



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

UPDATE ON BOP SERVICES BUSINESS

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, 4 February 2020 and 5 February 2020 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 Company’s announcements dated 8 March 2019 and 4 February 2020.

Update on Tax Consultation

As set out in the Company’s announcement dated 4 February 2020, as at 31 December 2019, an aggregate of RMB 120,000,000 in Outstanding Service Fee is due and payable to Wish by the 14 Secured Outlets. As at the date of this announcement, Wish has yet to receive the Outstanding Service Fee owing by the 14 Secured Outlets. The delay in payment is primarily due to the temporary closure and suspension of business in the PRC in compliance with directives issued by the relevant PRC authorities in light of the COVID-19 outbreak and the ongoing Tax Consultation. The 14 Secured Outlets have also yet to resume operations pending further directives from the relevant PRC authorities on re-opening of retail businesses.

With the relevant precautionary measures still being implemented in the PRC to manage the COVID-19 situation, Wish’s appointed tax advisors are still unable to visit and meet the relevant PRC tax authorities to settle the outstanding tax issues in respect of the Outstanding Service Fee. In addition, Wish has been informed that the tax authorities in many locations in the PRC may not have resumed full business operations. As such, the Company expects the ongoing Tax Consultation to take another 1 to 2 months, subject to the discussions with the relevant PRC tax authorities, the evolving situation with respect to the COVID-19 outbreak and any other unforeseen circumstances not within the control of the Group.

The Company understands that tax issues relating to the Outstanding Service Fee have to be resolved first before the relevant Secured Outlets can remit the Outstanding Service Fee to Wish. Shareholders should note that the Tax Consultation is being undertaken to ensure that Wish does not pay higher taxes than is required by the applicable tax laws in respect of the Outstanding Service Fee amounting to RMB 120,000,000.

Appointment of Ms Zhang as Authorised Representative for Collection of Outstanding Service Fee

Pending the settlement of the tax issues relating to the Outstanding Service Fee, to facilitate the collection of the Outstanding Service Fee and with businesses slowly resuming operations in the PRC recently, the Company and Wish have appointed Ms Zhang Liying (“**Ms Zhang**”) as Wish’s authorised representative to collect the Outstanding Service Fee for and on behalf of Wish. Ms Zhang is a PRC national and is the Company’s joint venture partner in respect of Wish. The Company holds 80% of the issued share capital of Wish, while the remaining 20% is held by Ms Zhang.

Due to capital controls restrictions and bank account operating procedures in the PRC, in particular regulations stipulated by PRC bank(s) for newly incorporated wholly-foreign owned enterprises (“WFOE”) pertaining to limits on amount of funds which can be received in the bank accounts of such WFOEs, the Company understands that its indirect subsidiary, Wish Health Management (Shanghai) Co. Ltd. (“Wish Shanghai”) which is a WFOE, is unable to accept the full amount of the Outstanding Service Fee using its existing bank account in the PRC. Wish Shanghai is incorporated in Shanghai, PRC in October 2019 and is 100% owned by Wish which is incorporated in Singapore.

As Ms Zhang is the Company’s joint venture partner in Wish and her interests in the collection of the Outstanding Service Fee is aligned with that of the Company, the Company and Ms Zhang have engaged in various discussions with the objective of finding the most expedient and efficient way in dealing with the collection of the Outstanding Service Fee. In view of:

- (i) the continuing uncertainty with the global COVID-19 outbreak and the potential impact of that on the Secured Outlets’ business and the collection of the Outstanding Service Fee;
- (ii) the inability of Wish Shanghai to accept the full amount of the Outstanding Service Fee due to the capital control restrictions and bank account operating procedures in the PRC; and
- (iii) Ms Zhang’s strong network of connection and business contacts in the PRC,

the Company and Wish have both agreed for the Outstanding Service Fee to be deposited into such PRC bank account solely held by Ms Zhang (the “Designated Bank Account”) so as to expedite and facilitate collection of the Outstanding Service Fee. The details of the Designated Bank Account are to be notified and approved in advance by the Company and Wish. For so long as the Designated Bank Account is used for collection of the Outstanding Service Fee, Ms Zhang must be the sole owner of, and sole signatory to, the Designated Bank Account. For the avoidance of doubt, there is no fee payable by the Company or Wish in respect of the appointment of Ms Zhang as Wish’s authorised representative for the collection of the Outstanding Service Fee.

In deciding on the foregoing arrangement, the Board did consider the following alternative options so as to allow the Company or Wish to exercise a certain degree of control over the Designated Bank Account:

- (i) addition of its authorised representatives as signatories to the Designated Bank Account; and/or
- (ii) the opening of a new bank account in PRC over which the Company may exercise joint control.

However, these options are not feasible at this juncture in view of the current COVID-19 outbreak and the inability of the Company’s authorised representatives to fly to the PRC to undertake the relevant administrative work to effect these options.

Notwithstanding the above, to protect Wish’s, the Company’s and the Company’s shareholders’ interests, and ensure that the Outstanding Service Fee is duly collected and remitted to Wish, the Company has obtained the securities set out below (the “Securities”). The Securities, collectively, will cover the entire amount of the Outstanding Service Fee.

Security Provider	Description of Security
Ms Zhang, being the holder of 20% of the shares in the issued share capital of Wish (the “Charged Wish Shares”).	A first fixed charge in favour of the Company over all Charged Wish Shares
Marvel Earn Limited, being the holder of 18,655,555 shares in the Company (the	A first fixed charge in favour of the Company over all Charged GS Shares.

Security Provider	Description of Security
"Charged GS Shares"). Marvel Earn Limited is 100% owned by Ms Zhang.	
Mr Pang Pok and Mr Liu Changsheng, being directors of the Company. Both directors of the Company have agreed to provide the guarantees to protect the interests of the Company and its minority shareholders and ensure that the Company will have additional recourse in the event of any default by Ms Zhang.	Personal guarantees provided by the guarantors to guarantee the transfer to the Company/Wish of the Outstanding Service Fee collected by Ms Zhang

To enable the Company to also monitor the collections of the Outstanding Service Fee from time to time, the Company and Ms Zhang have agreed for Ms Zhang to provide (i) regular updates on such collection, and (ii) copies of the bank statements of the Designated Bank Account on a fortnightly basis.

Future Updates and Cautionary Statement

The Company will provide an update as soon as the foregoing Outstanding Service Fee has been fully or partially received by Wish or the Company. 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.

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

26 March 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 information, statements or opinions made or reports contained in this announcement.

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