are issued 93,688,888 Lenders' Conversion Shares; and
- (h) issuance of 50,000,000 Introducer Warrants to Alto Vencap and assuming that Alto Vencap has exercised all of the Introducer Warrants resulting in the issuance of 50,000,000 Introducer Warrants Shares.

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In addition, the financial effects have been prepared based on the following scenarios:

- (i) where Shareholders' approval is obtained for the 2019 Amendment Resolution and 11,764,705 Warrant Shares are issued and allotted to Mr Pang pursuant to the exercise of all 11,764,705 Warrants at the Exercise Price ("**Scenario A**"); and
- (ii) where Shareholders' approval is not obtained for the 2019 Amendment Resolution and 3,921,568 Warrant Shares are issued and allotted to Mr Pang pursuant to the exercise of all 3,921,568 Warrants at the Exercise Price ("**Scenario B**").

Shareholders may wish to refer to the announcements released by the Company on 17 December 2018, 7 January 2019 and 10 January 2019, and the Company's circular dated 11 February 2019 for more information on the Proposed Acquisition, the Second Tranche Marvel Placement, the Convertible Loan and the Introducer Warrants.

11.2 Share Capital

	Scenario A		Scenario B	
	No. of Shares	\$'000	No. of Shares	\$'000
Issued share capital as at the Latest Practicable Date	140,348,000	13,026	140,348,000	13,026
Add:–				
Second Tranche Marvel Placement Shares ⁽¹⁾	18,655,555	3,358	18,655,555	3,358
Consideration Shares ⁽²⁾	14,000,000	2,520	14,000,000	2,520
Conversion Shares	11,764,705	3,000	3,921,568	1,000
Warrant Shares	11,764,705	3,000	3,921,568	1,000
Lenders' Conversion Shares ⁽³⁾	93,688,888	16,864	93,688,888	16,864
Introducer Warrant Shares ⁽⁴⁾	50,000,000	9,000	50,000,000	9,000
Enlarged share capital	340,221,853	50,768	324,535,579	46,768

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11.3 Effect on NTA per Share

Scenario A

	As at 31 December 2018	After issuance of Second Tranche Marvel Placement Shares ⁽¹⁾	After issuance of Consideration Shares ⁽²⁾	After issuance of Conversion Shares	After issuance of Warrant Shares	After issuance of Lenders' Conversion Shares ⁽³⁾	After issuance of Introducer Warrant Shares ⁽⁴⁾
NTA attributable to Shareholders (S\$'000)	551	3,909	3,426	6,426	9,426	26,290	35,290
Number of Shares ('000)	132,000	150,655	164,655	176,420	188,185	281,874	331,874
NTA per Share attributable to Shareholders (Singapore cents)	0.42	2.59	2.08	3.64	5.01	9.33	10.63

Scenario B

	As at 31 December 2018	After issuance of Second Tranche Marvel Placement Shares ⁽¹⁾	After issuance of Consideration Shares ⁽²⁾	After issuance of Conversion Shares	After issuance of Warrant Shares	After issuance of Lenders' Conversion Shares ⁽³⁾	After issuance of Introducer Warrant Shares ⁽⁴⁾
NTA attributable to Shareholders (S\$'000)	551	3,909	3,426	4,426	5,426	22,290	31,290
Number of Shares ('000)	132,000	150,655	164,655	168,577	172,498	266,187	316,187
NTA per Share attributable to Shareholders (Singapore cents)	0.42	2.59	2.08	2.63	3.15	8.37	9.90

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11.4 Effect on LPS

Scenario A

	As at 31 December 2018	After issuance of Second Tranche Marvel Placement Shares ⁽¹⁾	After issuance of Consideration Shares ⁽²⁾	After issuance of Conversion Shares	After issuance of Warrant Shares	After issuance of Lenders' Conversion Shares ⁽³⁾	After issuance of Introducer Warrant Shares ⁽⁴⁾
Net loss attributable to Shareholders (S\$'000)	(3,552)	(3,552)	(2,947)	(2,947)	(2,947)	(2,947)	(2,947)
Weighted average number of Shares ('000)	132,000	150,655	164,655	176,420	188,185	281,874	331,874
LPS (Singapore cents)	(2.69)	(2.36)	(1.79)	(1.67)	(1.57)	(1.05)	(0.89)

Scenario B

	As at 31 December 2018	After issuance of Second Tranche Marvel Placement Shares ⁽¹⁾	After issuance of Consideration Shares ⁽²⁾	After issuance of Conversion Shares	After issuance of Warrant Shares	After issuance of Lenders' Conversion Shares ⁽³⁾	After issuance of Introducer Warrant Shares ⁽⁴⁾
Net loss attributable to Shareholders (S\$'000)	(3,552)	(3,552)	(2,947)	(2,947)	(2,947)	(2,947)	(2,947)
Weighted average number of Shares ('000)	132,000	150,655	164,655	168,577	172,498	266,187	316,187
LPS (Singapore cents)	(2.69)	(2.36)	(1.79)	(1.75)	(1.71)	(1.11)	(0.93)

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Notes:

- (1) Assuming the completion of the issuance of 18,655,555 Shares to Marvel Earn Limited pursuant to the Second Tranche Marvel Placement. Shareholders may wish to refer to the Company's announcements dated 17 December 2018, 7 January 2019 and 10 January 2019, and the Company's circular dated 11 February 2019 for further details.
- (2) Assuming the completion of the issuance of 14,000,000 Consideration Shares to Ms Ang Siew Kiock in connection with the Proposed Acquisition. Shareholders may wish to refer to the Company's announcement dated 17 December 2018, and the Company's circular dated 11 February 2019 for further details. As at the Latest Practicable Date, the Proposed Acquisition has not been completed.
- (3) Assuming the Company draws down an aggregate of RMB68,000,000 (or S\$13,600,000) under the facilities extended by the Lenders pursuant to the Convertible Loan and that such Lenders exercised their conversion rights in respect of the entire sum of RMB68,000,000 (or S\$13,600,000) under the Convertible Loan. As set out in the Company's announcement on the Convertible Loan dated 17 December 2018 and the Company's circular dated 11 February 2019, the maximum number of Shares that may be issued pursuant to the Lenders' exercise of their conversion right under the Convertible Loan is 93,688,888 Shares (or 46,844,444 Shares to each Lender). Shareholders may wish to refer to the Company's announcement on the Convertible Loan dated 17 December 2018 and the Company's circular dated 11 February 2019 for further details.
- (4) Assuming the completion of the issuance of 50,000,000 Introducer Warrants to Alto Vencap and that Alto Vencap exercises all of the Introducer Warrants resulting in the issuance of 50,000,000 Introducer Warrant Shares. Shareholders may wish to refer to the Company's announcements on the Second Tranche Marvel Placement and the Convertible Loan dated 17 December 2018 and the Company's circular dated 11 February 2019 for further details.

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12. ADDITIONAL LISTING APPLICATION

UOB Kay Hian Private Limited, the Company's Sponsor, will be submitting applications to the SGX-ST, on behalf of the Company, for the listing and quotation of the Conversion Shares and the Warrant Shares on the Catalist board of the SGX-ST. The Company will make the relevant announcement(s) to notify the Shareholders when the listing and quotation notice(s) from the SGX-ST is obtained.

The listing approval from the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Conversion Shares, the Warrants, the Warrant Shares, the Company and/or its subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

13. OBLIGATION TO MAKE A MANDATORY OFFER UNDER RULE 14 OF THE CODE

Pursuant to Rule 14 of the Take-over Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1.0% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (the "**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend a Mandatory Offer.

As at the Latest Practicable Date, Mr Pang has, in aggregate, a direct and deemed interest in 98,190,000 Shares, representing approximately 69.96% of the existing issued and paid-up share capital of the Company. Assuming that there is no change in Mr Pang's shareholding interests in the Company, as Mr Pang holds more than 50.0% of the Shares in the Company, the issuance of any of the Conversion Shares will not trigger an obligation on Mr Pang to extend a Mandatory Offer under Rule 14 of the Code.

In this regard, Shareholders should note that Mr Pang's shareholding interests in the Company may be diluted to below 50.0% in the event of (i) the issuance of 93,688,888 Lenders' Conversion Shares, or (ii) the issuance of the 93,688,888 Lenders' Conversion Shares and the 50,000,000 Introducer Warrant Shares (each event, a "**Trigger Event**"). However, as at the Latest Practicable Date:

- (a) the Company has not drawn down on any part of the Convertible Loan (which has a maturity period of 3 years); and
- (b) none of the Introducer Warrants have been issued to Alto Vencap.

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As the Convertible Loan has a maturity period of 3 years, the Company is of the view that it is unlikely that any of the Trigger Events will occur on or around the time of issuance of the Conversion Shares. Shareholders may wish to refer to Appendix C of the Company's circular dated 11 February 2019 for further information on the effect of, among others, the Convertible Loan, the Second Tranche Marvel Placement and the issuance of the Introducer Warrant Shares on the shareholdings in the Company.

Meanwhile, Shareholders should note that in respect of the Warrant Shares to be issued upon exercise of the Warrants, as the Warrants may or may not be exercised immediately or shortly after obtaining the relevant Shareholders' approval at the EGM, the Warrant Shares may be issued at such times where the shareholding of Mr Pang (together with persons acting in concert with him) (collectively, the "**Concert Party Group**") may be less than 50.0%.

Pursuant to Note 10 of Rule 14.1 of the Code, in general, Mr Pang's subscription of the Warrants does not give rise to an obligation under Rule 14.1 of the Code to make an offer. However, the exercise of the subscription rights pursuant to the Warrants will be considered to be an acquisition of voting rights for the purpose of the Rule. Accordingly, in the event that:

- (a) the Warrant Shares are to be issued to Mr Pang pursuant to his exercise of any of the Warrants in accordance with the terms and conditions set out in the Deed Poll; and
- (b) the Concert Party Group holds not less than 30.0% but not more than 50.0% of the Shares at such time that such Warrant Shares are to be issued to Mr Pang,

the following will apply:

- (i) an application will be made to the SIC for a waiver of the obligations of the Concert Party Group to make a Mandatory Offer under Rule 14 of the Code as a result of the issuance of the Warrant Shares; and
- (ii) the Company will convene an EGM to obtain Shareholders' approval for a waiver of their rights to receive a mandatory general offer from the Concert Party Group pursuant to Rule 14 of the Code arising from the issuance and allotment of any of the Warrant Shares to Mr Pang pursuant to his exercise of the Warrants.

The Company will make the relevant announcement(s) in respect of the foregoing at the relevant juncture(s).

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14. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and substantial Shareholders in the Shares of the Company, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders kept by the Company, respectively, as at the date of the announcement and the effect of the Proposed Transactions on the shareholding structure of the Company is set out in **Appendix A** enclosed herein.

Save for their respective shareholding interests in the Company and Mr Pang's and Ms Eliss Pang's (being an Associate of Mr Pang) interests as disclosed in this Circular, none of the Directors or their Associates or, as far as the Company is aware, substantial Shareholders or their Associates, has any interest, direct or indirect, in the Proposed Transactions, the Proposed Renewal of IPT Mandate, the Proposed Participation in the GS Performance Share Plan and the Proposed Grant of Awards.

15. ABSTENTION FROM VOTING

15.1 The Proposed Variation of Loan Undertaking

As required under the terms and conditions of the Deed, Mr Pang and his Associates shall abstain from voting on Ordinary Resolution 1 approving the Proposed Variation of Loan Undertaking as set out in the Notice of EGM.

The abovementioned persons, including Mr Pang, shall decline appointment(s) as proxy(ies) to vote at the EGM in respect of Ordinary Resolution 1 relating to the Proposed Variation of Loan Undertaking for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which his/her/its votes are to be cast at the EGM.

15.2 The Proposed Transactions (comprising the Proposed Loan Capitalisation and Proposed Warrants Issue) being interested person transactions

Rule 919 of the Catalist Rules states that interested persons shall abstain and undertake that their Associates shall abstain from voting on the resolution approving interested person transactions involving them and the Group. Such interested persons and their Associates also shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the relevant Shareholder.

Accordingly, Mr Pang shall abstain, and undertake that his Associates shall abstain, from voting in respect of each of their shareholdings in the Company on Ordinary Resolutions 2, 3 and 4 relating to the Proposed Transactions. In addition, Mr Pang and his Associates shall decline appointment(s) as proxy(ies) to vote at the EGM for other Shareholders in respect of Ordinary Resolutions 2, 3 and 4 relating to the Proposed Transactions, respectively, unless the Shareholders concerned have given specific instructions as to the manner in which his/her/its votes are to be cast at the EGM.

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15.3 The Proposed Renewal of IPT Mandate

Rules 919 and 920(1)(b) (viii) of the Catalist Rules state that interested persons shall abstain and undertake that their Associates shall abstain from voting on the resolution approving interested person transactions involving them and the Group. Such interested persons and their Associates also shall not act as proxies in relation to such resolutions unless voting instructions have been given by the relevant Shareholder.

The Interested Persons and/or any of their Associates who are Shareholders (which includes Mr Pang) shall abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 5 approving the Proposed Renewal of IPT Mandate as set out in the Notice of EGM.

The abovementioned persons (which includes Mr Pang) shall decline appointment(s) as proxy(ies) to vote at the EGM in respect of the Ordinary Resolution 5 relating to the Proposed Renewal of IPT Mandate for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which his/her/its votes are to be cast at the EGM.

15.4 The Proposed Participation by and Grant of Awards to Mr Pang and Ms Eliss Pang under the GS Performance Share Plan

Pursuant to Rule 858 of the Catalist Rules, all Shareholders who are eligible to participate in the GS Performance Share Plan shall abstain, and undertake that their Associates abstain, from voting on Ordinary Resolutions 6, 7, 8, and 9 as set out in the Notice of EGM at the EGM.

Further, all Shareholders who are eligible to participate in the GS Performance Share Plan shall decline, and undertake that their Associates shall decline appointment(s) as proxy(ies) to vote at the EGM unless the Shareholders concerned have provided specific instructions as to the manner in which his/her/its votes are to be cast at the EGM.

The Company will disregard any votes cast by such Shareholder who is eligible to participate in the GS Performance Share Plan in respect of Ordinary Resolutions 6, 7, 8, and 9 as set out in the Notice of EGM.

16. DIRECTORS' RECOMMENDATION

16.1 The Proposed Variation of Loan Undertaking

Mr Pang shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the Proposed Variation of Loan Undertaking.

Having considered the rationale for the Proposed Variation of Loan Undertaking in Section 5 of this Circular, the Board (excluding Mr Pang) are unanimously of the opinion that the Proposed Variation of Loan Undertaking is in the best interests of the Company.

Accordingly, the Board (excluding Mr Pang) unanimously recommend that Shareholders vote in favour of the Ordinary Resolution 1 in respect of the Proposed Variation of Loan Undertaking as set out in the Notice of EGM.

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16.2 The Proposed Transactions (comprising the Proposed Loan Capitalisation and Proposed Warrants Issue) being interested person transactions

Mr Pang, who is the interested person in respect of the Proposed Transactions, shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to Ordinary Resolutions 2, 3 and 4 relating to, among others, the Proposed Transactions being interested person transactions.

Having considered *inter alia*, the rationale and benefits of the Proposed Transactions, the advice of the IFA and the relevant information set out in this Circular, the Non-Interested Directors are of the view that the Proposed Transactions are in the best interests of the Company. Accordingly, the Non-Interested Directors unanimously recommend that Shareholders vote in favour of Ordinary Resolutions 2, 3 and 4 relating to the Proposed Transactions to be tabled at the EGM.

16.3 The Proposed Renewal of IPT Mandate

Mr Pang, whom the Interested Persons are Associates of, shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the Proposed Renewal of IPT Mandate.

Having considered the rationale for the Proposed Renewal of IPT Mandate in Section 10.3 of this Circular, the Board (excluding Mr Pang) are unanimously of the opinion that the Proposed Renewal of IPT Mandate is in the best interests of the Company.

Accordingly, the Board (excluding Mr Pang) unanimously recommend that Shareholders vote in favour of the Ordinary Resolution 5 in respect of the Proposed Renewal of IPT Mandate as set out in the Notice of EGM.

16.4 The Proposed Participation by and Grant of Awards to Mr Pang and Ms Eliss Pang under the GS Performance Share Plan

Mr Pang is eligible to participate in, and is therefore interested in, the GS Performance Share Plan. Accordingly, he shall abstain from the Board's review and determination, and making recommendations to Shareholders in relation to the proposed participation by and grant of Awards to himself and Ms Eliss Pang.

The Board (other than Mr Pang) having carefully considered, *inter alia*, the rationale and the terms of the proposed participation by and grant of Awards to Mr Pang and Ms Eliss Pang, are of the opinion that it is in the best interests of the Company. Accordingly, they recommend that independent Shareholders vote in favour of Ordinary Resolutions 6, 7, 8 and 9 set out in the Notice of EGM at the EGM.

17. NOTE TO SHAREHOLDERS

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale and financial effects (where applicable) of the Proposed Variation of Loan Undertaking, the Proposed Renewal of IPT Mandate, the Proposed Transactions, the Proposed Participation in the GS Performance Share Plan and the Proposed Grant of Awards, and in respect of the Proposed Transactions as interested person transactions, consider carefully the advice of the IFA (including the IFA

LETTER TO SHAREHOLDERS

Letter in its entirety as set out in **Appendix A** to this Circular). In giving the above recommendations, the Board (save for Mr Pang being an interested Director abstaining from making such recommendations) have had no regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors (save for Mr Pang being an interested Director abstaining from making such recommendations) recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Variation of Loan Undertaking, the Proposed Renewal of IPT Mandate, Proposed Transactions, the Proposed Participation in the GS Performance Share Plan and the Proposed Grant of Awards, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

19. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-7 of this Circular, will be held on Friday, 26 April 2019, at 8 Loyang Way 4, Singapore 507604 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of AGM.

20. ACTION TO BE TAKEN BY SHAREHOLDERS

20.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wishes to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a proxy form (the "**Shareholder Proxy Form**") which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach at the registered office of the Company not less than 48 hours before the time appointed for the holding of the AGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so or if he so wishes. In such an event, the Shareholder Proxy Form will be deemed to be revoked.

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20.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the AGM.

21. CONSENT

The IFA, RHT Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular.

22. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 8 Loyang Way 4 Singapore 507604, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Deed;
- (b) the Annual Report of the Company for FY2018;
- (c) the Constitution of the Company;
- (d) the IFA Letter referred to in Section 8.5 of this Circular; and
- (e) the letter of consent from the IFA referred to in Section 21 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
GS HOLDINGS LIMITED
Pang Pok
Executive Chairman and Chief Executive Officer

11 April 2019

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RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

11 April 2019

To: The Independent Directors of GS Holdings Limited
(deemed to be independent in respect of the Proposed Transactions)

Mr Lee Dah Khang	(Lead Independent Director)
Mr Chow Kek Tong	(Independent Director)
Mr Chong Eng Wee	(Independent Director)
Mr Liu Changsheng	(Non-Independent and Non-Executive Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED TRANSACTIONS (AS DEFINED HEREIN) AS INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 11 April 2019 issued by GS Holdings Limited to its shareholders shall have the same meaning herein.

1. INTRODUCTION

On 7 March 2019 (“**Announcement Date**”), the board of directors (“**Directors**”) of GS Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced (“**Announcement**”), *inter alia*, that the Company had, on the same day, entered into a deed (“**Deed**”) with Mr Pang Pok (“**Mr Pang**”), the Company’s Executive Chairman and Chief Executive Officer in respect of, among others, the following:

- (i) a variation (“**Proposed 2019 Amendments**”) of the terms of the amendment deed dated 31 March 2017 (“**2017 Amendment Deed**”), executed by Mr Pang in favour of the Company in respect of, among others, the undertaking from Mr Pang to forgive and/or grant certain loans to the Company (“**Loan Undertaking**”). Further details on the Loan Undertaking are set out in Paragraph 3.2 of this letter (“**Letter**”);
- (ii) capitalisation of certain loans owing by the Company to Mr Pang; and
- (iii) repayment of certain loans owing by the Company to Mr Pang by a certain date.

As at 28 March 2019, being the “**Latest Practicable Date**”, Mr Pang has disbursed loans amounting to an aggregate of S\$5,200,000 to the Company. Pursuant to the 2015 Deed of Undertaking (as defined herein) and the 2017 Amendment Deed, Mr Pang had agreed and since forgiven S\$1,000,000, being the Existing Loan (as defined herein) and S\$1,000,000, being part of the Additional Loan (as defined herein) during the financial years (“**FY**”) ended 31 December 2016 and 2018 respectively. Accordingly, the Company owes Mr Pang an aggregate of S\$3,200,000 (“**Moneys Outstanding**”), further details of which are set out in Paragraph 3.2 to 3.6 of this Letter.

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Pursuant to the Deed, the Company and Mr Pang have agreed that the Moneys Outstanding, subject to the relevant conditions precedent, shall be repaid in the following manner:

- (i) S\$200,000 by way of payment in cash; and
- (ii) S\$3,000,000 by way of an allotment and issuance of new ordinary shares in the capital of the Company (“**Shares**”) at a conversion price equivalent to the price offered per Share at the initial public offering of the Company on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) of S\$0.25 (“**IPO Price**”), or the volume weighted average price (“**VWAP**”) per Share on the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST, whichever is higher (“**Proposed Loan Capitalisation**”).

As the VWAP per Share of S\$0.255 for trades done on the SGX-ST on 21 February 2019, being the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST is higher than the IPO Price, in accordance with the terms of the Deed, each new Share (“**Conversion Share**”) shall be issued at an issue price of S\$0.255 (“**Conversion Price**”).

In addition, pursuant to the Deed, the Company will also issue and allot such number of free warrants (“**Warrants**”) at an exercise price equivalent to the Conversion Price (“**Proposed Warrants Issue**”, together with the Proposed Loan Capitalisation, “**Proposed Transactions**”) to Mr Pang. The number of Warrants to be issued to Mr Pang shall be on the basis of one (1) Warrant for each Conversion Share issued to Mr Pang. The Warrants can be exercised at any time prior to its expiry to subscribe for one (1) new Share (“**Warrant Share**”). Further details on the Warrants are set out in Paragraph 4.2 of this Letter.

Mr Pang is the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company. As at the Latest Practicable Date, Mr Pang has, in aggregate, a direct and deemed interest in 98,190,000 Shares, representing a shareholding interest of approximately 70.0% of the total issued Shares. We further note that a further 14,000,000 Shares would be issued to Mr Pang’s spouse, Ms Ang Siew Kiock, pursuant to the completion of the Company’s acquisition of the entire issued share capital of Hao Kou Wei Pte. Ltd. (“**HKW Acquisition**”). Assuming the completion of HKW Acquisition, Mr Pang would be deemed to own 112,190,000 Shares, representing a shareholding interest of approximately 72.7% of the total issued Shares.

Accordingly, Mr Pang is deemed an interested person (“**Interested Person**”) as defined under Chapter 9 of the SGX-ST Listing Manual, Section B: Rules of the Catalist (“**Catalist Rules**”) of the SGX-ST and the Proposed Transactions are deemed as interested person transactions (“**Interested Person Transactions**”).

In accordance with Chapter 9 of the Catalist Rules, the Company’s shareholders’ (“**Shareholders**”) approval must be obtained for any interested person transaction of a value which is equal to or greater than 5.0% of the Group’s latest audited net tangible assets (“**NTA**”) or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group’s latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Catalist Rules, the interested persons and their associates are required to abstain from voting on the resolution approving the interested person transaction.

As the value of the Proposed Transactions is envisaged to exceed 5.0% of the Group’s latest audited NTA, pursuant to the Catalist Rules, the Proposed Transactions are subject to the approval of the Company’s shareholders who are independent of the Proposed Transactions (“**Independent Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened. The Proposed Transactions are also subject to, *inter alia*, the approval of the Independent Shareholders at the EGM in accordance with Rules 804 and 812 of the Catalist Rules. In addition, pursuant to Rule 919 of the Catalist Rules, Mr Pang will abstain, and will procure his associates to abstain, from voting on the resolutions to approve the Proposed Transactions at the EGM in respect of their entire shareholdings in the Company.

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Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser (“**IFA**”) to advise the Directors who are deemed to be independent with respect to the Proposed Transactions (“**Independent Directors**”) as to whether the Proposed Transactions are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA to the Independent Directors to render an opinion on whether the Proposed Transactions, as Interested Person Transactions, are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders.

For the avoidance of doubt, while the Proposed 2019 Amendments are subject to Shareholders’ approval, it does not require the opinion of an IFA. Accordingly, we are not engaged for and will not be expressing an opinion on the Proposed 2019 Amendments and our opinion on the Proposed Transactions, being the Proposed Loan Capitalisation and the Proposed Warrants Issue, is not meant to express a view or opinion on the Proposed 2019 Amendments.

Save for Mr Pang who will abstain from making any recommendations on the Proposed Transactions as a Director, the remaining Directors, namely, Mr Lee Dah Khang, Mr Chow Kek Tong, Mr Chong Eng Wee and Mr Liu Changsheng are deemed to be the Independent Directors with respect to the Proposed Transactions and will be making a recommendation on the relevant resolutions in relation to the Proposed Transactions.

This Letter is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Transactions as Interested Person Transactions. This Letter forms part of the circular to Shareholders (“**Circular**”) which provides, *inter alia*, the details of the Proposed Transactions and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Transactions as Interested Person Transactions. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Transactions, as Interested Person Transactions, are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Transactions. We do not, by this Letter, warrant the merits of the Proposed Transactions other than to form an opinion on the Proposed Transactions as Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Transactions or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

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In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made by the Directors, Management and the Company's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular (including this Letter) which relate to the Proposed Transactions, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular (including this Letter) misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Transactions and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 28 March 2019. Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Transactions which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Transactions as Interested Person Transactions at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Proposed Transactions, as Interested Person Transactions, are on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

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For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed 2019 Amendments and our opinion on the Proposed Transactions, being the Proposed Loan Capitalisation and the Proposed Warrants Issue, is not meant to express a view or opinion on the Proposed 2019 Amendments.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company, through its subsidiaries, is a Singapore based centralised commercial dishware washing group with its core businesses in: (i) on-site cleaning and stewarding services; (ii) centralised dish washing services; (iii) cleaning and dishware washing consultancy services; and (iv) sale of dishware washing related equipment and consumables. In addition, the Group has recently expanded its business into the food and beverage industry in Singapore and the People's Republic of China (“**PRC**”).

The Company was listed on the Catalist Board of the SGX-ST on 18 January 2016.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 140,348,000 Shares. Based on the last transacted Share price of S\$0.24 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$33.7 million.

3.2 2015 Deed of Undertaking

At the point of the Company's listing on the Catalist Board of the SGX-ST, the Company had an existing amount of S\$1,000,000 owing to Mr Pang (“**Existing Loan**”). As part of the Company's restructuring exercise and in connection with its listing on the Catalist Board of the SGX-ST, Mr Pang had, *inter alia*, on 6 November 2015, executed a deed of undertaking in favour of the Company in relation to the Loan Undertaking (“**2015 Deed of Undertaking**”).

Pursuant to the 2015 Deed of Undertaking, Mr Pang had undertaken, among others, the following course of action assuming various financial results scenarios of the Company as set out below:

Financial Results Scenarios	Course of Action
The Group incurs an operating loss for its financial results for the financial period from 1 January 2016 to 30 June 2016 (“ 1H2016 ”).	(i) Mr Pang shall forgive the Existing Loan in its entirety; and (ii) he shall grant an additional S\$3,000,000 interest-free shareholder's loan (“ Additional Loan ”) to the Company for its working capital requirements or any other purpose which the Company may deem fit within 30 days from the date of the SGXNET announcement of the 1H2016 financial results of the Company which shall be reviewed by the Company's auditors.

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Financial Results Scenarios	Course of Action
The Group incurs an operating loss for its financial results for 1H2016 and continues to incur an operating loss for its audited financial results for FY2016.	<ul style="list-style-type: none"> (i) Mr Pang shall forgive the Existing Loan in its entirety; (ii) he shall grant the Additional Loan to the Company for its working capital requirements or any other purpose which the Company may deem fit within 30 days from the date of the SGXNET announcement of the 1H2016 financial results of the Company which shall be reviewed by the Company's auditors; and (iii) he shall forgive the Additional Loan in its entirety.
The Group records an operating profit for its financial results for 1H2016 but incurs an operating loss for its audited financial results for FY2016.	<ul style="list-style-type: none"> (i) Mr Pang shall forgive the Existing Loan in its entirety; (ii) he shall grant the Additional Loan to the Company for its working capital requirements or any other purpose which the Company may deem fit within 30 days from the date of the audited financial statements of the Company for FY2016; and (iii) he shall forgive the Additional Loan in its entirety.
The Group records an operating profit for its audited financial results for FY2016, regardless of whether it incurred an operating loss or recorded an operating profit for its financial results for 1H2016.	The audit committee of the Company (" Audit Committee ") shall decide on the repayment terms of the Existing Loan or the Additional Loan (as the case may be) to Mr Pang, provided that the Audit Committee confirms the working capital of the Company is sufficient for the next twelve (12) months after any such repayment of the Existing Loan or the Additional Loan (as the case may be) to Mr Pang.

As the Company had recorded an operating loss for its financial results for 1H2016, in compliance with the terms of the 2015 Deed of Undertaking, Mr Pang had forgiven the Existing Loan of S\$1,000,000 in its entirety, as announced on 11 August 2016 in the Company's unaudited financial statements for 1H2016.

In accordance with the terms of the 2015 Deed of Undertaking, Mr Pang had also, on 2 September 2016, provided a letter to the Directors to grant the Additional Loan of S\$3,000,000 to the Company within 14 days' of written request from the Company.

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3.3 2017 Amendment Deed

On 31 March 2017, the terms of the 2015 Deed of Undertaking were subsequently varied pursuant to the 2017 Amendment Deed entered into by the Company with Mr Pang. As set out in the Company's circular dated 11 April 2017, the terms of the 2015 Deed of Undertaking were proposed to be amended such that the aggregate S\$3,000,000 Additional Loan quantum would be automatically disbursed to the Company in two (2) tranches. Pursuant to the 2017 Amendment Deed, Mr Pang had undertaken, among others, the following course of action assuming various financial results scenarios of the Company as set out below:

Financial Results Scenarios	Course of Action
The Group incurs an operating loss for its financial results for 1H2016 and continues to incur an operating loss for its audited financial results for FY2016.	(i) Mr Pang is not obliged to forgive the Additional Loan in its entirety; and (ii) he shall automatically and without any further action on the part of the Company disburse S\$2,000,000 out of the Additional Loan within 30 days from the date of the audited financial statements of the Company for FY2016.
The Group incurs an operating loss for its audited financial results for FY2017.	Mr Pang shall automatically and without any further action on the part of the Company disburse the remaining S\$1,000,000 (if not already disbursed) out of the Additional Loan within 30 days from the date of the audited financial statements of the Company for FY2017.
The Group records an operating profit for its audited financial results for FY2018.	The Audit Committee shall decide on the repayment terms of the Additional Loan to Mr Pang, provided that the Audit Committee confirms the working capital of the Company is sufficient for the next 12 months after any such repayment of the Additional Loan or any part(s) thereof to Mr Pang.
The Group incurs an operating loss for its audited financial results for FY2018.	Mr Pang shall automatically and without any further action on the part of the Company disburse any amount remaining under the Additional Loan and shall immediately thereafter forgive the Additional Loan in its entirety.

The delayed timeline for the forgiving or repayment of the Additional Loan was to align the financial commitment from Mr Pang with the delay in the commencement of certain coffee shops' contracts.

As set out in the annual report of the Company for FY2016, the Group had recorded a net loss for FY2016 primarily due to the delay in the commencement of certain coffee shops' contracts, which was a factor beyond the control of both the Company and Mr Pang.

The 2017 Amendment Deed was approved by Shareholders on 28 April 2017.

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3.4 Loans disbursed by Mr Pang to the Company

As at the Latest Practicable Date, Mr Pang had disbursed an aggregate of S\$5,200,000 to the Company as set out below:

Amount of Loan from Mr Pang	Details
S\$1,000,000, being the Existing Loan	Pursuant to the 2015 Deed of Undertaking, the Existing Loan shall be forgiven should the Group incur an operating loss for its financial results for 1H2016. Accordingly, the Existing Loan has been forgiven, as set out in the Company's unaudited financial statements for 1H2016.
S\$3,000,000, being the Additional Loan	<p>Pursuant to the 2017 Amendment Deed, Mr Pang shall immediately forgive the Additional Loan in its entirety if the Company incurs an operating loss for its audited financial results for FY2018.</p> <p>As set out in the Company's unaudited financial statements for FY2018 which reflected an operating loss, S\$1,000,000 of the Additional Loan has been forgiven by Mr Pang with the remaining S\$2,000,000 of the Additional Loan to likely be forgiven as the Company expects an operating loss for its audited financial results for FY2018.</p> <p>However, pursuant to the Deed, the Company and Mr Pang have agreed to vary the terms of the 2017 Amendment Deed to vary for the Proposed 2019 Amendments. The Proposed 2019 Amendments are subject to Shareholders' approval. Further details are set out in Paragraph 3.5 of this Letter.</p>
S\$1,200,000 (" New Loan ")	<p>As set out in the Deed, the New Loan shall be satisfied as follows:</p> <p>(i) S\$1,000,000 to be repaid by way of such number of Shares pursuant to the Proposed Loan Capitalisation; and</p> <p>(ii) S\$200,000 to be paid in cash.</p>

As at the Latest Practicable Date, the Company owes Mr Pang an aggregate of S\$3,200,000 of which S\$2,000,000, being part of the Additional Loan, is to be forgiven by Mr Pang pursuant to the 2017 Amendment Deed unless the relevant Shareholders' approval for the Proposed 2019 Amendments is obtained. Further details are set out in Paragraph 3.6 of this Letter.

As set out in Section 3.1 of the Circular, we note that S\$200,000 of the New Loan to be fully paid in cash remains outstanding as at the Latest Practicable Date.

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3.5 Proposed 2019 Amendments

Pursuant to the Deed, the terms of the 2017 Amendment Deed are proposed to be varied such that in the event that the Company incurs an operating loss for its audited financial results for FY2018, Mr Pang shall:

- (i) automatically and without any further action on the part of the Company disburse any amount remaining under the Additional Loan;
- (ii) immediately thereafter forgive the Additional Loan in the amount of S\$1,000,000; and
- (iii) in respect of the remaining part of the Additional Loan in the amount of S\$2,000,000, Mr Pang shall agree to capitalise such loan into Shares on such terms and subject to such conditions as may be specified by the Directors and approved by the Company's audit and risk committee.

The Proposed 2019 Amendments are subject to, *inter alia*, Shareholders' approval and the respective resolution is separate from the other resolutions to be tabled at the EGM to be convened. Further details are set out in Sections 2.3 and 2.4 of the Circular.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed 2019 Amendments and our opinion on the Proposed Transactions, being the Proposed Loan Capitalisation and the Proposed Warrants Issue, is not meant to express a view or opinion on the Proposed 2019 Amendments.

3.6 Moneys Outstanding

Assuming that the resolution for the Proposed 2019 Amendments is passed by Shareholders at the EGM to be convened, the Moneys Outstanding amounting to an aggregate of S\$3,200,000 shall be repaid in the following manner:

- (i) S\$200,000 by way of payment in cash; and
- (ii) S\$3,000,000 by way of an allotment and issuance of Conversion Shares at the Conversion Price.

For avoidance of doubt, should the relevant Shareholders' approval for the Proposed 2019 Amendments not be obtained, Mr Pang shall immediately forgive the sum of S\$2,000,000, being part of the Additional Loan, in accordance with the 2017 Amendment Deed and the Proposed Loan Capitalisation shall only be in relation to S\$1,000,000 of the Moneys Outstanding.

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3.7 Corporate actions undertaken by the Company to date

We note that the Company has in the recent year been actively pursuing its growth strategy to improve Shareholders' value, and has undertaken various corporate actions, since its listing on 18 January 2016. The various corporate actions undertaken by the Company are summarised below:

Announcement Date	Details
15 June 2016	<p>The Company announced that it had, on 14 June 2016, proposed to undertake a placement exercise to issue 8,000,000 Shares at a placement price of S\$0.285 per Share to raise net proceeds of approximately S\$2,250,000.</p> <p>The placement was subsequently completed on 30 June 2016.</p>
17 December 2018	<p>The Company announced, on the same day, that it proposed to undertake several corporate actions, namely ("17 Dec Corporate Actions"):</p> <ul style="list-style-type: none"> (i) proposed placement exercise to issue 26,675,555 Shares at a placement price of S\$0.18 per Share ("17 Dec Placement") to raise net proceeds of approximately S\$4,741,600. The Company subsequently announced that the placement was partially completed on 7 January 2019, with an aggregate of 8,020,000 Shares issued and the remaining 18,655,555 Shares outstanding ("Second Tranche"); (ii) proposed issuance of 20,000,000 free non-listed and non-transferrable warrants at an exercise price of S\$0.18 per Share to Alto Vencap Pte. Ltd as introducer fees, which can potentially raise net proceeds of approximately S\$3,580,000; (iii) entry into a convertible loan agreement to obtain loan facilities of an aggregate amount of RMB68,000,000 (or approximately S\$13,600,000) at an interest rate of 8.0% per annum, of which the total sum of the convertible loan, including interest payable, are convertible into new Shares at a conversion price of S\$0.18 per Share. The convertible loan is expected to generate net proceeds of approximately S\$13,540,000, assuming that the Company draws down the maximum faculty amount of RMB68,000,000; (iv) proposed issuance of 30,000,000 free non-listed and non-transferable warrants at an exercise price of S\$0.18 per Share to Alto Vencap Pte. Ltd as introducer fees, which can potentially raise net proceeds of approximately S\$5,375,000; and

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Announcement Date	Details
	<p>(v) proposed acquisition of the entire issued share capital of Hao Kou Wei Pte. Ltd., with 70.0% of the aggregate purchase consideration of S\$3,600,000 to be satisfied through the issuance of 14,000,000 Shares at an issue price of S\$0.18 per Share.</p> <p>The corporate actions (i) to (v) were unanimously approved by Shareholders at an EGM convened on 26 February 2019.</p>
17 January 2019	<p>The Company announced that it had, on the same day, entered into a joint venture agreement for the subscription of shares in Wish Hospitality Holdings Private Limited (“Wish Hospitality”) for a consideration of S\$400, and would hold 80.0% shareholding interest in Wish Hospitality following the completion of the subscription. Wish Hospitality would incorporate a wholly-owned subsidiary in the PRC and will principally be engaged in the procurement and management of food and beverage business, distribution, wholesale, trading, retail, import and export of food products and equipment, and the provision of other related products and services.</p> <p>The subscription was conditional upon Shareholders’ approval being obtained for the 17 Dec Placement. Following Shareholders’ approval being obtained for the 17 Dec Placement at the EGM convened on 26 February 2019, the Company subsequently announced the completion of the subscription on 27 February 2019. Accordingly, Wish Hospitality became an 80%-owned subsidiary of the Company.</p>
8 March 2019	<p>The Company announced that it had, on the same day, through its subsidiary, Wish Hospitality, entered into an exclusive branding, operation and procurement master service agreement (“Master Service Agreement”) with Henan Jufeel Technology Group Co., Ltd (“Henan Jufeel”).</p> <p>Pursuant to the Master Service Agreement, Henan Jufeel will, on a best effort basis, secure at least 200 current and future food and beverage outlets located in various parts of the world (“Secured Outlets”) for Wish Hospitality within two (2) years from the date of the Master Service Agreement. In consideration for the foregoing, Wish Hospitality will provide, <i>inter alia</i>, branding, operation and procurement services to each of the Secured Outlets.</p> <p>The entry into the Master Service Agreement is in line with the Group’s plans to expand into the food and beverage business locally and overseas which were approved by the Shareholders at the EGM convened on 26 February 2019.</p>

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4. INFORMATION ON THE PROPOSED TRANSACTIONS

4.1 Information on the Proposed Loan Capitalisation

Details on the Proposed Loan Capitalisation are set out in Section 3.2 of the Circular. The relevant sections have been extracted and reproduced in italics below:

“3.2 Salient Terms of the Proposed Loan Capitalisation

3.2.1 Conversion

*Pursuant to the Deed, Mr Pang has agreed to convert a part of the Moneys Outstanding in the sum of S\$3,000,000 into such number of Shares (each a “**Conversion Share**”) at the Conversion Price.*

3.2.2 Conversion Price

Each Conversion Share shall be issued at the IPO Price or such price equivalent to the VWAP per Share on the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST, whichever is higher.

*As the VWAP per Share of S\$0.255 for the trades done on the SGX-ST on 21 February 2019, being the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST is higher than the IPO Price, in accordance with the terms of the Deed, each Conversion Share shall be issued at an issue price of S\$0.255 (the “**Conversion Price**”). There were no trades in the Shares recorded on the SGX-ST on 22 February 2019, 25 February 2019, 26 February 2019, 27 February 2019, 28 February 2019, 1 March 2019, 4 March 2019, 5 March 2019 and 6 March 2019.*

The Conversion Price was mutually agreed on between the Company and Mr Pang based on arms’ length negotiations and was arrived at after taking into consideration (i) the rationale as set out in Section 5 of this Circular, (ii) the financial performance and condition and cash flow generation abilities of the Group, (iii) Mr Pang’s continuing support for the Group’s future development, and (iv) the requirements under Rule 811(1) of the Catalist Rules.

3.2.3 Number of Conversion Shares

Based on the Conversion Price of S\$0.255, the number of Conversion Shares to be issued to Mr Pang will be:

- (a) 11,764,705 Shares (if Shareholders’ approval is obtained for the 2019 Amendment Resolution and the Capitalised Amount being S\$3,000,000); or*
- (b) 3,921,568 Shares (if Shareholders’ approval is not obtained for the 2019 Amendment Resolution and the Capitalised Amount being S\$1,000,000).”*

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4.2 Information on the Proposed Warrants Issue

Details on the Proposed Warrants Issue are set out in Section 4 of the Circular. The relevant sections have been extracted and reproduced in italics below:

“4. THE PROPOSED WARRANTS ISSUE

4.1 Introduction

Pursuant to the Deed, the Company will issue and allot such number of free Warrants at the Exercise Price (as defined below) to Mr Pang. The number of Warrants to be issued to Mr Pang shall be on the basis of 1 Warrant for each Conversion Share issued to Mr Pang.

4.2 Key Terms of the Warrants

The key terms of the Warrants are as follows:–

Number of Warrants : *1 Warrant for each Conversion Share issued to Mr Pang. For the avoidance of doubt, where:*

- (a) Shareholders’ approval is obtained for the 2019 Amendment Resolution, an aggregate of 11,764,705 Warrants shall be issued to Mr Pang; or*
- (b) Shareholders’ approval is not obtained for the 2019 Amendment Resolution, an aggregate of 3,921,568 Warrants shall be issued to Mr Pang.*

Subscription rights : *Subject to the terms and conditions of the Warrants set out in the Deed Poll, each Warrant shall entitle Mr Pang, at any time during the Exercise Period (as defined below), to subscribe for one (1) new Share at the Exercise Price (each a “Warrant Share”).*

Exercise Price : *Each Warrant shall be exercised at an exercise price equivalent to the Conversion Price of S\$0.255 (the “Exercise Price”).*

The Exercise Price is equivalent to the VWAP per Share of S\$0.255 for the trades done on the SGX-ST on 21 February 2019, being the last full market day preceding the date of the Deed on which trades in the Shares were recorded on the SGX-ST. There were no trades in the Shares recorded on the SGX-ST on 22 February 2019, 25 February 2019, 26 February 2019, 27 February 2019, 28 February 2019, 1 March 2019, 4 March 2019, 5 March 2019 and 6 March 2019.

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The Exercise Price was mutually agreed on between the Company and Mr Pang based on arms' length negotiations and was arrived at after taking into consideration (i) the rationale as set out in Section 5 of this Circular, (ii) the financial performance and condition and cash flow generation abilities of the Group, (iii) Mr Pang's continuing support for the Group's future development, and (iv) the requirements under Rule 811(1) of the Catalist Rules.

Exercise Period : *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 (the "Exercise Period"). Warrants which remain unexercised on the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.*

End of Exercise Period : *The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to Mr Pang in accordance with the conditions set out in the Deed Poll, and announce the expiration date of the Warrants on the SGXNet.*

Status of Warrant Shares : *The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue:*

- (a) *rank pari passu, in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue and allotment of the Warrant Shares; and*
- (b) *be listed on the SGX-ST and free from pre-emptive rights.*

Adjustment to Exercise Price and / or the number of Warrants : *The Exercise Price and / or the number of Warrants to be held by Mr Pang will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Any additional Warrants issued pursuant to such adjustments shall rank pari passu with the Warrants and will for all purposes form part of the same series.*

Transferability and Listing : *The Warrants shall not be transferable and will not be listed and traded on the Catalist of SGX-ST."*

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5. EVALUATION OF THE PROPOSED TRANSACTIONS

In our evaluation of the Proposed Transactions, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Transactions;
- (b) Financial assessment of the terms of the Proposed Transactions;
- (c) Financial effects to the Group; and
- (d) Other relevant considerations in relation to the Proposed Transactions.

5.1 Rationale for the Proposed Transactions

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Transactions or the future prospects of the Group after the Proposed Transactions. The rationale for the Proposed Transactions which has been set out in Section 5 of the Circular is extracted and reproduced in italics below:

“5. RATIONALE FOR THE PROPOSED VARIATION OF LOAN UNDERTAKING, PROPOSED LOAN CAPITALISATION AND PROPOSED WARRANTS ISSUE

The Company is undertaking the Proposed Variation of Loan Undertaking, the Proposed Loan Capitalisation and Proposed Warrants Issue in recognition of Mr Pang’s continuing and unwavering show of support and commitment for the Company, in particular:

- (a) Mr Pang’s continued financial support for the Group in the form of interest-free loans;*
- (b) Mr Pang agreeing to make available the New Loan in the sum of S\$1,200,000 to the Company to tide it through its difficult times notwithstanding that he is under no such obligation to provide such New Loan;*
- (c) Mr Pang procuring the injection of a profitable asset into the Group via the Proposed Acquisition. Shareholders may wish to refer to the announcement released by the Company on 17 December 2018 and the Company’s circular dated 11 February 2019 for more information on the Proposed Acquisition;*
- (d) the new initiatives commenced by Mr Pang for the future expansion of the Group’s business (including the Group’s expansion plans into the food and beverage business in the People’s Republic of China);*
- (e) Mr Pang agreeing to capitalise part of the New Loan in the sum of S\$1,000,000 and accepting cash repayment of only S\$200,000; and*
- (f) specifically in respect of the Proposed Warrants Issue, Mr Pang having forgiven in FY2016 and FY2018 an aggregate of S\$2,000,000 interest-free loans borrowed by the Company.*

In addition, the capitalisation of part of the New Loan in the sum of S\$1,000,000 will enable the Group to:

- (i) reduce its current liabilities and settle all outstanding loans owed by the Company to Mr Pang;*
- (ii) eliminate one of the competing needs for working capital and improve the Company’s NTA value and reduce its LPS; and*

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(iii) *eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Group.”*

5.2 Financial assessment of the terms of the Proposed Transactions

In assessing the terms of the Proposed Transactions, we have considered the following:

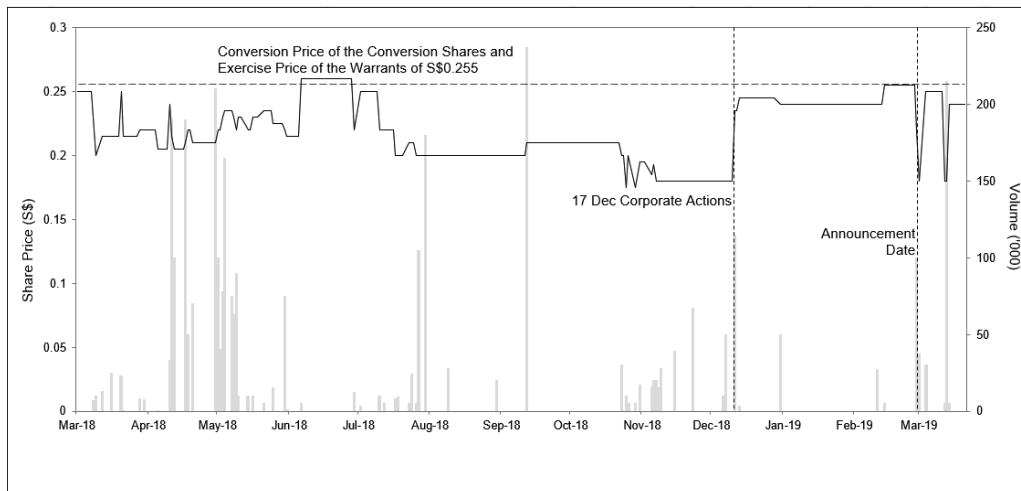
- (i) historical trading performance of the Shares;
- (ii) financial analysis of the Group; and
- (iii) valuation of the Warrants.

5.2.1 Historical trading performance of the Shares

In assessing the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255, we have compared them against the historical market price performance of the Shares and the historical Share trading volume for the period commencing from 8 March 2018 (being one (1) year prior to the Announcement Date) and ending on the Latest Practicable Date (“**Period Under Review**”).

We set out below a historical chart showing the Conversion Price and Exercise Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review.

Price and traded volume of the Shares for the Period Under Review



Sources: *Bloomberg L.P. and the Company's announcement*

Based on the Share price chart, the Shares were generally trading below the Conversion Price and Exercise Price of S\$0.255 during the Period Under Review except during the period from 13 June 2018 to 5 July 2018. We note that the Share price had traded within a range of S\$0.175 to S\$0.260 during the Period Under Review and was on an increasing trend prior to the Announcement Date. The Share price jumped from S\$0.18 to S\$0.235 following the Company's announcements relating to the 17 Dec Corporate Actions, further details of which are set out in Paragraph 3.7 above.

We further note that the Shares had exhibited low trading liquidity during the Period Under Review.

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We note that following the release of the Announcement, the Share price increased by 9.1%, from S\$0.22 as at the Announcement Date to S\$0.24 as at the Latest Practicable Date. The Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 6.3% over the Share price of S\$0.24 as at the Latest Practicable Date.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	VWAP ⁽¹⁾	Premium of the Conversion Price of the Conversion Shares and Exercise Price of the Warrants over VWAP	Lowest transacted price	Highest transacted price	Number of traded days	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(S\$)	(%)	(S\$)	(S\$)		('000)	(%)
Prior to the release of the Announcement							
Last 1 month	0.225	13.3	0.220	0.255	3	44	0.04
Last 3 months	0.211	20.9	0.170	0.255	8	45	0.05
Last 6 months	0.201	26.9	0.129	0.255	21	41	0.04
Last 1 year	0.211	20.9	0.129	0.260	65	46	0.05
7 March 2019, being the last trading date of the Shares prior to the release of the Announcement	0.220	15.9	0.220	0.220	1	100	0.10
After the release of the Announcement and up to the Latest Practicable Date							
After the release of the Announcement and up to the Latest Practicable Date	0.207	23.2	0.180	0.250	5	58	0.06
21 March 2019, being the last market day the Shares were traded as at the Latest Practicable Date	0.240	6.3	0.240	0.240	1	5	0.01

Source: Bloomberg L.P.

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 98.3 million Shares as at the Latest Practicable Date.

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Based on the above, we observe that:

- (a) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255 represents a premium of 15.9% over the Share price of S\$0.22 prior to the release of the Announcement;
- (b) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 13.3%, 20.9%, 26.9% and 20.9% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Announcement respectively;
- (c) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 23.2% over the VWAP of the Shares for the period between the market day immediately after the release of the Announcement and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 6.3% over the VWAP of the Shares of S\$0.24;
- (e) during the period from 8 March 2018 up to the Announcement Date, the Shares were traded on 65 market days or 25.0% of the total market days. The total number of Shares traded during this period was 2,962,700 Shares with an average daily trading volume of 45,580 Shares, representing 0.05% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 5 market days or 33.3% of the total market days. The total number of Shares traded during this period was 292,200 Shares with an average daily trading volume of 58,000 Shares, representing 0.06% of the free float.

We recommend the Independent Directors to advise the Independent Shareholders to note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Shareholders should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

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5.2.2 Financial analysis of the Group

The summary of the financial performance of the Group for FY2016, FY2017 and FY2018 is set out below. The following summary of financial information should be read in conjunction with the full text of the Company's annual reports and the results announcement in respect of the relevant financial periods including the notes thereto.

Financial performance of the Group

(\$000)	Audited	Audited	Unaudited
	FY2016	FY2017	FY2018
Revenue	9,201	9,916	8,451
Cost of sales	(9,279)	(10,910)	(9,430)
Gross loss	(78)	(994)	(979)
Other income	2,145	1,134	1,322
Administrative expenses	(3,574)	(3,640)	(3,473)
Finance costs	(433)	(405)	(413)
Loss before tax	(1,940)	(3,905)	(3,543)
Income tax credit / (expense)	(11)	27	-
Loss for the year	(1,951)	(3,878)	(3,543)
Attributable to:			
Equity holders of the Company	(1,913)	(3,849)	(3,552)
Non-controlling interests	(38)	(29)	9

Sources: Audited financial statements of the Group for FY2016 and FY2017, and the Group's results announcement for FY2018

Review of operating results

FY2017 vs FY2016

Revenue generated by the Group increased by approximately S\$0.7 million or 7.8% from S\$9.2 million in FY2016 to S\$9.9 million in FY2017 mainly due to additional contracts secured from coffee shops.

Correspondingly, cost of sales increased by approximately S\$1.6 million or 17.6% from S\$9.3 million in FY2016 to S\$10.9 million in FY2017 mainly due to increase in staff costs, overhead costs such as utilities expenses and transportation as well as increase in depreciation expenses due to additional fixed assets acquired for the new facility at 8 Loyang Way 4.

Other income decreased by approximately S\$1.0 million, or 47.1% from S\$2.1 million in FY2016 to S\$1.1 million in FY2017 as Mr Pang had forgiven S\$1.0 million, being the Existing Loan, in FY2016.

Administrative expenses remained stable at approximately S\$3.6 million.

As a result of the above, loss for the year attributable to equity holders of the Company increased by approximately S\$1.9 million or 101.2% from S\$1.9 million in FY2016 to S\$3.8 million in FY2017.

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FY2018 vs FY2017

Revenue generated by the Group decreased by approximately S\$1.5 million or 14.8% from S\$9.9 million in FY2017 to S\$8.4 million in FY2018 mainly due several contracts not being renewed upon expiry, sales rationalisation plan implemented by the Group in FY2018 which resulted in certain sales contracts with low profit margin not being renewed after expiry and the liquidation of a key customer of the Group in early September 2018.

Cost of sales decreased by approximately S\$1.5 million or 13.6% from S\$10.9 million in FY2017 to S\$9.4 million in FY2018, in tandem with the decrease in revenue, offset by an increase in subcontractors' expenses of S\$1.1 million as part of the restructuring and streamlining exercises taken by the Group to utilise the Group's manpower and other resources more efficiently, which also resulted in a corresponding decrease in personnel expenses.

Other income decreased by approximately S\$0.2 million or 16.6% from S\$1.1 million in FY2017 to S\$1.3 million in FY2018 mainly due to additional government grants and incentives received by the Group in FY2018.

Administrative expenses decreased by approximately S\$0.1 million or 4.6% from S\$3.6 million in FY2017 to S\$3.5 million in FY2018 mainly due to resignation of some management and office staff as a result of the restructuring and streamlining exercises taken by the Group.

As a result of the above, loss for the year attributable to equity holders of the Company decreased by approximately S\$0.2 million or 7.7% from S\$3.8 million in FY2017 to S\$3.6 million in FY2018.

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Financial position of the Group

The unaudited financial position of the Group as at 31 December 2018 is as follows:

(S\$'000)	Unaudited As at 31 December 2018
Property, plant and equipment	1,834
Investment properties	4,100
Non-current assets	5,934
Inventories	18
Trade and other receivables	1,925
Cash and bank balances	1,328
Property held for sale	8,219
Current assets	11,490
Loans and borrowings	6,400
Non-current liabilities	6,400
Trade and other payables	4,098
Loans and borrowings	3,188
Amount due to a director	3,200
Current liabilities	10,486
Share capital	11,498
Assets revaluation reserve	2,919
Accumulated losses	(7,795)
Merger reserve	(6,071)
Equity attributable to equity holders of the Company	551
Non-controlling interests	(13)
Total equity	538
Equity attributable to equity holders of the Company / Net Tangible Assets ("NTA")	551
Total number of issued and paid up Shares as at 31 December 2018	132,000,000
Equity attributable to equity holders of the Company / NTA per Share (cents) as at 31 December 2018	0.42

Source: Company's results announcement for FY2018

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Review of the Group's financial position

The assets of the Group as at 31 December 2018 comprised mainly: (i) property held for sale of S\$8.2 million; and (ii) investment properties of S\$4.1 million, representing 47.2% and 23.5% of the total assets respectively.

The liabilities of the Group as at 31 December 2018 comprised mainly: (i) short-term and long-term loans and borrowings of S\$9.6 million; (ii) trade and other payables of S\$4.1 million; and (iii) amount of S\$3.2 million due to a Director, representing 56.8%, 24.3% and 19.0% of the total liabilities respectively.

Short-term and long-term loans and borrowings of S\$9.6 million comprise finance lease obligations and bank loans.

The bank loans amounting to approximately S\$8.6 million are secured by: (i) legal mortgage over the Group's investment properties; (ii) assignment of rental proceeds and all rights of the tenancy agreements; (iii) legal mortgage over the Group's leasehold property; (iv) corporate guarantee from holding company and fellow subsidiaries; (v) personal guarantee from a Director; and (vi) legal mortgages over certain personal properties of a Director.

Finance lease liabilities amounting to approximately S\$1.0 million are secured by the rights to the Group's motor vehicles and machinery.

The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the statement of financial position date. The obligations under finance lease bear effective interest rates ranging from 1.88% to 9.50% per annum. Leased assets are pledged as security for the related lease liabilities. A Director and a fellow subsidiary of the Group have also provided guarantees for certain of the finance lease liabilities

Trade and other payables of S\$4.1 million comprise trade payables to third parties, accrued expenses, deferred capital grant and deposit received from a related party. Deferred capital grants relate to government grants received for acquisition of machineries and equipment for the Group's projects on productivity improvement. There are no unfulfilled conditions or contingencies attached to these grants.

The amount of S\$3.2 million due to a Director refers to the Moneys Outstanding.

As at 31 December 2018, the NTA of the Company attributable to equity holders of the Company amounted to approximately S\$0.6 million.

We note that the Company had announced, on 7 January 2019, the partial completion of the 17 Dec Placement, with an aggregate of 8,020,000 Shares issued. Net proceeds of approximately S\$1.4 million were raised from the partial issuance of Shares pursuant to the 17 Dec Placement and accordingly, the adjusted NTA of the Company as at 31 December 2018 is S\$2.0 million ("**Adjusted NTA**"). Based on 140,348,000 outstanding Shares as at the Latest Practicable Date, the Adjusted NTA per Share of the Company as at 31 December 2018 was approximately S\$0.014.

Adjusted NTA per Share of the Group

In assessing the reasonableness of the Conversion Price and the Exercise Price, we have considered using the earnings approach which is commonly used for the valuation of a profitable company as a going concern. We note that the Group had incurred operating losses over the last three (3) financial years as shown in the table above. As such, the earnings approach cannot be meaningfully applied in assessing the reasonableness of the Conversion Price and Exercise Price.

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Instead, we have assessed the Conversion Price and Exercise Price using the NTA approach, which shows the extent to which the value of each Share is backed by its net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities, intangible assets of the group and non-controlling interests.

We have evaluated the implied Price-to-Adjusted NTA (“**P/Adjusted NTA**”) ratio of the Group based on the Conversion Price and Exercise Price, and the Group’s Adjusted NTA per Share of S\$0.014 as at 31 December 2018. Based on the above, the implied P/Adjusted NTA ratio is 18.2 times and the Conversion Price and Exercise Price represents a substantial premium of 1,721.4% over the Adjusted NTA per Share of S\$0.014 as at 31 December 2018.

In our evaluation of the financial terms of the Proposed Transactions, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the unaudited statement of financial position of the Group as at 31 December 2018, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA of the Group as at 31 December 2018.

In respect of the above, we have sought the following confirmation from the Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, save as disclosed above and in the Company’s results announcements for FY2018, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group’s assets and their respective book values as at 31 December 2018 which would have a material impact on the NTA of the Group;
- (b) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) save for the proposed acquisition of Hao Kou Wei Pte. Ltd. which was announced by the Group on 17 December 2018 and is still ongoing as at the Latest Practicable Date, there are no material acquisitions or disposals of assets by the Group between 31 December 2018 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group’s business.

The above computation and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated by the NTA and is realisable or distributable to the Shareholders.

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5.2.3 Valuation of the Warrants

Overview

As set out in Paragraph 3.4 of this Letter, pursuant to the 2015 Deed of Undertaking and the 2017 Amendment Deed, Mr Pang have since forgiven S\$1,000,000, being the Existing Loan and S\$1,000,000, being part of the Additional Loan during FY2016 and FY2018, respectively. We note that, in undertaking the Proposed Warrants Issue, the Directors had considered and recognised Mr Pang's continuing and unwavering show of support and commitment for the Company, in particular, *inter alia*, Mr Pang having forgiven the above loans in FY2016 and FY2018. Further details of the rationale of the Proposed Warrants Issue are set out in Section 5 of the Circular.

The Warrants are issued free of charge to Mr Pang, together with the Conversion Shares, on the basis of one (1) Warrant for each Conversion Share allotted and issued to Mr Pang. Each Warrant comes with the right to subscribe for one (1) Share at the Exercise Price equivalent to the Conversion Price of S\$0.255. Each Warrant may be exercised at any point of time over a period of two (2) years from the date of issue of the Warrants to subscribe for one (1) Warrant Share at the Exercise Price. The Warrants are not listed on any stock exchange and are non-transferrable. The Warrant Shares will be listed on the SGX-ST and will rank *pari passu* to all existing Shares.

We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the valuation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the exercise price of the Warrants *vis-à-vis* the current price of the underlying Shares, the exercise period of the Warrants, the nature of the call option (whether it is an European call option which is only exercisable on a predetermined exercise date or an American call option which can be exercised at any time prior to the expiry date of the Warrant), the risk-free interest rate, the dividend yield of the Shares and the implied volatility of the underlying Shares.

However, the valuation of the Warrants using the Black-Scholes model is not meaningful nor appropriate for the following reasons:

- (i) the Warrants to be issued to Mr Pang are not transferrable and are not listed and traded on any stock exchange, which would negate most of the time value of the Warrants, if any, as most of the time value of these Warrants could be realised if Mr Pang could trade or arbitrage these Warrants in the open market; and
- (ii) the trading liquidity of the Shares is low as highlighted in Paragraph 5.2.1 above.

The Warrants are issued "out-of-the-money" as the Exercise Price is above the Share price of S\$0.22 on the Announcement Date. Based on the Share price of S\$0.24 as at the Latest Practicable Date, the Warrants are still "out-of-the-money".

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Theoretical value of Warrants

Assuming that the Proposed 2019 Amendments are approved by Shareholders, 11,764,705 Warrants will be issued to Mr Pang on the basis of one (1) Warrant for each Conversion Share issued, in accordance with the terms of the Deed. The theoretical value of the 11,764,705 Warrants is S\$129,887 based on the Share price of S\$0.24 as at the Latest Practicable Date, as extracted from Bloomberg L.P..

Based on the theoretical value of 11,764,705 Warrants and assuming that the Warrants are not issued free of charge but as part of the repayment for the Moneys Outstanding, we note that the effective value of 11,764,705 Conversion Shares issued to Mr Pang would amount to approximately S\$2,870,113. Accordingly, the implied share issuance price for 11,764,705 Conversion Shares will be approximately S\$0.244 per Share.

We note that the implied share issuance price of S\$0.244 per Share represents a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date, which is within the prescribed limits for share issuances without obtaining shareholders' approval as prescribed by Catalist Rule 811.

In the event that the Proposed 2019 Amendments are not approved by Shareholders, only 3,921,568 Warrants will be issued to Mr Pang on the basis of one (1) Warrant for each Conversion Share issued in accordance with the terms of the Deed. The theoretical value of the 3,921,568 Warrants is S\$43,296 based on the Share price of S\$0.24 as at the Latest Practicable Date, as extracted from Bloomberg L.P..

Based on the theoretical value of 3,921,568 Warrants and assuming that the Warrants are not issued free of charge but as part of the repayment for the Moneys Outstanding, we note that the effective value of 3,921,568 Conversion Shares issued to Mr Pang would amount to approximately S\$956,704. Accordingly, the implied share issuance price for 3,921,568 Conversion Shares will be approximately S\$0.244 per Share, which is a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date, which is within the prescribed limits for share issuances without obtaining shareholders' approval as prescribed by Catalist Rule 811.

However, as the Warrants are not listed on any stock exchange and are non-transferrable, we note that Mr Pang will not be able to trade or arbitrage these Warrants in the open market and realise the theoretical value of the Warrants.

The above computation and analysis is meant as an illustration and it does not necessary mean or imply that the net realisable value of the Warrants is as stated above. Independent Shareholders should note that the valuation of the Warrants may change based on market conditions affecting the underlying Shares.

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Theoretical value of Warrants vis-à-vis potential savings from interest-free loans

As set out in Paragraph 3.4 of this Letter, to date, Mr Pang had extended interest-free loans amounting to an aggregate of S\$5,200,000 to the Company since its listing on the Catalist Board of the SGX-ST on 18 January 2016.

For illustrative purposes, we have looked at the Singapore's historical prime lending rate (which we have sourced from the website of the Monetary Authority of Singapore and is based on the average rates compiled from that quoted by 10 leading banks and finance companies). We note that for, the month of February 2019, the Singapore's prime lending rate is 5.25% per annum which is the lowest during the period from November 2015 to February 2019. Prime lending rate is defined by the Association of Banks in Singapore as "*the lowest lending rate which a bank is prepared to lend in Singapore Dollars to its best customers on an overdraft or demand basis.*"

Based the prime lending rate of 5.25% per annum, we note that had the Company taken a loan from a bank or financial institution, it would have theoretically incurred a minimum of S\$273,000 a year on interest expenses. As Mr Pang has provided the loans on an interest-free basis, the Company had saved an estimated amount of S\$273,000 a year, which is more than the theoretical value of the Warrants to be issued to Mr Pang as set out above.

We wish to highlight that banks and finance companies determine their prime lending rates based on factors, *inter alia*, cost of funds, spread to cover credit risks, operating expenses and a desired return on shareholders' funds. Credit risks of the borrowers' vary based on, *inter alia*, general economy environment in which the borrowers operates in, financial performance, financial position, existing debt burden, credit history, and availability of assets to be securitised/collateralised.

As set out in Paragraph 5.2.2 of this Letter, other than the Moneys Outstanding due to Mr Pang, the Group has additional bank loans amounting to approximately S\$8.6 million as at 31 December 2018 which are secured floating rate instruments that are repriced to market interest rates on or near the statement of financial position date.

Potential net proceeds from the exercise of Warrants

In addition, we note that assuming that all the Warrants are fully exercised into Warrant Shares by Mr Pang, the estimated amount of net proceeds to be raised, after deducting expenses of approximately S\$50,000 incurred in connection with the Proposed Warrants Issue, will be:

- (i) S\$2,950,000, on the assumption that the Proposed 2019 Amendments are approved by Shareholders at the EGM to be convened and accordingly 11,764,705 Warrants with an Exercise Price of S\$0.255 will be issued to Mr Pang; or
- (ii) S\$950,000, on the assumption that the Proposed 2019 Amendments are not approved by Shareholders at the EGM to be convened and accordingly 3,921,568 Warrants with an Exercise Price of S\$0.255 will be issued to Mr Pang.

As set out in Section 6 of the Circular, we note that the Company intends to utilise the net proceeds raised from the Proposed Warrants Issue in the following manner:

- (a) approximately 30.0% for general working capital purposes; and
- (b) approximately 70.0% for business expansion and/or acquisitions.

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5.3 Financial effects to the Group

The detailed financial effects to the Group are set out in Section 11 of the Circular and had been prepared assuming, *inter alia*, the issuance of Shares as a result of:

- (i) the Second Tranche of placement Shares in relation to the 17 Dec Placement;
- (ii) exercise of the introducer warrants by Alto Vencap Pte. Ltd;
- (iii) conversion of the convertible loan into new Shares; and
- (iv) consideration payable for the proposed acquisition of Hao Kou Wei Pte. Ltd.

The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the above transactions and the Proposed Transactions.

We set out below the financial effects to the Group arising from the Proposed Transactions:

(i) Share capital

Following the completion of the Proposed Transactions, the number of issued Shares will increase due to the issuance of Conversion Shares. The increase in the number of issued Shares will be dependent on whether the Proposed 2019 Amendments are approved by Shareholders, which will consequently affect the number of Conversion Shares which will be issued.

Should the Proposed 2019 Amendments be approved by Shareholders, 11,764,705 Conversion Shares and 11,764,705 Warrants, exercisable into 11,764,705 Warrant Shares, will be issued to Mr Pang. In the event that the Proposed 2019 Amendments are not approved by Shareholders, 3,921,568 Conversion Shares and 3,921,568 Warrants, exercisable into 3,921,568 Warrant Shares, will be issued to Mr Pang.

The number of issued Shares will increase further upon the exercise of the Warrants by Mr Pang into Warrant Shares. Similarly, the increase in issued Shares relating to the issuance of Warrant Shares depends on the number of Warrants issued to and exercised by Mr Pang.

(ii) NTA per Share

Following the completion of the Proposed Transactions, the NTA of the Group will increase and the NTA per Share is also expected to increase. The increase in the NTA per Share will be dependent on whether the Proposed 2019 Amendments are approved by Shareholders, which will consequently affect the number of Conversion Shares and Warrants, convertible into new Warrant Shares, issued to Mr Pang.

(iii) Loss per Share

Following the completion of the Proposed Transactions, the net loss per Share will decrease due to the increase in number of issued Shares. The decrease in net loss per Share is dependent on whether the Proposed 2019 Amendments are approved by Shareholders, which will consequently affect the number of Conversion Shares and Warrants, convertible into new Warrant Shares, issued to Mr Pang.

We recommend the Independent Directors to advise the Shareholders to read Section 11 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects to the Group.

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5.4 Other relevant considerations in relation to the Proposed Transactions

5.4.1 Conversion Price of the Conversion Shares and Exercise Price of the Warrants is higher than the IPO Price and other corporate actions undertaken by the Group

We note that the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255 represents a premium of 2.0% over the IPO Price of S\$0.25.

We further note that the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255 also represents a premium of 41.7% over the: (i) issue price of Shares in respect of the 17 Dec Placement; (ii) exercise price of the introducer warrants to Alto Vencap Pte. Ltd; and (iii) conversion price of the convertible loan, of S\$0.18 per Share. These corporate actions undertaken by the Group collectively involve unrelated third parties to the Company and Mr Pang, which signifies the willingness of unrelated third parties to transact with and / or invest in the Company at S\$0.18 per Share. Further details are set out in Paragraph 3.7 of this Letter.

5.4.2 Improvement in gearing ratio of the Group

Based on the unaudited financial position of the Group as at 31 December 2018, the gearing ratio of the Group is at 23.2 times. The gearing ratio of the Group will improve upon completion of the Proposed Transactions, as there will be no Moneys Outstanding following settlement of the S\$3.2 million due to Mr Pang pursuant to the Deed.

We further note that, as set out in Section 5 of the Circular, the capitalisation of part of the New Loan will also enable the Group to eliminate the need for any cash repayment or payment in respect of the Moneys Outstanding in view of the current financial and cash position of the Group. The Company will be able to conserve its cash for expansion in the food and beverage sector as part of the Group's growth strategy to improve Shareholders' value. Further details highlighting the corporate actions taken by the Company as part of its expansion in the food and beverage sector are set out in Paragraph 3.7 of this Letter.

We note the following commentary as set out in the Group's financial results announcement for FY2018, the relevant portion of which have been extracted and reproduced in italics below:

*"In pursuit of the Group's growth strategy and to improve Shareholders' value, the Group has identified the food and beverage ("**F&B**") business to be a suitable segment to expand into. Furthermore, the Group's further expansion into the F&B Business will support the long term growth of the Group and reduce the Group's dependence on the existing core business. With that, on 17 December 2018, the Company announced that it intends to undertake the proposed acquisition of Hao Kou Wei Pte. Ltd. ("**HKW**"). HKW is in the principal business of letting and operating and managing food courts, coffee shops and eating houses, and currently it operates 3 food courts/food centres and 1 eating house. In addition, the Company had on 17 January 2019 announced that it had entered into a Joint Venture Agreement with Ms. Zhang Liying ("**Joint Venture**"), pursuant to which the Company shall subscribe for 400 shares representing 80% of the issued and paid-up share capital of Wish Hospitality Holdings Pte Ltd ("**JV Company**"). The JV Company will principally be engaged in the procurement and management of F&B business, distribution, wholesale, trading, retail, import and export of food products and equipment, and the provision of other related products and services or such other business as the JV Company may decide from time to time (the "**Business**"). The Business will be carried out principally in the People's Republic of China ("**PRC**").*

The proposed acquisition of HKW and the entry into the Joint Venture, both of which are subject to the relevant Shareholders' approval being obtained in an Extraordinary General Meeting to be held on 26 February 2019, entail the expansion of the Group's business into the F&B industry and expansion into other geographical markets, particularly PRC. Shareholders may refer to the Company's Circular dated 11 February 2019 for further details and rationale on the Proposed Acquisition and the Company's entry into the Joint Venture.

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The Board believes that the Company's proposed acquisition of HKW and entry into the Joint Venture will contribute positively to the Group's revenue for the financial year ending 31 December 2019."

In addition, *ceteris paribus*, the gearing ratio will improve further as net proceeds are raised from the exercise of the Warrants into Warrant Shares.

5.4.3 Track record of support from Mr Pang

As set out in Section 5 of the Circular, we note that in addition to, *inter alia*, Mr Pang providing continued financial support to the Group in the form of interest-free loans and agreeing to capitalise part of the New Loan in the sum of S\$1,000,000, Mr Pang further demonstrated his support to the Company by procuring the injection of a profitable asset into the Group via the HKW Acquisition. In addition, Mr Pang has continually commenced on new initiatives for future expansion of the Group's business, including the Group's expansion into the food and beverage business in the PRC. Further details are set out in Paragraph 3.7 of this Letter.

After the completion of the Proposed Transactions, Mr Pang's shareholding interest in the Company will increase, and this will further align his interests with the Company and its minority Shareholders.

5.4.4 Shareholding interest of Mr Pang

As at the Latest Practicable Date, Mr Pang holds 98,190,000 Shares, representing approximately 70.0% of the issued Shares and is the single largest Shareholder of the Company. Assuming the completion of HKW Acquisition, Mr Pang would be deemed to own 112,190,000 Shares, representing a shareholding interest of approximately 72.7% of the total issued Shares.

As Mr Pang currently holds more than 50.0% of the issued Shares in the Company, issuance of the Conversion Shares and exercise of the Warrants will not trigger an obligation by Mr Pang to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**"), pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**").

However, in view that there may be further issuance of Shares as a result of: (i) exercise of the introducer warrants by Alto Vencap Pte. Ltd; and (ii) conversion of the convertible loan into new Shares; as set out in Paragraph 3.7 of this Letter, Mr Pang's shareholding interest in the Company may be diluted to below 50.0%. Nonetheless, we note that Mr Pang will still remain as the single largest Shareholder of the Company.

We note that as at the Latest Practicable Date, (i) the Company has not drawn down on any part of the convertible loan (which has a maturity period of three (3) years); and (ii) no introducer warrants has been issued to Alto Vencap Pte. Ltd. The Company is also of the view that it is unlikely for: (i) the exercise of the introducer warrants by Alto Vencap Pte. Ltd; and/or (ii) the conversion of the convertible loan into new Shares, to occur on or around the time of issuance of the Conversion Shares. Accordingly, it is unlikely for Mr Pang's shareholding interest to fall below 50.0% prior to the issuance of Conversion Shares to Mr Pang.

In the event that Mr Pang's shareholding interest is subsequently diluted to below 50.0% of the total issued Shares, we note that upon exercise of the Warrants into Warrant Shares, Mr Pang may incur an obligation to make a Mandatory Offer pursuant to the Code.

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As set out in Section 13 of the Circular, in the event that Mr Pang, together with persons acting in concert with him, hold between 30.0% and 50.0% of the issued Shares prior to Mr Pang's exercise of the Warrants, the Company intends to: (i) make an application to the Securities Industry Council for a waiver of the obligation of Mr Pang to make a Mandatory Offer as a result of the issuance of the Warrant Shares; and (ii) convene an EGM to obtain Shareholders' approval for a waiver of their rights to receive a mandatory general offer from Mr Pang pursuant to Rule 14 of the Code arising from the issuance and allotment of any of the Warrant Shares to Mr Pang pursuant to his exercise of the Warrants.

Nonetheless, we note that while Mr Pang's shareholding interest will increase upon exercise of the Warrants into Warrant Shares, he will still remain as the single largest Shareholder of the Company, notwithstanding the other Share issuances which may potentially dilute his shareholding interests in the Company. As the single largest Shareholder of the Company, Mr Pang's interest remains aligned with the Company and its minority Shareholders.

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6. OUR OPINION

In arriving at our recommendation in respect of the Proposed Transactions, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (i) the rationale for the Proposed Transactions;
- (ii) financial assessment of the terms of the Proposed Transactions:

Historical trading performance of the Shares

- (a) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants of S\$0.255 represents a premium of 15.9% over the Share price of S\$0.22 prior to the release of the Announcement;
- (b) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 13.3%, 20.9%, 26.9% and 20.9% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Announcement respectively;
- (c) the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 23.2% over the VWAP of the Shares for the period between the market day immediately after the release of the Announcement and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Conversion Price of the Conversion Shares and Exercise Price of the Warrants represents a premium of 6.3% over the VWAP of the Shares of S\$0.24;
- (e) during the period from 8 March 2018 up to the Announcement Date, the Shares were traded on 65 market days or 25.0% of the total market days. The total number of Shares traded during this period was 2,962,700 Shares with an average daily trading volume of 45,580 Shares, representing 0.05% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 5 market days or 33.3% of the total market days. The total number of Shares traded during this period was 292,200 Shares with an average daily trading volume of 58,000 Shares, representing 0.06% of the free float.

Financial Analysis of the Group

The implied P/Adjusted NTA ratio is 18.2 times and the Conversion Price and Exercise Price represents a substantial premium of 1,721.4% over the Adjusted NTA per Share of S\$0.014 as at 31 December 2018.

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Valuation of the Warrants

- (a) the Warrants are issued “out-of-the-money” as the Exercise Price is above the Share price on the Announcement Date of S\$0.22;
 - (b) as at the Latest Practicable Date, the Warrants are still “out-of-the-money”, as the Exercise Price is above the Share price of S\$0.24;
 - (c) assuming the Proposed 2019 Amendments are approved by Shareholders, the implied share issuance price of S\$0.244 per Share represents a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date;
 - (d) assuming the Proposed 2019 Amendments are not approved by Shareholders, the implied share issuance price of S\$0.244 per Share represents a premium of 10.9% over the Share price of S\$0.22 on the Announcement Date and a premium of 1.7% over the Share price of S\$0.24 as at the Latest Practicable Date;
 - (e) based the prime lending rate of 5.25% per annum, we note that had the Company taken a loan from a bank or financial institution, it would have theoretically incurred a minimum of S\$273,000 a year on interest expenses. As Mr Pang had provided the loans on an interest-free basis, the Company had saved an estimated amount of S\$273,000 a year, which is more than the theoretical value of the Warrants to be issued to Mr Pang; and
 - (f) potential net proceeds from the exercise of Warrants,
- (iii) the financial effects to the Group; and
- (iv) other relevant considerations as set out in Paragraph 5.4 of this Letter, namely:
(a) Conversion Price of the Conversion Shares and Exercise Price of the Warrants is higher than the IPO Price and other corporate actions undertaken by the Group; (b) improvement in gearing ratio of the Group; (c) track record of support from Mr Pang; and (d) shareholding interest of Mr Pang.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Transactions, as Interested Person Transactions, are on normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

For the avoidance of doubt, we are not engaged for and will not be expressing an opinion on the Proposed 2019 Amendments and our opinion on the Proposed Transactions, being the Proposed Loan Capitalisation and the Proposed Warrants Issue, is not meant to express a view or opinion on the Proposed 2019 Amendments.

We also wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not warrant the merits of the Proposed Transactions.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Transactions. The recommendation made by them to the Independent Shareholders in relation to the Proposed Transactions shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

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This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

SCENARIO A: For illustrative purposes only and based on the bases and assumptions set out below, the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Proposed Transactions, assuming Shareholders' approval is obtained for the 2019 Amendment Resolution, is set out below.

	As at the Latest Practicable Date		Assuming completion of the Proposed Acquisition		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, and (iii) issuance of Conversion Shares		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of warrants by Alto Vencap		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of warrants by the Lenders, and (vi) exercise of warrants by Alto Vencap			
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁸⁾
Directors																
Pang Pok⁽⁹⁾	98,190,000	69.96	112,190,000	72.69	112,190,000	64.85	123,954,705	67.09	135,719,410	69.06	135,719,410	46.76	135,719,410	55.05	135,719,410	39.89
Lee Dah Khang	42,000	0.03	42,000	0.03	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.01	42,000	0.02	42,000	0.01
Chow Kek Tong	42,000	0.03	42,000	0.03	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.01	42,000	0.02	42,000	0.01
Chong Eng Wee	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Liu Changsheng	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

	As at the Latest Practicable Date		Assuming completion of the Proposed Acquisition		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement, and (iii) issuance of Conversion Shares		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders, and (vi) exercise of warrants by Alto Vencap		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders, and (vi) exercise of warrants by Alto Vencap	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁸⁾
Substantial/Other Shareholders																
Marvel Earn Limited	6,900,000	4.92	6,900,000	4.47	25,555,555	14.77	25,555,555	13.83	25,555,555	13.00	25,555,555	8.81	25,555,555	10.37	25,555,555	7.51
Green Valley	–	–	–	–	–	–	–	–	–	–	46,844,444	16.14	–	–	46,844,444	13.77
Yue Da	–	–	–	–	–	–	–	–	–	–	46,844,444	16.14	–	–	46,844,444	13.77
Alto Vencap	–	–	–	–	–	–	–	–	–	–	–	–	50,000,000	20.28	50,000,000	14.70

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

Notes:

- (1) Based on the issued and paid-up share capital of the Company of 140,348,000 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged share capital of the Company of 154,348,000 Shares, after the issuance and allotment of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition.
- (3) Based on the enlarged share capital of the Company of 173,003,555 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, and (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement.
- (4) Based on the enlarged share capital of the Company of 184,768,260 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, and (iii) 11,764,705 Conversion Shares.
- (5) Based on the enlarged share capital of the Company of 196,532,965 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 11,764,705 Conversion Shares, and (iv) 11,764,705 Warrant Shares pursuant to Mr Pang's exercise of all 11,764,705 Warrants at the Exercise Price.
- (6) Based on the enlarged share capital of the Company of 290,221,853 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 11,764,705 Conversion Shares, (iv) 11,764,705 Warrant Shares pursuant to Mr Pang's exercise of all 11,764,705 Warrants at the Exercise Price, and (v) 93,688,888 Shares pursuant to the exercise of the conversion right by the Lenders under the Convertible Loan (such number of Shares being the maximum number of conversion Shares to be issued based on the assumptions set out in the Company's circular dated 11 February 2019).
- (7) Based on the enlarged share capital of the Company of 246,532,965 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 11,764,705 Conversion Shares, (iv) 11,764,705 Warrant Shares pursuant to Mr Pang's exercise of all 11,764,705 Warrants at the Exercise Price, and (v) 50,000,000 Shares pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants.
- (8) Based on the enlarged share capital of the Company of 340,221,853 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 11,764,705 Conversion Shares, (iv) 11,764,705 Warrant Shares pursuant to Mr Pang's exercise of all 11,764,705 Warrants at the Exercise Price, (v) 93,688,888 Shares pursuant to the exercise of the conversion right by the Lenders under the Convertible Loan (such number of Shares being the maximum number of conversion Shares to be issued based on the assumptions set out in the Company's circular dated 11 February 2019), and (vi) 50,000,000 Shares pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants.
- (9) The shareholdings of Mr Pang include such Shares held (or to be held) by his spouse, Ms Ang Siew Kiok as Mr Pang will be deemed to be interested in the Shares held by his spouse, Ms Ang Siew Kiok. Pursuant to the completion of the Proposed Acquisition, 14,000,000 Consideration Shares will be (or has been) issued to Ms Ang Siew Kiok (being the vendor to the Proposed Acquisition). Accordingly, Mr Pang will be deemed to be interested in the 14,000,000 Consideration Shares to be issued and allotted to Ms Ang Siew Kiok pursuant to the completion of the Proposed Acquisition. As at the Latest Practicable Date, the Proposed Acquisition has not been completed.

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

SCENARIO B: For illustrative purposes only and based on the bases and assumptions set out below, the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Proposed Transactions, assuming Shareholders' approval is not obtained for the 2019 Amendment Resolution, is set out below.

	As at the Latest Practicable Date		Assuming completion of the Proposed Acquisition		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, and (iii) issuance of Conversion Shares		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of warrants by Alto Vencap		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders, and (vi) exercise of warrants by Alto Vencap	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁸⁾
Directors																
Pang Pok⁽⁹⁾	98,190,000	69.96	112,190,000	72.69	112,190,000	64.85	116,111,568	65.63	120,033,136	66.37	120,033,136	43.72	120,033,136	52.00	120,033,136	36.99
Lee Dah Khang	42,000	0.03	42,000	0.03	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.01
Chow Kek Tong	42,000	0.03	42,000	0.03	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.02	42,000	0.01
Chong Eng Wee	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Liu Changsheng	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

	As at the Latest Practicable Date		Assuming completion of the Proposed Acquisition		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement		Assuming (i) completion of the Proposed Acquisition, and (ii) completion of Second Tranche Marvel Placement, and (iii) issuance of Conversion Shares		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders, and (vi) exercise of warrants by Alto Vencap		Assuming (i) completion of the Proposed Acquisition, (ii) completion of Second Tranche Marvel Placement, (iii) issuance of Conversion Shares, and (iv) issuance and exercise of Warrants, and (v) exercise of conversion rights by the Lenders, and (vi) exercise of warrants by Alto Vencap	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁶⁾	No. of Shares	% ⁽⁷⁾	No. of Shares	% ⁽⁸⁾
Substantial/Other Shareholders																
Marvel Earn Limited	6,900,000	4.92	6,900,000	4.47	25,555,555	14.77	25,555,555	14.44	25,555,555	14.13	25,555,555	9.31	25,555,555	11.07	25,555,555	7.87
Green Valley	-	-	-	-	-	-	-	-	-	-	46,844,444	17.06	-	-	46,844,444	14.43
Yue Da	-	-	-	-	-	-	-	-	-	-	46,844,444	17.06	-	-	46,844,444	14.43
Alto Vencap	-	-	-	-	-	-	-	-	-	-	-	-	50,000,000	21.66	50,000,000	15.41

APPENDIX B – CHANGES IN SHAREHOLDING INTERESTS

Notes:

- (1) Based on the issued and paid-up share capital of the Company of 140,348,000 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged share capital of the Company of 154,348,000 Shares, after the issuance and allotment of 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition.
- (3) Based on the enlarged share capital of the Company of 173,003,555 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, and (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement.
- (4) Based on the enlarged share capital of the Company of 176,925,123 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, and (iii) 3,921,568 Conversion Shares.
- (5) Based on the enlarged share capital of the Company of 180,846,691 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 3,921,568 Conversion Shares, and (iv) 3,921,568 Warrant Shares pursuant to Mr Pang's exercise of all 3,921,568 Warrants at the Exercise Price.
- (6) Based on the enlarged share capital of the Company of 274,535,579 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 3,921,568 Conversion Shares, (iv) 3,921,568 Warrant Shares pursuant to Mr Pang's exercise of all 3,921,568 Warrants at the Exercise Price, and (v) 93,688,888 Shares pursuant to the exercise of the conversion right by the Lenders under the Convertible Loan (such number of Shares being the maximum number of conversion Shares to be issued based on the assumptions set out in the Company's circular dated 11 February 2019).
- (7) Based on the enlarged share capital of the Company of 230,846,691 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 3,921,568 Conversion Shares, (iv) 3,921,568 Warrant Shares pursuant to Mr Pang's exercise of all 3,921,568 Warrants at the Exercise Price, and (v) 50,000,000 Shares pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants.
- (8) Based on the enlarged share capital of the Company of 324,535,579 Shares, after the issuance and allotment of (i) 14,000,000 Consideration Shares pursuant to the completion of the Proposed Acquisition, (ii) 18,655,555 Shares pursuant to the Second Tranche Marvel Placement, (iii) 3,921,568 Conversion Shares, (iv) 3,921,568 Warrant Shares pursuant to Mr Pang's exercise of all 3,921,568 Warrants at the Exercise Price, (v) 93,688,888 Shares pursuant to the exercise of the conversion right by the Lenders under the Convertible Loan (such number of Shares being the maximum number of conversion Shares to be issued based on the assumptions set out in the Company's circular dated 11 February 2019), and (vi) 50,000,000 Shares pursuant to the Introducer's exercise of all 50,000,000 Introducer Warrants.
- (9) The shareholdings of Mr Pang include such Shares held by his spouse, Ms Ang Siew Kiock as Mr Pang will be deemed to be interested in the Shares held by his spouse, Ms Ang Siew Kiock. Pursuant to the Proposed Acquisition, 14,000,000 Consideration Shares will be issued to Ms Ang Siew Kiock (being the vendor to the Proposed Acquisition). Accordingly, Mr Pang will be deemed to be interested in the 14,000,000 Consideration Shares to be issued and allotted to Ms Ang Siew Kiock pursuant to the completion of the Proposed Acquisition.

APPENDIX C – GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE CATALIST RULES

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE CATALIST RULES

1. INTRODUCTION

Chapter 9 of the Catalist Rules applies to transactions between a party that is an entity at risk and a counter party that is an interested person. The objective of Chapter 9 of the Catalist Rules is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

The aforementioned terms “entity at risk”, “interested person” and “associated companies” as well as other terms used are defined below.

2. MAIN TERMS USED IN CHAPTER 9 OF THE CATALIST RULES

- (a) An “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules.
- (b) An “associate” means:
 - (i) in relation to any director, chief executive officer or controlling shareholder (being an individual):
 1. his immediate family;
 2. the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 3. any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- (c) An “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.
- (d) A “chief executive officer” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

APPENDIX C – GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE CATALIST RULES

- (e) A “controlling shareholder” of a listed company means a person who
 - (i) holds directly or indirectly 15 per cent or more of the voting rights in the listed company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
 - (ii) a person who in fact exercises control over a company.
- (f) An “entity at risk” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “listed group”), or the listed group and its interested person(s), has control over the associated company.
- (g) An “interested person” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.
- (h) An “interested person transaction” means a transaction between an entity at risk and an interested person.

3. MATERIALITY THRESHOLDS, DISCLOSURE REQUIREMENTS AND SHAREHOLDERS’ APPROVAL

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Catalist Rules, immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated NTA) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where

- (a) the interested person transaction is of a value equal to, or more than, 3% of the group’s latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited net tangible assets, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

APPENDIX C – GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE CATALIST RULES

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to, or more than:

- (a) 5% of the listed group's latest audited NTA; or
- (b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000.

NOTICE OF EXTRAORDINARY GENERAL MEETING

GS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201427862D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of GS Holdings Limited (the “**Company**”) will be held at 8 Loyang Way 4, Singapore 507604 on 26 April 2019 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out below.

All capitalised terms in the resolutions below shall, unless otherwise defined herein, have the respective meanings ascribed to them in the circular of the Company dated 11 April 2019 to the shareholders of the Company.

ORDINARY RESOLUTION 1 – THE PROPOSED VARIATION OF LOAN UNDERTAKING

RESOLVED THAT:–

- (a) Approval be and is hereby given for the Loan Undertaking to be varied in the manner set out in the Deed.
- (b) The Audit and Risk Committee be and is hereby authorised to take such action as it deems proper in respect of its rights under the Deed.
- (c) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 1:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 1 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*

ORDINARY RESOLUTION 2 – THE PROPOSED LOAN CAPITALISATION AND PROPOSED WARRANTS ISSUE AS INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE CATALIST RULES

RESOLVED THAT:–

- (a) For the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given for the Company to undertake the Proposed Loan Capitalisation and Proposed Warrants Issue subject to and otherwise in accordance with the terms and conditions of the Deed.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note to Ordinary Resolution 2:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 2 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*

ORDINARY RESOLUTION 3 – THE PROPOSED ALLOTMENT AND ISSUE OF 11,764,705 CONVERSION SHARES TO MR PANG AT AN ISSUE PRICE OF S\$0.255 FOR EACH CONVERSION SHARE UNDER RULE 804 AND RULE 812 OF THE CATALIST RULES PURSUANT TO THE PROPOSED LOAN CAPITALISATION

RESOLVED THAT:–

- (a) Pursuant to Section 161 of the Companies Act, Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the allotment and issuance by the Company of up to 11,764,705 Conversion Shares to Mr Pang at an issue price of S\$0.255 per Conversion Share subject to and otherwise in accordance with the terms and conditions of the Deed.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 3:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 3 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*

ORDINARY RESOLUTION 4 – THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 11,764,705 WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) SHARE EACH IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.255 PER WARRANT SHARE PURSUANT TO THE PROPOSED WARRANTS ISSUE

RESOLVED THAT:–

- (a) Pursuant to Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the creation, allotment and issuance by the Company of up to 11,764,705 non-listed, non-transferable Warrants, each Warrant carrying the right to subscribe for one (1) Share at an exercise price of S\$0.255 per Warrant Share subject to and otherwise in accordance with the terms and conditions of the Deed.
- (b) Pursuant to Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the creation, allotment and issuance of such additional warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants (any such further warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as otherwise be provided in the terms and conditions of the Warrants).

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) Pursuant to Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the allotment and issue (notwithstanding that the issue thereof may take place after the next or ensuing annual or other general meeting of the Company):
- (i) upon exercise of the Warrants, such number of Warrant Shares as may be required or permitted to be allotted and issued on the exercise of the Warrants subject to and otherwise in accordance with the terms and conditions of the Warrants; and
 - (ii) on the same basis as paragraph (i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any additional Warrants referred to in paragraph (b) above.
- (d) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 4:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 4 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*

ORDINARY RESOLUTION 5 – PROPOSED RENEWAL OF THE IPT MANDATE

RESOLVED THAT:–

- (a) Approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9), or any of them, to enter into any of the transactions falling within the categories of the Interested Person Transactions described in Section 10.7 of the Circular with the class of Interested Persons (as described in Section 10.6 of the Circular), provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Group and the Company's minority Shareholders and are in accordance with the methods and procedures for such Interested Person Transactions (the "**IPT Mandate**").
- (b) The IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company.
- (c) The Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 which may be prescribed by the SGX-ST from time to time.
- (d) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note to Ordinary Resolution 5:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 5 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*

ORDINARY RESOLUTION 6 – THE PROPOSED PARTICIPATION BY MR PANG, BEING A CONTROLLING SHAREHOLDER, IN THE GS PERFORMANCE SHARE PLAN

RESOLVED THAT:–

- (a) Pursuant to Rule 852 of the Catalist Rules, approval be and is hereby given for the participation by Mr Pang in the GS Performance Share Plan.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 6:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 6 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (2) *Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the GS Performance Share Plan shall, and shall procure that their respective Associates shall, abstain from voting on this Ordinary Resolution 6 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (3) *Shareholders should note that the passing of Ordinary Resolution 7 in respect of the proposed grant of the Awards (comprising 125,000 Award Shares) to Mr Pang under the GS Performance Share Plan is conditional on the passing of this Ordinary Resolution 6 in respect of the proposed participation by Mr Pang, being a Controlling Shareholder, in the GS Performance Share Plan. This means that if this Ordinary Resolution 6 is not approved by Shareholders, Ordinary Resolution 7 will not be tabled for Shareholders' approval.*

ORDINARY RESOLUTION 7 – THE PROPOSED GRANT OF AWARDS TO MR PANG UNDER THE GS PERFORMANCE SHARE PLAN

RESOLVED THAT, subject and contingent upon the passing of Ordinary Resolution 6, pursuant to Rule 852 of the Catalist Rules, the proposed offer and grant of the Awards comprising 125,000 Award Shares to Mr Pang, being a Controlling Shareholder, pursuant to and in accordance with the rules of the GS Performance Share Plan and on the following terms be and is hereby approved:–

Date of grant of Award : Within 1 week from the date of the EGM

Aggregate number of Shares granted under the Award : 125,000

Vesting period of the Award : Immediately upon date of grant

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes to Ordinary Resolution 7:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 7 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (2) *Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the GS Performance Share Plan shall, and shall procure that their respective Associates shall, abstain from voting on this Ordinary Resolution 7 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (3) *Shareholders should note that the passing of this Ordinary Resolution 7 in respect of the proposed grant of the Awards (comprising 125,000 Award Shares) to Mr Pang under the GS Performance Share Plan is conditional on the passing of Ordinary Resolution 6 in respect of the proposed participation by Mr Pang, being a Controlling Shareholder, in the GS Performance Share Plan. This means that if Ordinary Resolution 6 is not approved by Shareholders, this Ordinary Resolution 7 will not be tabled for Shareholders' approval.*

ORDINARY RESOLUTION 8 – THE PROPOSED PARTICIPATION BY MS ELISS PANG, BEING AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, IN THE GS PERFORMANCE SHARE PLAN

RESOLVED THAT:–

- (a) Pursuant to Rule 852 of the Catalist Rules, approval be and is hereby given for the participation by Ms Eliss Pang in the GS Performance Share Plan.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 8:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 8 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (2) *Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the GS Performance Share Plan shall, and shall procure that their respective Associates shall, abstain from voting on this Ordinary Resolution 8 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (3) *Shareholders should note that the passing of Ordinary Resolution 9 in respect of the proposed grant of the Awards (comprising 100,000 Award Shares) to Ms Eliss Pang under the GS Performance Share Plan is conditional on the passing of this Ordinary Resolution 8 in respect of the proposed participation by Ms Eliss Pang, being an Associate of a Controlling Shareholder, in the GS Performance Share Plan. This means that if this Ordinary Resolution 8 is not approved by Shareholders, Ordinary Resolution 9 will not be tabled for Shareholders' approval.*

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 9 – THE PROPOSED GRANT OF AWARDS TO MS ELISS PANG UNDER THE GS PERFORMANCE SHARE PLAN

RESOLVED THAT, subject and contingent upon the passing of Ordinary Resolution 8, pursuant to Rule 852 of the Catalist Rules, the proposed offer and grant of the Awards comprising 100,000 Award Shares to Ms Eliss Pang, being an Associate of Controlling Shareholder, pursuant to and in accordance with the rules of the GS Performance Share Plan and on the following terms be and is hereby approved:–

Date of grant of Award : Within 1 week from the date of the EGM

Aggregate number of Shares granted under the Award : 100,000

Vesting period of the Award : Immediately upon date of grant

Note to Ordinary Resolution 9:

- (1) *Mr Pang shall, and shall procure that his Associates shall, abstain from voting on this Ordinary Resolution 7 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (2) *Pursuant to Rule 858 of the Catalist Rules, Shareholders who are eligible to participate in the GS Performance Share Plan shall, and shall procure that their respective Associates shall, abstain from voting on this Ordinary Resolution 9 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.*
- (3) *Shareholders should note that the passing of this Ordinary Resolution 9 in respect of the proposed grant of the Awards (comprising 100,000 Award Shares) to Ms Eliss Pang under the GS Performance Share Plan is conditional on the passing of Ordinary Resolution 8 in respect of the proposed participation by Ms Eliss Pang, being an Associate of a Controlling Shareholder, in the GS Performance Share Plan. This means that if Ordinary Resolution 8 is not approved by Shareholders, this Ordinary Resolution 9 will not be tabled for Shareholders' approval.*

BY ORDER OF THE BOARD

Pang Pok
Executive Chairman and Chief Executive Officer

11 April 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:–

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative.
2. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.
4. If the appointer is a corporation, the proxy form must be executed under seal or its attorney duly authorised in writing.
5. In the case of joint shareholders, all holders must sign the form of proxy.
6. The instrument appointing a proxy or proxies, duly executed, must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof at the registered office of the Company at 8 Loyang Way 4 Singapore 507064, not less than 48 hours before the time set for holding the AGM.
7. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the Listing Manual Section B: Rules of Catalyst (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 65906881.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see page N-7 for the definition of "relevant intermediary")
2. For Supplementary Retirement Scheme ("SRS Investors") who have used their SRS monies to buy shares in the Company's shares, the proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them, SRS Investors should contact their SRS Approved Agents if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes of this Proxy Form.

**EXTRAORDINARY GENERAL MEETING
PROXY FORM**

(Please see notes overleaf before completing this Form)

I/We* _____ (Name), with NRIC/Passport/Co. Registration No. :* _____
of _____ (Address)
being a member/members* of **GS HOLDINGS LIMITED** (the "Company") hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

and/or [*delete as appropriate]

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

or failing him/her/them*, the Chairman of the Extraordinary General Meeting (the "Meeting") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 8 Loyang Way 4, Singapore 507604 on Friday, 26 April 2019 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Ordinary Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

Resolution relating to:	No. of votes 'For'***	No. of votes 'Against'***
Resolution 1 (Ordinary Resolution) The Proposed Variation of Loan Undertaking		
Resolution 2 (Ordinary Resolution) The Proposed Loan Capitalisation and Proposed Warrants Issue as Interested Person Transactions		
Resolution 3 (Ordinary Resolution) The Proposed Loan Capitalisation		
Resolution 4 (Ordinary Resolution) The Proposed Warrants Issue		
Resolution 5 (Ordinary Resolution) The Proposed Renewal of IPT Mandate		
Resolution 6 (Ordinary Resolution) The Proposed Participation by Mr Pang, being a Controlling Shareholder, in the GS Performance Share Plan		
Resolution 7 (Ordinary Resolution) The Proposed Grant of Awards to Mr Pang, being a Controlling Shareholder, under the GS Performance Share Plan		
Resolution 8 (Ordinary Resolution) The Proposed Participation by Ms Eliss Pang, being an Associate of a Controlling Shareholder, in the GS Performance Share Plan		
Resolution 9 (Ordinary Resolution) The Proposed Grant of Awards to Ms Eliss Pang, being an Associate of a Controlling Shareholder, under the GS Performance Share Plan		

Dated this _____ day of _____ 2019

Total Number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of member(s) or Common Seal of Corporate member

* Delete where inapplicable
** If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.
All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company circular to Shareholders dated 11 April 2019.

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
4. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Loyang Way 4 Singapore 507604 not less than 48 hours before the time set for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instruments appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 11 April 2019.

