



GS HOLDINGS LIMITED

(Incorporated in Singapore on 19 September 2014)

(Company Registration Number: 201427862D)

**Unaudited Financial Statements And Dividend Announcement
For The Financial Year Ended 31 December 2019**

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.

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.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding year of the immediately preceding financial year.

Income Statement

	Group FY2019	Group FY2018 ⁽¹⁾ (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
<u>Continuing operations</u>			
Revenue	35,683	18	N.M.
Cost of sales	(5,467)	(140)	N.M.
Gross profit/(loss)	30,216	(122)	N.M.
Other income	362	643	(44)
Administrative expenses	(3,217)	(783)	N.M.
Impairment losses on financial assets	(13)	–	N.M.
Finance costs	(1,942)	(23)	N.M.
Profit/(loss) before tax	25,406	(285)	N.M.
Income tax expense	(3,982)	–	N.M.
Profit/(loss) from continuing operations, after tax	21,424	(285)	N.M.
<u>Discontinued operations⁽²⁾</u>			
Loss from discontinued operations	(2,776)	(3,258)	(15)
Profit/(loss) for the year	18,648	(3,543)	N.M.
Profit/(loss) attributable to:			
<i>Equity holders of the Company</i>			
Profit/(loss) from continuing operations	16,492	(285)	N.M.
Loss from discontinued operations	(2,776)	(3,267)	(15)
Profit/(loss) for the year attributable to equity holders of the Company	13,716	(3,552)	N.M.
<i>Non-controlling interests</i>			
Profit from continuing operations	4,932	–	N.M.
Profit from discontinued operations	–	9	N.M.
Profit/(loss) for the year attributable to non-controlling interests	4,932	9	N.M.
Profit/(loss) for the year	18,648	(3,543)	N.M.

Statement of Comprehensive Income

	Group FY2019	Group FY2018 ⁽¹⁾ (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Profit/(loss) for the year	18,648	(3,543)	N.M.
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	(63)	–	N.M.
Total comprehensive income/(loss) for the year	<u>18,585</u>	<u>(3,543)</u>	N.M.
Total comprehensive income/(loss) attributable to:			
<i>Equity holders of the Company</i>			
Profit/(loss) from continuing operations	16,441	(285)	N.M.
Loss from discontinued operations	(2,776)	(3,267)	(15)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company	<u>13,665</u>	<u>(3,552)</u>	N.M.
<i>Non-controlling interests</i>			
Profit from continuing operations	4,920	–	N.M.
Profit from discontinued operations	–	9	N.M.
Total comprehensive income/(loss) for the year attributable to non- controlling interests	<u>4,920</u>	<u>9</u>	N.M.
Total comprehensive income/(loss) for the year	<u>18,585</u>	<u>(3,543)</u>	N.M.

(1) Comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

(2) Discontinued operations relate to GreatSolutions Pte. Ltd. (“**GreatSolutions**”) and its subsidiary, GS Hospitality Services Pte. Ltd.. The disposal of GreatSolutions and its subsidiary was approved by shareholders in an Extraordinary General Meeting held on 30 December 2019, and was completed on 14 January 2020.

N.M. – Not Meaningful

1(a)(ii) Notes to the Income Statement

	Group FY2019	Group FY2018 (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
(1) Profit/(loss) for the year include the following (charges)/credits:			
Continuing operations			
Amortization of right-of-use assets	(837)	-	N.M.
Amortization of intangible assets	(366)	-	N.M.
Bad debts written off	-	(17)	N.M.
Depreciation of property, plant and equipment	(75)	(40)	88
Fair value loss on investment properties	(420)	(515)	(18)
Impairment losses on financial assets	(13)	-	N.M.
Personnel expenses	(2,205)	(13)	N.M.
Rental expense	(154)	-	N.M.
Subcontractors' expenses	(190)	-	N.M.
Finance expenses	(1,942)	(23)	N.M.
Government grants and incentives	75	35	N.M.
Discontinued operations			
Amortization of right-of-use assets	(629)	-	N.M.
Bad debts written off	-	(16)	N.M.
Depreciation of property, plant and equipment	(793)	(1,322)	(40)
Impairment loss on non-current assets held-for-sale	(719)	-	N.M.
Impairment losses on financial assets	(297)	(106)	N.M.
Personnel expenses	(2,443)	(4,442)	(45)
Rental expense	(32)	(612)	N.M.
Subcontractors' expenses	(3,638)	(2,246)	62
Finance expenses	(515)	(391)	32
Government grants and incentives	328	626	(48)

N.M. – Not Meaningful

(2) Income tax expense

The income tax expense relates to the Branding, Operations and Procurement (“**BOP**”) service fee income. As announced on 4 February 2020, the income tax expense is subject to change pending the outcome from the ongoing consultations between Wish Hospitality Holdings Private Limited (“**Wish**”) and the tax authorities of the People’s Republic of China (“**PRC**”) in relation to corporate income tax and/or withholding tax payable by Wish. Wish has engaged one of the big four accounting firms in Beijing as its professional tax adviser to assist with the ongoing consultations.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group As at 31 Dec 2019 S\$'000	Group As at 31 Dec 2018 S\$'000	Company As at 31 Dec 2019 S\$'000	Company As at 31 Dec 2018 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	220	1,834	–	–*
Investment properties	3,680	4,100	–	–
Investment in subsidiaries	–	–	9,012	9,012
Intangible assets	561	–	–	–
Right-of-use assets	2,298	–	–	–
Goodwill	4,373	–	–	–
	<u>11,132</u>	<u>5,934</u>	<u>9,012</u>	<u>9,012</u>
Current assets				
Inventories	67	18	–	–
Trade and other receivables	23,833	1,925	113	5,415
Cash and cash equivalents	5,608	1,328	56	1,169
	<u>29,508</u>	<u>3,271</u>	<u>169</u>	<u>6,584</u>
Non-current assets classified as held-for-sale	–	8,219	–	–
Assets of disposal group classified as held-for-sale	12,886	–	1,917	–
	<u>42,394</u>	<u>11,490</u>	<u>2,086</u>	<u>6,584</u>
Total assets	<u><u>53,526</u></u>	<u><u>17,424</u></u>	<u><u>11,098</u></u>	<u><u>15,596</u></u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	20,469	11,498	20,469	11,498
Assets revaluation reserve	2,919	2,919	–	–
Retained earnings/ (accumulated losses)	5,907	(7,795)	(14,443)	(5,940)
Merger reserve	(6,071)	(6,071)	–	–
Other reserves	3,882	–	3,932	–
	<u>27,106</u>	<u>551</u>	<u>9,958</u>	<u>5,558</u>
Equity attributable to equity holders of the Company	<u>27,106</u>	<u>551</u>	<u>9,958</u>	<u>5,558</u>
Non-controlling interests	4,920	(13)	–	–
Total equity	<u><u>32,026</u></u>	<u><u>538</u></u>	<u><u>9,958</u></u>	<u><u>5,558</u></u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	1,108	6,400	–	–
Lease liabilities	1,622	–	–	–
Deferred tax liabilities	91	–	–	–
	<u>2,821</u>	<u>6,400</u>	<u>–</u>	<u>–</u>
Current liabilities				
Trade and other payables	2,662	4,098	1,140	6,838
Tax payables	3,236	–	–	–
Lease liabilities	817	–	–	–
Amount due to a director	–	3,200	–	3,200
Loans and borrowings	1,213	3,188	–	–
	<u>7,928</u>	<u>10,486</u>	<u>1,140</u>	<u>10,038</u>
Liabilities of disposal group classified as held-for-sale	10,751	–	–	–
	<u>18,679</u>	<u>10,486</u>	<u>1,140</u>	<u>10,038</u>
Total liabilities	<u><u>21,500</u></u>	<u><u>16,886</u></u>	<u><u>1,140</u></u>	<u><u>10,038</u></u>
Total equity and liabilities	<u><u>53,526</u></u>	<u><u>17,424</u></u>	<u><u>11,098</u></u>	<u><u>15,596</u></u>

*amount below S\$1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand****(A) Continuing operations**

As at 31 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,045	168	3,188	Nil

Amount repayable after one year

As at 31 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
993	115	6,400	Nil

Details of collateral

Bank loans amounting to S\$2,038,000 (31 December 2018: S\$8,576,000) 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) corporate guarantee from holding company and fellow subsidiary;
- (iv) legal mortgages over certain personal properties of a director of the Group; and
- (v) personal guarantee from a director of the Group.

Finance lease liabilities amounting to Nil for 31 December 2019. (31 December 2018: S\$1,012,000 are secured by the rights to the Group's motor vehicles and machinery).

(B) Discontinued operations

As at 31 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,168	Nil	Nil	Nil

Amount repayable after one year

As at 31 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,745	Nil	Nil	Nil

Details of collateral

Bank loans amounting to S\$6,377,000 (31 December 2018: S\$ Nil) 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 subsidiary;
- (v) legal mortgages over certain personal properties of a director of the Group; and
- (vi) personal guarantee from a director of the Group.

Finance lease liabilities amounting to S\$536,000 (31 December 2018: S\$ Nil) are secured by the rights to the Group's motor vehicles and machinery.

As at the date of this announcement, all the above securities provided by the Company and the Group have yet to be discharged. As set out in the announcement dated 19 November 2019, the purchaser of GreatSolutions shall do all things necessary to full discharge of all securities provided by the Company and the Group within three (3) months from completion. As mentioned earlier, the disposal of GreatSolutions and its subsidiary was completed on 14 January 2020.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

STATEMENT OF CASH FLOWS

	Group FY2019 S\$'000	Group FY2018 S\$'000
Cash flows from operating activities		
Profit/(loss) before tax from continuing operations	25,406	(285)
Loss before tax from discontinued operations	(2,776)	(3,258)
	<u>22,630</u>	<u>(3,543)</u>
Adjustments for:		
Amortisation of government grants	(148)	(127)
Amortisation of right-of-use assets	1,466	–
Amortisation of intangible assets	366	–
Depreciation charge on property, plant and equipment	868	1,362
Finance expenses	2,457	413
Impairment losses on financial assets	310	106
Impairment losses on non-current assets held-for-sale	719	–
Bad debts written-off	–	33
Property, plant and equipment written-off	–	4
Loss/(gain) on disposal of property, plant and equipment	37	(8)
Share options expenses	50	–
Fair value loss on investment properties	420	515
Operating cash flow before working capital changes	<u>29,175</u>	<u>(1,245)</u>
Changes in working capital:		
Inventories	9	21
Receivables	(23,262)	1,411
Payables	247	456
Cash flows generated from operations	<u>6,169</u>	<u>643</u>
Income tax paid	(860)	–
Currency translation adjustments	(22)	–
Net cash generated from operating activities	<u>5,287</u>	<u>643</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(417)	(70)
Additions to intangible assets	(13)	–
Additions to investment property	–	(45)
Net cash paid for acquisition of subsidiaries	(758)	–
Proceeds from disposal of property, plant and equipment	<u>128</u>	<u>22</u>
Net cash used in investing activities	<u>(1,060)</u>	<u>(93)</u>
Cash flow from financing activities		
Repayment of obligations under finance lease	(476)	(452)
Repayment of bank borrowings	(1,512)	(1,604)
Proceeds from issuance of new shares	3,551	–
Professional fees related to issuance of new shares	(108)	–
Proceeds from bank borrowings	1,250	45
Loan from director	–	1,200
Interest paid	(701)	(413)
Proceeds from non-controlling parties	–*	–
Repayment of lease liabilities	(1,329)	–
Repayment to a director	(200)	–

Proceed from advances for shares placement	—	1,250
Net cash generated from financing activities	475	26
Net increase in cash and cash equivalents	4,702	576
Cash and cash equivalents at beginning of the year	1,328	752
Effects of exchange rate changes on cash and cash equivalents	10	—
Cash and cash equivalents at end of the year	6,040	1,328

Cash and cash equivalents comprise:

	Group FY2019 S\$'000	Group FY2018 S\$'000
Cash and bank balances		
- Continuing operations	5,608	1,328
- Discontinued operations	432	—
Cash and cash equivalents in the consolidated cash flow statement	6,040	1,328

*amount below S\$1,000

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

Group

	Share Capital S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings/ (Accumulated Losses) S\$'000	Merger Reserve S\$'000	Other Reserves S\$'000	Total Equity Attributable To Owners of the Company S\$'000	Non- Controlling Interest S\$'000	Total Equity S\$'000
At 1 January 2019	11,498	2,919	(7,795)	(6,071)	–	551	(13)	538
Issuance of ordinary shares	11,162	–	–	–	–	11,162	–	11,162
Share issue expenses	(2,326)	–	–	–	–	(2,326)	–	(2,326)
Issue of warrants	–	–	–	–	3,882	3,882	–	3,882
Issue of performance share awards	135	–	–	–	–	135	–	135
Issue of share options	–	–	–	–	50	50	–	50
Currency translation differences arising from consolidation	–	–	–	–	(50)	(50)	(13)	(63)
Acquisition of non-controlling interest in a subsidiary	–	–	(14)	–	–	(14)	14	–
Profit for the financial year	–	–	13,716	–	–	13,716	4,932	18,648
At 31 December 2019	20,469	2,919	5,907	(6,071)	3,882	27,106	4,920	32,026
At 1 January 2018	11,498	2,919	(5,243)	(6,071)	–	3,103	(22)	3,081
Waiver of amount due to a director	–	–	1,000	–	–	1,000	–	1,000
Loss and total comprehensive loss for the financial year	–	–	(3,552)	–	–	(3,552)	9	(3,543)
At 31 December 2018	11,498	2,919	(7,795)	(6,071)	–	551	(13)	538

Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Total S\$'000
At 1 January 2019	11,498	(5,940)	–	5,558
Issuance of ordinary shares	11,162	–	–	11,162
Share issue expenses	(2,326)	–	–	(2,326)
Issue of warrants	–	–	3,882	3,882
Issue of performance share awards	135	–	–	135
Issue of share options	–	–	50	50
Loss and comprehensive loss for the financial year	–	(8,503)	–	(8,503)
At 31 December 2019	20,469	(14,443)	3,932	9,958
At 1 January 2018	11,498	(2,576)	–	8,922
Waiver of amount due to a director	–	1,000	–	1,000
Loss and comprehensive loss for the financial year	–	(4,364)	–	(4,364)
At 31 December 2018	11,498	(5,940)	–	5,558

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding year of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Changes in the Company's share capital

Issued and fully paid ordinary shares	No. of shares ('000)	Share capital (S\$'000)
As at 30 June 2019	184,993,260	22,795
Share issue expenses	-	(2,326)
As at 31 December 2019	184,993,260	20,469

Outstanding convertible warrants

As at 31 December 2019, the Company had 46,764,705 outstanding convertible warrants (NIL as at 31 December 2018) available for conversion into 46,764,705 ordinary shares of the Company, of which 35,000,000 warrants will expire on 21 April 2021 and 11,764,705 warrants will expire on 25 June 2021. The outstanding convertible warrants represents approximately 25.3% of the Company's total number of issued shares as at 31 December 2019.

The GS Holdings Employee share options Scheme (the "GS Holdings ESOS")

As at 31 December 2019, the Company has granted an aggregate of 3,300,000 share options (NIL as at 31 December 2018) to certain Directors and a selected employee which will entitle them to subscribe for a total of 3,300,000 ordinary shares of the Company. The 3,300,000 share options will expire on 24 September 2021. The outstanding share options represents approximately 1.78% of the Company's total number of issued shares as at 31 December 2019.

Treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

Total number of issued shares (excluding treasury shares)	As at 31 December 2019	As at 31 December 2018
		184,993,260

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable. There were no treasury shares held by the Company during and as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by the auditors of the Company.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the audit opinion in the Auditors Report for the Company's latest financial statements for financial year ended 31 December 2018 is an unqualified opinion with an emphasis of matter on material uncertainty related to going concern.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those adopted in the most recently audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted SFRS(I) 16, the new accounting standard for leases which is effective for annual reporting period beginning on or after 1 January 2019.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopts SFRS(I) 16 using the modified retrospective approach with the cumulative effect of adopting the standard as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Upon adoption of SFRS(I) 16 on 1 January 2019, the Group recognised right-of-use assets of S\$2,830,474 and lease liabilities (current and non-current) of S\$2,712,553.

6. Earnings per ordinary share of the group for the current financial year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group FY2019 S\$'000	Group FY2018 S\$'000
Profit/(loss) for the year attributable to equity holders of the Company from continuing operations	16,492	(285)
Weighted average number of ordinary shares ('000)	170,656	132,000
Basic earnings/(loss) per share (cents)	9.66	(0.22)
Diluted earnings/(loss) per share (cents)	7.47	(0.22)

	Group FY2019 S\$'000	Group FY2018 S\$'000
Profit/(loss) for the year attributable to equity holders of the Company from continuing operations and discontinued operations	13,716	(3,552)
Weighted average number of ordinary shares ('000)	170,656	132,000
Basic earnings/(loss) per share (cents)	8.04	(2.69)
Diluted earnings/(loss) per share (cents)	6.21	(2.69)

Diluted loss per share of the Group for FY2019 is calculated based on the weighted average number of ordinary shares in issue of 220,720,679 assuming that potential ordinary shares are to be issued relating to convertible warrants and share options as stated under paragraph 1(d)(ii) above.

Diluted loss per share of the Group for FY2018 are the same as the basic loss per share as there were no dilutive ordinary shares in issue as at 31 December 2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial year reported on; and (b) immediately preceding financial year.

	Group As at 31 Dec 2019 S\$'000	Group As at 31 Dec 2018 S\$'000	Company As at 31 Dec 2019 S\$'000	Company As at 31 Dec 2018 S\$'000
Net asset value attributable to equity holders of the Company	27,106	551	9,958	5,558
Number of ordinary shares ('000)	184,993	132,000	184,993	132,000
Net asset value per ordinary share (cents)	14.65	0.42	5.38	4.21

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

REVIEW OF THE GROUP'S PERFORMANCE

The following review of the performance of the Group is in relation to the financial year ended 31 December 2019 ("FY2019") as compared to financial year ended 31 December 2018 ("FY2018").

(A) Continuing operations

Revenue

Revenue increased substantially by approximately S\$35.7 million in FY2019, principally attributable to the service fee income from the 14 branding, operation and procurement ("**BOP**") service agreements entered into by the Company's subsidiary, Wish Hospitality Holdings Private Limited ("**Wish**"), as announced by the Company on 18 July 2019. The aforementioned 14 BOP service agreements have an aggregate quarterly service fee of RMB50 million (approximately S\$10.0 million). The increase in revenue was also attributable to the revenue generated by Hao Kou Wei Pte Ltd ("**HKW**") and Sing Swee Kee Pte Ltd ("**SSK**"), companies of which the Group acquired on 1 April 2019 and 1 July 2019 respectively.

Cost of sales and gross profit/loss

Overall, cost of sales increased by approximately S\$5.3 million was mainly due to the following factors: -

- a. Increase in revenue.
- b. Cost of sales incurred by HKW, SSK and Wish from April to December 2019 amounting to S\$5.2 million was included in the current financial year, of which approximately S\$1.7 million and S\$1.9 million were related to food and beverage ("**F&B**") cost and personnel expenses respectively.

Other income

Overall, other income decreased by approximately S\$0.3 million, mainly due to rental income amounting to S\$0.43 million previously charged to HKW was eliminated at Group level in FY2019 following the completion of the acquisition of HKW by the Group on 1 April 2019, partially offset by other income received by HKW and SSK from April to December 2019 amounting to S\$0.12 million.

Administrative expenses

Overall, administrative expenses increased by approximately S\$2.4 million, mainly due to the following factors: -

- a. Administrative expenses such as staff expenses, amortisation of intangible assets, etc. incurred by HKW, SSK and Wish amounting to S\$1.5 million from April to December 2019 were included in the current financial year.
- b. Professional fees amounting to approximately S\$0.6 million incurred in FY2019 in relation to the entry into convertible loan agreement, joint venture agreement, acquisitions, disposals and other corporate exercises taken by the Group in FY2019.

Impairment losses on financial assets

Impairment losses on financial assets relate to the allowance made for doubtful trade receivables.

Finance expenses

Finance expenses increased by approximately S\$1.9 million, mainly due to the following factors:

- a. Financial expenses incurred by HKW, SSK and Wish amounting to S\$0.25 million from April to December 2019 were included in the current financial year.
- b. Transaction cost amounting to approximately S\$1.7 million incurred in FY2019 in relation to the warrants issued to an introducer as a consideration for the introductory services in relation to the RMB68 million (or approximately S\$13.6 million) convertible loan facilities obtained by the Company during the year. The value of the transaction cost was determined based on an assessment done by an independent valuer appointed by the Company using recommended methods as stipulated in the applicable accounting standards.

(B) Discontinued operations

Discontinued operations relate to GreatSolutions and its subsidiary, GS Hospitality Services Pte. Ltd.. The disposal of GreatSolutions and its subsidiary was approved by shareholders in an Extraordinary General Meeting held on 30 December 2019, and was completed on 14 January 2020.

In accordance with IFRS (1) 5, Non-Current Assets Held-for-Sale and Discontinued Operations, the results of GreatSolutions have been presented separately on the consolidated income statement as Discontinued Operations.

GreatSolutions and its subsidiary recorded loss after tax of S\$2.8 million and S\$3.3 million in FY2019 and FY2018 respectively. The decrease in loss was mainly due to increase in revenue amounting to S\$0.2 million, decrease in depreciation of PPE and management fees amounting to S\$0.5 million and S\$0.5 million respectively, offset by impairment loss on non-current assets held-for-sale amounting to S\$0.7 million during the year.

REVIEW OF THE GROUP'S FINANCIAL POSITION

The following review of the financial position of the Group is in relation to 31 December 2019 as compared to 31 December 2018.

Non-current assets

Property, plant and equipment ("PPE") decreased by S\$1.6 million from S\$1.8 million as at 31 December 2018 to S\$0.2 million as at 31 December 2019, mainly due to the transfer of PPE amounting to approximately S\$1.8 million under the discontinued dishwashing business to "Assets of disposal group classified as held-for-sale", offset by the acquisition of PPE by the Group amounting to approximately S\$0.2 million during the year.

Investment properties decreased by S\$0.4 million, mainly due to allowance for fair value loss made during the year.

Intangible assets of S\$0.6 million and goodwill of S\$4.4 million arose from the acquisition of HKW and SSK. The value of the intangible assets and goodwill were determined based on an assessment done by a local accounting firm from their purchase price allocation exercise.

Right-of-use assets of S\$2.3 million (and total lease liabilities of S\$2.4 million) arose from the Group's adoption of SFRS(I) 16 Leases. As a result, the Group had recognised right-of-use assets and lease liabilities relating to present value of future operating lease payments for the duration of the operating leases.

Current assets

Trade and other receivables increased substantially by S\$21.9 million, mainly attributable to outstanding BOP service fee amounting to RMB120 million (approximately S\$23.8 million) as at 31 December 2019 which has yet been paid by the 14 outlets to Wish. As announced on 4 February 2020, the delay in the payment of outstanding service fees was due to ongoing consultations 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 outlets are permitted to remit the outstanding service fee to Wish. Wish has since engaged one of the big four accounting firms in Beijing as its professional tax advisers to assist with the ongoing consultations. The Company hopes the foregoing tax issue will be resolved by end of March 2020 in view of the long Lunar New Year holidays in the PRC and the recent developments relating to the spread of the COVID-19 in the PRC.

Cash and cash equivalent increased by S\$4.7 million (inclusive of cash and bank balances of S\$0.4 million classified under “Assets of disposal group classified as held-for-sale”) during the year. Reasons for the increase are provided below under the Review of the Group’s Cash Flow Statement.

Non-current liabilities

Non-current loans and borrowings decreased by S\$5.3 million, mainly due to the reclassification of the loans and borrowings amounting to S\$6.0 million related to the discontinued operations to “Liabilities of disposal group classified as held-for-sale” and progressive repayment of loans and borrowings amounting to S\$0.2 during the year. The decrease was partially offset by additional bank borrowings amounting to S\$0.85 million during the year.

Current liabilities

Trade and other payables decreased by S\$1.4 million, mainly due to the advanced placement proceeds of S\$1.25 million received in December 2018 being transferred to share capital during the year when new ordinary shares were issued to the placee, reclassification of trade and other payables amounting to S\$1.95 million related to discontinued operations to “Liabilities of disposal group classified as held-for-sale”, offset by additional trade and payables of S\$1.5 million arising from the acquisition of HKW, SSK and Wish.

Tax payable of S\$3.2 million relates to the BOP service fee income.

Amount due to a director decreased by S\$3.2 million as the loan had been fully settled during the year through the issuance of 11,764,705 new ordinary shares at an issue price of S\$0.255 for each share and cash payment of S\$0.2 million to the director.

Current loans and borrowings decreased by S\$2.0 million, was mainly due to the reclassification of loans and borrowings related to the discontinued operations to “Liabilities of disposal group classified as held-for-sale” amounting S\$1.7 million and progressive repayment of loans and borrowings during the year.

Equity

Overall, the Group’s total equity increased by S\$31.5 million from S\$0.5 million as at 31 December 2018 to S\$32.0 million as at 31 December 2019. The substantial increase was mainly due to issuance of new ordinary shares amounting to S\$9.0 million (net of share issue expenses), issue of warrants of approximately S\$3.9 million and the net profit of S\$18.6 million earned during the year.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Overall, the Group reported a net increase in cash and cash equivalents of S\$4.7 million from S\$1.3 million as at 31 December 2018 to S\$6.0 million as at 31 December 2019. The increase was mainly due to the net cash of approximately S\$5.3 million generated from operating activities which was principally attributable to the receipt of BOP service fee of approximately S\$5.1 million in July 2019 and S\$0.5 million generated from financing activities, offset by approximately S\$1.1 million used for the acquisition of HWK, SSK and property, plant and equipment.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the year under review is in line with its expectation as disclosed in the announcement of results for the half-year ended 30 June 2019 on 13 August 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As announced on 4 February 2020, the temporary closure of our BOP clients' outlets and restriction of movement of Wish's working team in PRC due to the recent outbreak of the Novel Coronavirus (2019-nCoV) are expected to affect the Group's provision of the BOP services. Notwithstanding the current situation which may have a short term impact on the performance of the 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 COVID-19 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.

The Group started the BOP service business in April 2019. After being in the business for almost a year, the Group is now on much firmer footing and have more resources with an experienced team to expand the business further. With that, the Group may expedite the expanding of the BOP business and expects to enter into more BOP service agreements with outlets secured by Henan Jufee! Technology Group Co., Ltd. ("**Henan Jufee!**") or its franchisees' outlets or any other parties in the coming 12 months. Please refer to the announcement made by the Company on 8 March 2019 in relation to the entry by the Company's subsidiary, Wish, into the master service agreement with Henan Jufee!.

Following the completion of acquisition of HKW in April 2019 and Chicken Supremo Pte Ltd in July 2019, the Group would continue to pursue its expansion plans for its F&B segment through opening of more F&B outlets as well as selling franchise rights locally and overseas.

With the above business activities and plans coupled with the disposal of a loss-making dishwashing business which was completed in mid-January 2020, the Group is expected to be profitable for the financial year ending 31 December 2020.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

None

(b) Amount per share (cents) and previous corresponding period (cents).

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

The directors may consider declaring or recommending dividend for FY2019 at a later date after the conclusion of the statutory audit and full receipt of the outstanding BOP service fee amounting to RMB120 million as at 31 December 2019.

13. Segmented revenue and results for operating segment's (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

<u>FY2019</u>	Food and Beverage*	Investment Holdings	Cleaning Services	Eliminations	Continuing Operations	Discontinued Operations	Total
Segment revenue	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	35,671	-	12	-	35,683	8,495	44,178
Inter-segment sales	25	547	2,497	(3,069)	-	-	-
Total Revenue	35,696	547	2,509	(3,069)	35,683	8,495	44,178
Segment result	28,274	(869)	(57)	-	27,348	(2,261)	25,087
Finance costs	(177)	(1,763)	(2)	-	(1,942)	(515)	(2,457)
Profit/(loss) before tax	28,097	(2,632)	(59)	-	25,406	(2,776)	22,630
Income tax expense					(3,982)	-	(3,982)
Profit for the year					21,424	(2,776)	18,648
Significant non-cash items:							
Depreciation of property, plant and equipment	37	10	28	-	75	793	868
Amortisation of intangible assets	364	-	2	-	366	-	366
Amortisation of right-of-use assets	837	-	-	-	837	629	1,466
Fair value loss on investment properties	-	420	-	-	420	-	420
Segment assets	36,692	3,900	48	-	40,640	12,886	53,526
Segment assets includes:							
Additions to Property, plant and equipment	28	22	-	-	50	367	417
Segment liabilities	(8,790)	(1,455)	(504)	-	(10,749)	(10,751)	(21,500)

*including BOP business undertaken by the Company via Wish, which had been approved and diversified into Services Segment by shareholders in an Extraordinary General Meeting held on 30 December 2019.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to External customers S\$'000	Non-current assets S\$'000
<i>Continuing Operations</i>		
Singapore	6,253	11,132
China	29,430	-
<i>Discontinued Operations</i>		
Singapore	8,495	10,920
	44,178	22,052

No segmental information is presented based on business or geographical segment for FY2018 as the Group operates in only one business segment, which is the provision of centralised dishware washing and cleaning services in Singapore.

14. In the view of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to item 8 above.

15. A breakdown of sales as follows:

	Group FY2019 S\$'000	Group FY2018 S\$'000	Increase/ (decrease) %
<u>Continuing operations</u>			
a) Sales reported for first half year	11,646	5	N.M.
b) Profit before tax for first half year	9,566	177	N.M.
c) Sales reported for second half year	24,037	13	N.M.
d) Profit/(loss) before tax for second half year	15,840	(462)	N.M.

N.M. – Not Meaningful

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend has been declared or recommended for FY2019 and FY2018.

17. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group had on 26 April 2019 obtained a general mandate from its shareholders for IPTs. For details, please refer to the Company's circular dated 11 April 2019.

Name of Interested Person	Nature of relationship	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' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Hao Kou Wei Pte Ltd	Note (1)	144	33
Pang Pok	Note (2)	252	-
Hawker Management Pte Ltd	Note (3)	-	595
Liu Changsheng	Note (4)	58	

Notes:

- (1) S\$144,000 relates to the rental paid/payable by Hao Kou Wei Pte Ltd ("**HKW**") from 1 January 2019 to 31 March 2019 pursuant to the supplemental lease agreements dated 1 November 2017, 1 May 2018 and 1 November 2018 to a lease agreement dated 1 December 2014. S\$33,000 relates to cleaning services provided to the Company from 1 January 2019 to 31 March 2019. Following the completion of the acquisition of HKW by the Group on 1 April 2019, HKW is now an indirect wholly-owned subsidiary of the Company. Prior to the acquisition, HKW was wholly-owned by Ms. Ang Siew Kiock, spouse of the Company's Chief Executive Officer and Executive Director, Mr. Pang Pok.
- (2) S\$252,000 relates to the rental paid/payable by Hao Kou Wei Pte Ltd ("**HKW**") to Mr. Pang Pok, the Company's Chief Executive Officer and Executive Director, from 1 April 2019 to 31 December 2019 pursuant to the lease agreement dated 7 December 2018.

- (3) Relates to cleaning services provided to Hawker Management Pte Ltd. a wholly-owned subsidiary of Koufu Group Limited. Both Hawker Management Pte Ltd and Koufu Group Limited are indirectly wholly-owned by Mr. Pang Lim and his spouse, brother of the Company's Chief Executive Officer and Executive Director, Mr. Pang Pok.
- (4) Relates to consultancy fee paid to Mr Liu Changsheng, the Company's Non-Independent and Non-Executive Director, from July to December 2019 for his advisory services on the Group's BOP business.

18. Use of Proceeds

(A) Placement

Pursuant to the placement of 26,675,555 new ordinary shares in the capital of the Company to Marvel Earn Limited and Chong Paw Long which was fully completed on 5 April 2019, the Company raised net proceeds of approximately S\$4.74 million ("**Net Proceeds**"). Please refer to the Company announcements dated 17 December 2018, 3 January 2019, 7 January 2019, 25 March 2019, 5 April 2019, 30 April 2019, 1 July 2019, 13 August 2019 and the circular dated 11 February 2019 for further details.

As at the date of this announcement, there is no material disbursement of the Net Proceeds following the last update by the Company on 15 January 2020 on the use of Net Proceeds.

(B) Convertible Loan

The Company refers to the Company's announcement dated 17 December 2018 on the entry into convertible loan agreement for an aggregate amount of RMB68 million (or approximately S\$13.6 million).

Following the Company's last update on 13 August 2019 on the use of convertible loan, the Company had fully repaid the convertible loan of approximately S\$1.6 million in December 2019. As at the date of this announcement, there is no disbursement of the convertible loan.

19. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7H) as required under Rule 720(1) of the Catalist Rules.

20. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Catalist Rule 706A.

On 1 July 2019, Company had completed the acquisition of Chicken Supremo Pte Ltd. For more information, please refer to Company's announcement dated 1 July 2019. The company subsequently changed its name to Sing Swee Kee Pte. Ltd.

On 16 October 2019, Company had incorporated an indirectly-owned subsidiary, Wish Health Management (Shanghai) Co. Ltd. For more information, please refer to Company's announcement dated 18 October 2019.

On 18 October 2019, Company had incorporated an indirectly-owned subsidiary, Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd. For more information, please refer to Company's announcement dated 22 October 2019.

On 29 October 2019, Company has incorporated an indirectly-owned subsidiary, Raffles Brands Pte. Ltd. The subsidiary is a joint venture company with Ms. Zhang LiYing. For more information, please refer to Company's announcement dated 29 October 2019.

On 19 December 2019, Company had incorporated an indirectly-owned subsidiary, Raffles Brands Management (Shanghai) Co. Ltd. For more information, please refer to Company's announcement dated 24 December 2019.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Pang Yiling, Eliss	36	Daughter of Chief Executive Officer, Mr. Pang Pok	Director of Operations since 25 June 2018.	No change
Ang Siew Kiock	61	Spouse of Chief Executive Officer, Mr. Pang Pok	Executive Director of Hao Kou Wei Pte. Ltd. since 1 July 2019	No Change

BY ORDER OF THE BOARD

Pang Pok
Chief Executive Officer and Executive Director

27 February 2020