



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

(1) UPDATE ON BOP SERVICES BUSINESS

(2) PROFIT WARNING FOR THE FULL YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements dated, among others, 8 March 2019, 29 April 2019, 11 July 2019, 18 July 2019, 4 February 2020, 5 February 2020, 26 March 2020, 14 April 2020, 26 June 2020, 2 October 2020, 16 November 2020, 7 December 2020 and 3 January 2021 (collectively, the “**Announcements**”) in respect of the branding, operation and procurement (“**BOP**”) business of the Company’s subsidiary, Wish Hospitality Holdings Private Limited (“**Wish**”).

Unless otherwise defined herein, all capitalised terms used and not defined herein shall bear the same meanings ascribed to them in the Announcements.

Update on BOP services business and granting of Service Fee Reduction

As set out in the Company’s announcement dated 2 October 2020, the Secured Outlets have requested for a reduction of the Service Fees for the months of July to September 2020 on the basis that they experienced slow business since the re-opening of the Secured Outlets in mid-May as a result of the negative impact from COVID-19. In addition, the business of the Secured Outlets continued to remain slow in the months of October to December 2020. In accordance with the provision in the BOP Service Agreement which states that the quantum of the Service Fee is subject to review every quarter based on the business performance of the Secured Outlet, the Secured Outlets have therefore requested for a reduction of the Service Fees for the months of October to December 2020 on the basis that they experienced slow business as a result of the negative impact from COVID-19. In view of the business conditions faced by the Secured Outlets, the Board upon the recommendation of the management has decided to grant such Secured Outlets a reduction in the aggregate Service Fee of RMB 40 million (from an aggregate of RMB 50 million to RMB 10 million) for the months of October to December 2020 (collectively, the “**Reduction**”), taking into consideration the respective Secured Outlets’ performance for the months of October to December 2020, and with a view towards building a long term working relationship between Wish and the Secured Outlets.

As at the date of this announcement, an aggregate amount of RMB 132.7 million in Service Fees remains payable by the relevant Secured Outlets. For the avoidance of doubt, such amount comprises (i) the remaining Outstanding Service Fees of RMB 96.0 million which were due as at 31 December 2019, and (ii) Service Fees of RMB 36.7 million which were billed in 2020 up to 31 December 2020 and are currently due and payable by the relevant Secured Outlets as at 31 December 2020.

The Reduction is expected to have a substantial impact on the Group’s revenue and earnings for the second half of FY2020. The Group is currently exploring and evaluating other business opportunities to complement its existing businesses so as to cushion the financial impact that the Group may suffer in the financial year ending 2021 due to negative impact from the on-going COVID-19 situation.

Profit Warning for FY2020

As a result of the foregoing Service Fee waiver and reduction in FY2020, based on a preliminary review of the Group's unaudited financial results for FY2020, the Group is expected to report a significant negative impact in revenue and hence net profit for FY2020, as compared to the revenue and net profit for the financial year ended 31 December 2019.

The Company is in the process of finalising the Group's unaudited financial results for FY2020 and the foregoing profit guidance is only a preliminary assessment by the Board based on the information currently available. Further details of the Group's financial performance for FY2020 will be disclosed when the Company announces its unaudited consolidated financial statements for FY2020 on or before 28 February 2021.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Pang Pok
Chief Executive Officer and Executive Director

22 January 2021

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

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

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