



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

(1) UPDATE ON BOP SERVICES BUSINESS

(2) PROFIT GUIDANCE FOR THE FULL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements dated 8 March 2019, 29 April 2019, 11 July 2019 and 18 July 2019 in respect of, among others, the entry by the Company’s subsidiary, Wish Hospitality Holdings Private Limited (“**Wish**”), into exclusive branding, operation and procurement (“**BOP**”) service agreements with 14 outlets secured by Henan Jufel Technology Group Co., Ltd. with an aggregate quarterly service fee (the “**Service Fee**”) of RMB 50,000,000.

Unless otherwise defined herein, all capitalised terms used and not defined herein shall bear the same meanings ascribed to them in the Company’s announcement dated 8 March 2019.

Update on BOP Services Business

The Board wishes to provide the following update in respect of the BOP services provided, and the Service Fee to be received, by Wish: -

- (i) As announced on 11 July 2019, the Company had received payment for the first quarterly Service Fee from 8 of the Secured Outlets amounting to RMB 25,739,000, representing gross quarterly fee of RMB30,000,000 less payment of local taxes in the PRC.
- (ii) As at 31 December 2019, an aggregate of RMB 120,000,000 in gross Service Fee is due and payable to Wish by the 14 Secured Outlets (the “**Outstanding Service Fee**”). As at the date of this announcement, Wish has yet to receive the Outstanding Service Fee. The delay in the payment of the Outstanding Service Fee is due to ongoing consultations (“**Tax Consultation**”) between Wish and the PRC tax authorities in relation to the amount of, among others, corporate income tax and/or withholding tax payable by Wish to the PRC tax authorities before the Secured Outlets are permitted to remit the Outstanding Service Fee to Wish. Wish has since engaged one of the big four accounting firms as its professional tax advisers in Beijing to assist with the ongoing consultations. The Company hopes the foregoing tax issue will be resolved by mid-March 2020 in view of the long Lunar New Year holidays in the PRC and the recent developments relating to the spread of the Novel Coronavirus (2019-nCoV) in the PRC.

Other than the receipt of the first quarterly Service Fee of a net amount of RMB 25,739,000 announced by the Company on 11 July 2019, the Group has not received any further Service Fee.

- (iii) Notwithstanding the delay in the receipt of the Outstanding Service Fee, Wish has been providing the BOP Services to the existing Secured Outlets in its ordinary course of business, until the temporary closures due to the outbreak of the Novel Coronavirus (2019-nCoV), as further set out below. Wish is also currently in negotiations with potential new customers in the PRC which are seeking and may require BOP Services.

- (iv) Due to the recent outbreak of the Novel Coronavirus (2019-nCoV), the Group has been informed that the Secured Outlets have closed temporarily since the Chinese New Year holidays, in compliance with directives issued by the local authorities in PRC. In addition, Wish's working team in the PRC may not be able to work due to restrictions on transportation and movements within PRC. Such temporary closure of the Secured Outlets and restriction of movement of Wish's working team in PRC are expected to affect the Group's provision of the BOP services.

As the situation pertaining to the outbreak and containment of the Novel Coronavirus (2019-nCoV) remains uncertain and fluid, the Group will continue to monitor the impact, if any, which the outbreak may have on its financial performance. The Group will also continue to monitor the updates and/or directives issued by the local authorities in PRC.

As at the date of this announcement, the Company is neither aware of any information which may affect, nor expects, the Service Fees to be paid by the Secured Outlets for the first quarter ending 31 March 2020 to be affected by the temporary closure.

Notwithstanding the current situation which may have a short term impact on the performance of the Secured Outlets, the Company believes that there may be more opportunities for the healthy lifestyle centres and/or the healthcare related industry in the PRC in the future, as the residents of the PRC may become more health conscious and proactive in taking preventive measures to protect themselves against threats of new contagions and other diseases, after the current Novel Coronavirus (2019-nCoV) outbreak. In such event, there may be higher demand for the Group's BOP services relating to the establishment and assistance in management of healthy lifestyle or healthcare centres.

- (v) The Company will provide an update as soon as the foregoing tax issues are resolved and/or the Outstanding Service Fee has been fully or partially received by Wish or its subsidiaries. As set out in the Company's announcement dated 29 April 2019, the Company will continue to provide updates as and when (i) the Service Fee payable pertaining to new BOP Services Agreement(s) entered into by Wish, on an accumulated basis, is RMB 30,000,000 or more, or (ii) material developments such as litigation or termination/dissolution of the Company's joint venture in respect of Wish occurs. The Company will also provide an update as soon as practicable after the Secured Outlets have re-opened and Wish's working team can return to the Secured Outlets to ascertain the situation, and if there are any material developments pertaining to the impact of Novel Coronavirus (2019-nCoV) outbreak on the current BOP business.

Profit Guidance for FY2019

The total gross Service Fee earned by the Group in respect of its BOP services for the financial year ended 31 December 2019 ("FY2019") is RMB 150,000,000, which consists of the Outstanding Service Fee and the gross Service Fee received by the Company as announced on 11 July 2019. As a result of the foregoing Service Fee earned by the Group in FY2019, the Company wishes to announce that, based on a preliminary review of the Group's unaudited financial results for FY2019, the Group is expected to report a significant increase in revenue and hence net profit for FY2019 as compared to the financial year ended 31 December 2018, subject to the finalisation of the Tax Consultation.

The Company is in the process of finalising the Group's unaudited financial results for FY2019 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 FY2019 will be disclosed when the Company announces its unaudited consolidated financial statements for FY2019 on or before 29 February 2020.

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

4 February 2020

*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.*

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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