



GS HOLDINGS LIMITED
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**GS Holdings Posts Record Results for FY2019;
Revenue Surged to S\$35.68 Million with
Net Profit of S\$21.42 Million**

- *Strong turnaround for FY2019 with the contribution from the 14 BOP service agreements with an aggregate quarterly service fee of RMB 50 million and the Group's F&B business activities*
- *Balance sheet continued to strengthen with total assets increasing to S\$53.52 million and a larger equity base of S\$20.47 million as at 31 December 2019*
- *Positioned for future growth with pipeline plans to secure more BOP service contracts and expansion of the F&B business*

Financial year end: 31 December

<i>(S\$ million)</i>	FY2019	FY2018
Revenue	35.68	0.02
Gross profit/(loss)	30.22	(0.12)
Profit/(loss) before tax	25.41	(0.29)
Profit/(loss) from continuing operations, after tax	21.42	(0.29)

SINGAPORE, 27 February 2020 – GS Holdings Limited (“GS Holdings” or the “Company” or “伟盛有限公司” and together with its subsidiaries, the “Group”), is pleased to announce that it has posted record results for the full year ended 31 December 2019 (“FY2019”).

With an aim to diversify its business model and create additional streams of income, GS Holdings has expanded into new business ventures in FY2019. Currently, the Group operates 3 food courts/food centres and a halal eating house located in Singapore as well as a famous chicken rice restaurant under the “Sing Swee Kee” brand name.

GS Holdings’ subsidiary, Wish Hospitality Holdings Private Limited (“Wish”), provides branding management, operational support and central procurement (“BOP”) services to business enterprises in China. Separately, the Group has a joint venture to explore new business opportunities in China’s food and beverage (“F&B”) industry.

Review of Financial Performance in FY2019

The Group’s revenue increased significantly to approximately S\$35.68 million in FY2019, which was mainly contributed by Wish’s service fee income from the 14 BOP service agreements that have an aggregate quarterly service fee of RMB 50 million (approximately



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S\$10.0 million). The Group's F&B business also made a positive revenue contribution to the overall revenue in FY2019.

The Group's loss-making dishwashing business was disposed in January 2020 after shareholders' approval was obtained at an Extraordinary General Meeting held on 30 December 2019 and as such, revenue from this discontinued business segment was not reflected in FY2019.

Corresponding to the increase in revenue, the Group's cost of sales increased to approximately S\$5.47 million, of which majority was attributed to F&B purchases and personnel expenses.

The Group's administrative expenses increased to approximately S\$3.22 million in FY2019, which was mainly due to staff expenses, amortisation of intangible assets, professional fees, among others. The Group's finance expenses increased to approximately S\$1.94 million in FY2019, which was mainly due to the transaction cost amounting to approximately S\$1.7 million in relation to warrants issued to an introducer for the Group's convertible loan facilities undertaken during FY2019. The value of the transaction cost was determined pursuant to an assessment undertaken by an independent valuer appointed by the Company.

Overall, the Group registered a turnaround in its financial performance in FY2019 as profit from continuing operations, after tax, increased substantially to approximately S\$21.42 million as compared to a loss of S\$0.29 million in the previous corresponding period.

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 RMB 120 million (approximately S\$23.8 million) as at 31 December 2019.

Commenting on the FY2019 results, Mr Pang Pok, Executive Director and Chief Executive Officer of GS Holdings, said, *"It has been a pivotal year for the Group as we initiated new strategic business ventures to diversify our business model and create additional streams of income.*

This strategic shift is now well underway and with a broadened business model, it has led to a significant turnaround in our performance with record revenue and net profit achieved."



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Stronger Financial Foundation with Significant Increase in Total Assets

As at 31 December 2019, the Group's balance sheet strengthened substantially with total assets increasing significantly to approximately S\$53.52 million from approximately S\$17.42 million as at 31 December 2018.

Notably, current assets increased substantially to approximately S\$42.39 million as at end December 2019, of which trade and other receivables jumped by S\$21.9 million as there was outstanding BOP service fee amounting to RMB 120 million (approximately S\$23.8 million) as at 31 December 2019 due to ongoing consultations between Wish and the Chinese tax authorities in relation to the amount of, among others, corporate income tax and/or withholding tax payable by Wish to the tax authorities in China before the outlets are permitted to remit the outstanding service fee to Wish.

As announced on 4 February 2020, Wish has engaged one of the big four accounting firms in Beijing as its professional tax advisers to assist with the ongoing consultations. The Group is looking to resolve this tax issue by the end of March 2020 in view of the extended Lunar New Year holidays in China and the recent developments relating to the spread of the Novel Coronavirus ("COVID-2019") in China.

With the substantial increase in net profit and the issuance of new ordinary shares in FY2019, the Group's total equity surged from approximately S\$0.54 million as at 31 December 2018 to approximately S\$32.03 million as at 31 December 2019.

Mr Pang Pok added, *"The rapid growth we experienced in FY2019 has resulted in higher revenue recognised but given the ongoing consultations with the Chinese tax authorities for our BOP service fees, it has led to a significant increase in the Group's receivables. With the engagement of professional tax advisers, we look forward to the swift resolution of this matter."*

Moving Ahead

With the encouraging progress of Wish's business activities since it started in April 2019, the Group has obtained shareholders' approval on 30 December 2019 to expand the Group's business of providing BOP services and the diversification of the Group's business relating to the provision of BOP services beyond F&B industry.

While the COVID-2019 outbreak may have a short term impact on the performance of the outlets in China which Wish is rendering the BOP services, the Group believes that the COVID-19 situation may create more opportunities as the public becomes more health



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conscious, thereby leading to higher demand for the healthy lifestyle centres and/or the healthcare related industry in China. As such, Wish is well-positioned to benefit from this macro-trend.

Given Wish's growing track record and expansion of resources, the Group is looking to secure more BOP service contracts from outlets secured by Henan Jufel Technology Group Co., Ltd. as well as any other parties over the next 12 months.

For the Group's F&B business segment, it would continue to pursue its expansion plans through the opening of more F&B outlets, development of new F&B brands, concepts and selling of franchise rights locally and overseas.

Mr Pang Pok concluded, *"Enabling our business clients to build brands, win customers and differentiate themselves in the market, we expect our business strategy to gain momentum with our role as a strategic partner."*

Positioning ourselves for new opportunities and future growth, we aim to expand the presence of our businesses in our targeted markets."

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This document is to be read in conjunction with GS Holdings' exchange filings on 27 February 2020, which can be downloaded via www.sgx.com.

Issued on behalf of GS Holdings Limited by 8PR Asia Pte Ltd.

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About GS Holdings Limited

(Bloomberg Code: GSHL:SP / Reuters Code: GSHO.SI / SGX Code: 43A)

With an aim to diversify its business model and create additional streams of income, GS Holdings Limited ("**GS Holdings**") has expanded into new business ventures.

GS Holdings currently operates 3 food courts/food centres and a halal eating house located in Singapore as well as a famous chicken rice restaurant under the "Sing Swee Kee" brand name.



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GS Holdings' subsidiary, Wish Hospitality Holdings Private Limited, provides branding management, operational support and central procurement ("**BOP**") services to business enterprises in China by utilising GS Holdings' experience and track record.

In addition, the Group has a joint venture to explore new business opportunities in China's food and beverage industry.

This press release 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 press release 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 press release.

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