



GS HOLDINGS LIMITED
(Incorporated in Singapore on 19 September 2014)
(Company Registration Number: 201427862D)

**EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Pursuant to Rule 704(4) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the board of directors (the “**Board**”) of GS Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the independent auditor of the Group, Baker Tilly TFW LLP (the “**Independent Auditor**”) has included an Emphasis of Matters relating to Trade and Other Receivables (the “**Emphasis of Matter**”) on the audited financial statements of the Group for the financial year ended 31 December 2019. The opinion of the Independent Auditor is not modified in respect of this matter.

The Emphasis of Matters in respect of the carrying amount of the Group’s trade and other receivables is \$23,832,000 after deducting allowance for impairment losses of \$13,000 as at 31 December 2019. Included in the Group’s trade and other receivables are trade receivables of \$21,918,000 and other receivables of \$1,566,000 owing from 14 Branding, Operations and Procurement (“**BOP**”) outlets to the Company’s 80%-owned subsidiary, Wish Hospitality Holdings Private Limited (“**Wish**”).

The Group is experiencing a delay in the collection of these outstanding receivables from the 14 BOP outlets as the Group is in the process of ongoing negotiations with the People’s Republic of China (“**PRC**”) tax authorities on the amount of corporate income tax and/or withholding tax (“**tax issues**”) to be withheld before arrangements can be made to remit the receivables back to the Group in Singapore. The Company hopes the foregoing tax issue will be resolved by the end of May 2020 in view of the various precautionary measures being implemented by the relevant PRC authorities in light of the COVID-19 outbreak in the PRC.

While the Group is working on settlement of the Group’s tax issues, the Group had on 26 March 2020 appointed Ms Zhang Liying (“**Ms Zhang**”) as the Group’s authorised representative to collect the outstanding receivables for and on behalf of the Group. Ms Zhang is a PRC national and is the 20% non-controlling shareholder of Wish. Ms Zhang, Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan have collectively provided securities in respect of the amount of the outstanding receivables recovered from the 14 BOP outlets and held by Ms Zhang but not yet transferred to Wish’s bank account. In order to further protect the Group’s interest and ensure that the outstanding receivables are duly collected and subsequently remitted to the Group, Mr Pang Pok and Mr Zhang Rongxuan have also collectively provided personal guarantees in respect of the entire outstanding receivables from the 14 BOP outlets as at 31 December 2019.

The Board is of the view that the above-mentioned safeguards, measures, personal guarantees and securities are adequate and appropriate for recovering the receivable balances from the 14 BOP outlets totalling \$23,484,000 (RMB120,000,000) and therefore no credit loss allowance is required on these receivables.

The Independent Auditor’s Report together with the extract of Note 18 to the financial statements are annexed to this announcement for information purposes.

BY ORDER OF THE BOARD

Pang Pok
Chief Executive Officer and Executive Director

15 April 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 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 information, statements or opinions made or reports contained in this announcement.

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