
FINDINGS OF INDEPENDENT REVIEWER'S REPORT

The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” and each a “**Group Company**”) wishes to update the shareholders of the Company (the “**Shareholders**”) that the Company has received the independent review report from Deloitte & Touche Financial Advisory Services Pte Ltd, the independent reviewer appointed by the Company as announced on 20 August 2021.

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On 19 July 2021, the Company announced that a disclaimer of opinion (the “**Disclaimer Opinion**”) was included in the report of the Company’s former independent auditors, Baker Tilly TFW LLP (the “**Auditors**”), in relation to the audited consolidated financial statements of the Group for the financial year ended 31 December 2020. The Board had noted that the basis of the Disclaimer Opinion by the Auditors was mainly due to the monies and outstanding receivables relating to the Group’s branding, operations and procurement (“**BOP**”) business, in particular an encumbrance on the monies amounting to RMB100 million in the bank account of Wish Health Management (Shanghai) Co. Ltd. before the completion of the audit of FY 2020 (the “**Encumbrance**”).

In view of the various issues noted since the Group’s diversification into the BOP business, the Audit and Risk Committee of the Company (the “**ARC**”) had instructed the Company to engage a suitably qualified and experienced independent party to carry out an independent review of these issues, including but not limited to the establishment of the BOP business, background checks on the individuals owning the storefronts of the BOP business, collection of the BOP service fees and circumstances leading to the Encumbrance. Accordingly, Deloitte & Touche Financial Advisory Services Pte Ltd was appointed as the independent reviewer (the “**Independent Reviewer**”) as stated above.

The Company had received the independent review report (the “**Independent Review Report**”) from the Independent Reviewer.

The Board wishes to apprise the Shareholders on the key findings of the Independent Review Report, the Independent Reviewer’s recommendations, Directors’ and Management’s comments to the findings and recommendations, and the Company’s follow-up actions. A copy of the Executive Summary of the Independent Review Report (“**Executive Summary**”) together with the Company’s and Mr Lee Dah Khang’s comments provided to the Independent Reviewer during the Maxwellisation process is attached herein to this announcement. Mr Lee Dah Khang is the Company’s former Lead Independent Director and Chairman of the Audit and Risk Committee.

Key Findings of the Independent Review Report

Based on its review in relation to the BOP business for the period from February 2019 to August 2021, the Independent Reviewer identified lapses and oversights on the part of Management and/or the Boards of the Company and its subsidiary, Wish Hospitality Holdings Private Limited in venturing into and managing the BOP business and collections of the BOP service fees. The key findings of the Independent Reviewer in the independent Review Report are summarised as follows:

- (a) Lack of policies and standard operating procedures (“**SOP**”) governing the operations of the

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BOP business;

- (b) Inadequate legal and financial due diligence conducted on relevant parties to the BOP business and the key contractual agreements thereto (the **"BOP agreements"**);
- (c) Lack of review of the BOP agreements and/or documents executed to ensure legal enforceability of the BOP agreements and official documents;
- (d) Non-compliance with the conditions set by the Board to conduct site visits of the relevant operations prior to entry into the BOP business;
- (e) Inadequate control over bank accounts;
- (f) Lack of Management control and supervision over the BOP business;
- (g) Lack of independent review of the internal policies;
- (h) Lack of robust review or verification of critical documents and information referred to or stated in announcements made on SGXNet;
- (i) Delay in announcement of significant events and information on SGXNet;
- (j) Lack of appropriate directors' resolutions for major business transactions or acquisitions undertaken by the Group; and
- (k) Inconsistency between terms set out in the proposal for the BOP business and contractual rights and obligations.

Recommendations by the Independent Reviewer

The Independent Reviewer made various recommendations in the Independent Review Report, summarised as follows:

- (a) The Group is to ensure that policies and SOP for new businesses are developed and implemented with strict monitoring on a timely basis, and that directors' approvals required for significant matters are obtained and documented on a timely basis;
- (b) The Group should conduct sufficient, thorough and properly-documented due diligence procedures on the correct contracting parties, business partners and their key management personnel to assess legal and financial risks;
- (c) The Group should conduct robust review of agreements and/or documents in relation to significant business activities and financial commitments and ensure any anomalies in the documents executed are addressed and resolved with counterparties on a timely basis with particular attention to the proper parties, their legal representatives and any legal

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requirements for the execution of official documents;

- (d) Management should ensure that conditions set by the Board when approval was granted are followed through without any deviations, and if deviations are required, the Board's approval should be sought with reasons given for the deviations;
- (e) Management should ensure that necessary controls over bank accounts are documented and implemented effectively to ensure authorised personnel have oversight of the cash maintained in the bank accounts and are accountable to the Board;
- (f) The Group should implement a structured reporting mechanism and conduct robust and in-depth discussions recorded in minutes on significant issues and Management should oversee and/or supervise the in-country management personnel in the country of operations, with proper records kept of the work done;
- (g) The Group should consider engaging an appropriate independent party to review the internal policies to be implemented on major business processes to ensure the policies are adequate and their intended purpose addresses the risks, with regular internal audits conducted to ensure the procedures mentioned in the policies are implemented effectively;
- (h) Management should ensure critical documents or information referred to or stated in SGX announcements are reviewed, verified, maintained and can be retrieved when necessary;
- (i) The Group should ensure that significant events and information are announced, and where necessary, corrections of incorrect factual statements should be done, in a timely manner;
- (j) Agreements pertaining to major business transactions or acquisitions undertaken by the Group should be tabled for approval before the Board; and
- (k) Before the Company or a Group Company undertakes any costs in respect of the BOP business or any other business, it should review the terms of the relevant contracts to determine that the contractual provisions pertaining to such costs are in accordance with the relevant business proposal, and variations in the terms of the contracts from the business proposal should be recorded in writing.

Directors' and Management's Comments to the Independent Reviewer's Findings and Recommendations

During the Maxwellisation process in the preparation of the Independent Review Report, the Board and Management had provided its comments and responses to the Independent Reviewer, and that the Board and Management had a different view and perspective for a significant number of the Independent Reviewer's key findings. This was largely because the circumstances surrounding the Company's entry into the BOP business and its operations in China called for flexibility and adaptability to the local conditions as well as problems and restrictions caused by the Covid-19 pandemic for a significant part of the period during which the BOP business was in operation. In

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particular, the Board and Management is of the view that given the circumstances, there were adequate legal and financial due diligence, control mechanisms, internal policies and SOP, approval, reporting, announcements and/or record-keeping procedures in relation to the BOP business. The Board and Management's detailed comments to the Independent Reviewer's findings and recommendations can be found at Annex A hereto. However, it is noted that the Independent Reviewer maintains its findings and recommendations in the final Independent Review Report.

The specific recommendations made by the Independent Reviewer were arrived at based on the key findings of the Independent Reviewer. The Company therefore has to consider these recommendations in light of its views with those key findings as set out above. Furthermore, some of the recommendations pertained to the BOP business and/or health management services ("HMS") business which replaced it. As the BOP/HMS businesses have been terminated in the third quarter of 2021, some of these recommendations are no longer relevant.

Nevertheless, the Company takes cognisance of the general tenor of the recommendations made by the Independent Reviewer in the Independent Review Report and acknowledges their value towards improving the SOP, internal policies and control mechanisms of the existing F&B business and future new businesses of the Company and the Group.

Follow-up Actions by the Company

To address the above-mentioned recommendations, the Company will engage its internal auditor, BDO LLP, to review its existing SOPs relating to investments and acquisitions of companies and businesses and to provide recommendations on the implementation of such SOP. If necessary, the Company may also engage other external professionals to assist in strengthening and implementing existing or new SOP.

Management will continue to monitor and ensure compliance with such SOP as part of the Group's operations including but not limited to its investments and/or onboarding of franchisee processes and report and explain to the ARC deviations, if any, from SOP.

By Order of the Board

Pang Pok
Chief Executive Officer and Executive Director

14 April 2023

*This announcement has been prepared by GS Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.