



GS HOLDINGS LIMITED

(Incorporated in Singapore on 19 September 2014)

(Company Registration Number: 201427862D)

**Unaudited Financial Statements And Dividend Announcement
For The Financial Period Ended 30 June 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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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 6-month Period Ended 30 June 2020	Group 6-month Period Ended 30 June 2019 ⁽¹⁾ (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
<u>Continuing operations</u>			
Revenue	6,191	11,643	(47)
Cost of sales	(3,205)	(1,461)	119
Gross profit	2,986	10,182	(71)
Other income	816	189	N.M.
Administrative expenses	(1,662)	(766)	117
Finance costs	(142)	(73)	95
Profit before tax from continuing operations	1,998	9,532	(79)
Tax expense	(528)	(1,371)	(61)
Profit from continuing operations, net of tax	1,470	8,161	(82)
<u>Discontinued operations</u> ⁽²⁾			
Loss from discontinued operations, net of tax	(39)	(982)	(96)
Profit for the period	1,431	7,179	(80)
Profit/(loss) attributable to:			
<i>Equity holders of the Company</i>			
Profit from continuing operations	967	6,471	(85)
Loss from discontinued operations	(39)	(982)	(96)
Profit for the period attributable to equity holders of the Company	928	5,489	(83)
<i>Non-controlling interests</i>			
Profit from continuing operations	503	1,690	(70)
Profit for the period attributable to non-controlling interests	503	1,690	(70)
Profit for the period	1,431	7,179	(80)

Statement of Comprehensive Income

	Group 6-month Period Ended 30 June 2020	Group 6-month Period Ended 30 June 2019 ⁽¹⁾ (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Profit for the period	1,431	7,179	(80)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	66	–	N.M.
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	17	–	N.M.
Total comprehensive income for the period	<u>1,514</u>	<u>7,179</u>	<u>(79)</u>
Total comprehensive income/(loss) attributable to:			
<i>Equity holders of the Company</i>			
Profit from continuing operations	1,033	6,471	(84)
Loss from discontinued operations	(39)	(982)	(96)
Total comprehensive income for the period attributable to equity holders of the Company	<u>994</u>	<u>5,489</u>	<u>(82)</u>
<i>Non-controlling interests</i>			
Profit from continuing operations	520	1,690	(69)
Total comprehensive income for the period attributable to non-controlling interests	<u>520</u>	<u>1,690</u>	<u>(69)</u>
Total comprehensive income for the period	<u>1,514</u>	<u>7,179</u>	<u>(79)</u>

(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.; GS Cleaning Services Pte. Ltd. (“**GCS**”) and GS Equipment Supply Pte. Ltd. (“**GES**”). The disposal of GreatSolutions and its subsidiary was completed on 14 January 2020 while the disposal of GCS and GES was completed on 15 July 2020.

(3) Tax expense

The income tax expense relates to the Branding, Operations and Procurement (“**BOP**”) service fee income earned during the period.

N.M. – Not Meaningful

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

	Group 6-month Period Ended 30 June 2020	Group 6-month Period Ended 30 June 2019 (Restated)	Increase/ (Decrease)
	S\$'000	S\$'000	%
(1) Profit for the period include the following (charges)/credits:			
<u>Continuing operations</u>			
Amortization of right-of-use assets	(480)	(267)	80
Amortization of intangible assets	(98)	-	N.M.
Depreciation of property, plant and equipment	(31)	(17)	82
Fair value loss on investment properties	(210)	(180)	17
Personnel expenses	(1,884)	(537)	N.M.
Rental expense	(233)	(14)	N.M.
Subcontractors' expenses	(106)	(44)	141
Finance expenses	(142)	(73)	95
Government grants and incentives	480	3	N.M.
Rental rebate	298	-	N.M.
<u>Discontinued operations</u>			
Amortization of intangible assets	(2)	-	N.M.
Amortization of right-of-use assets	-	(202)	N.M.
Depreciation of property, plant and equipment	(6)	(403)	(99)
Loss on disposal of property, plant and equipment	-	(36)	N.M.
Personnel expenses	(1,361)	(2,174)	(37)
Rental expense	-	(40)	N.M.
Subcontractors' expenses	(33)	(851)	(98)
Finance expenses	-	(175)	N.M.
Government grants and incentives	56	258	(78)

N.M. – Not Meaningful

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 30 Jun 2020 S\$'000	Group As at 31 Dec 2019 S\$'000	Company As at 30 Jun 2020 S\$'000	Company As at 31 Dec 2019 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,011	2,518	–	–
Investment properties	3,470	3,680	–	–
Investment in subsidiaries	–	–	9,012	9,012
Intangible assets	4,827	4,935	–	–
	<u>10,308</u>	<u>11,133</u>	<u>9,012</u>	<u>9,012</u>
Current assets				
Inventories	49	67	–	–
Trade and other receivables	28,945	23,832	1,812	113
Cash and cash equivalents	3,409	5,608	2,486	55
	<u>32,403</u>	<u>29,507</u>	<u>4,298</u>	<u>168</u>
Non-current assets classified as held for sale	–	–	–	1,917
Disposal group assets classified as held for sale	397	12,886	–	–
	<u>32,800</u>	<u>42,393</u>	<u>4,298</u>	<u>2,085</u>
Total assets	<u><u>43,108</u></u>	<u><u>53,526</u></u>	<u><u>13,310</u></u>	<u><u>11,097</u></u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	20,469	20,469	20,469	20,469
Reserves	795	729	3,931	3,931
Retained earnings/ (accumulated losses)	6,221	5,293	(11,927)	(14,443)
Equity attributable to equity holders of the Company, total	<u>27,485</u>	<u>26,491</u>	<u>12,473</u>	<u>9,957</u>
Non-controlling interests	<u>4,487</u>	<u>4,767</u>	<u>–</u>	<u>–</u>
Total equity	<u><u>31,972</u></u>	<u><u>31,258</u></u>	<u><u>12,473</u></u>	<u><u>9,957</u></u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	2,728	2,730	–	–
Deferred tax liabilities	74	91	–	–
	<u>2,802</u>	<u>2,821</u>	<u>–</u>	<u>–</u>
Current liabilities				
Trade and other payables	1,808	2,662	837	1,140
Loans and borrowings	1,520	2,030	–	–
Tax payables	4,563	4,004	–	–
	<u>7,891</u>	<u>8,696</u>	<u>837</u>	<u>1,140</u>
Liabilities directly associated with disposal group classified as held for sale	443	10,751	–	–
	<u>8,334</u>	<u>19,447</u>	<u>837</u>	<u>1,140</u>
Total liabilities	<u><u>11,136</u></u>	<u><u>22,268</u></u>	<u><u>837</u></u>	<u><u>1,140</u></u>
Total equity and liabilities	<u><u>43,108</u></u>	<u><u>53,526</u></u>	<u><u>13,310</u></u>	<u><u>11,097</u></u>

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 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
787	733	1,045	985

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,270	1,458	993	1,737

Details of collateral

Bank loans amounting to S\$2,057,000 (31 December 2019: S\$2,038,000) 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;
- (iv) legal mortgages over certain personal properties of a director of the Group; and
- (v) personal guarantee from a director of the Group.

(B) Discontinued operations

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Nil	Nil	2,168	644

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Nil	Nil	4,745	1,536

Details of collateral

Bank loans amounting to NIL (31 December 2019: S\$6,377,000) 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) 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 NIL (31 December 2019: S\$536,000) 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 14 July 2020, although GreatSolutions has managed to source for alternative securities to be provided in place of the foregoing securities, GreatSolutions requires more time to arrange for the discharge of the foregoing securities provided by GS Group and the Company's director (as the case may be), in view that the parties are in the process of handing over relevant documents and matters of GreatSolutions to the new management of GreatSolutions, which was delayed due to the COVID-19 outbreak and circuit breaker measures. The Company is of the view that in the event there is further delay in the discharge of the foregoing securities, there is minimal risk to the Company as the relevant loans are also secured by legal mortgage over GreatSolutions' leasehold property, being the Loyang Property, which was valued at approximately S\$7.5 million based on the Property Valuation Report.

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 6-month Period Ended 30 June 2020 S\$'000	Group 6-month Period Ended 30 June 2019 S\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	1,998	9,532
Loss before tax from discontinued operations	(39)	(982)
	<u>1,959</u>	<u>8,550</u>
Adjustments for:		
Amortisation of government grants	–	(74)
Amortisation of right-of-use assets	480	469
Amortisation of intangible assets	100	–
Depreciation charge on property, plant and equipment	37	420
Interest expenses	142	248
Loss on disposal of property, plant and equipment	–	36
Fair value loss on investment properties	210	180
Operating cash flow before working capital changes	<u>2,928</u>	<u>9,829</u>
Changes in working capital:		
Inventories	6	6
Receivables	(3,230)	(9,267)
Payables	(446)	62
Currency translation adjustments	2	–
Cash (used in)/generated from operations	<u>(740)</u>	<u>630</u>
Income tax paid	–	(238)
Net cash (used in)/generated from operating activities	<u>(740)</u>	<u>392</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(10)	(374)
Dividend paid to non-controlling interests	(800)	–
Net cash outflow from disposal of subsidiaries	(31)	–
Net cash paid for acquisition of subsidiaries	(400)	(615)
Proceeds from disposal of property, plant and equipment	–	128
Net cash used in investing activities	<u>(1,241)</u>	<u>(861)</u>
Cash flow from financing activities		
Repayment of lease liabilities	(454)	(779)
Repayment of bank loans	(643)	(764)
Proceeds from issuance of new shares	–	3,551
Proceeds from bank loans	1,000	1,605
Interest paid	(142)	(248)
Proceeds from non-controlling parties	–	–*
Repayment to a director	–	(200)
Net cash (used in)/generated from financing activities	<u>(239)</u>	<u>3,165</u>

Net (decrease)/increase in cash and cash equivalents	(2,220)	2,696
Cash and cash equivalents at beginning of the period	5,626	1,328
Effects of foreign currency translation changes on cash and cash equivalents	22	-
Cash and cash equivalents at end of the period	3,428	4,024

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group 6-month Period Ended 30 June 2020 S\$'000	Group 6-month Period Ended 30 June 2019 S\$'000
Cash and cash equivalents		
- Continuing operations	3,409	3,691
- Discontinued operations	19	333
Cash and cash equivalents per consolidated statement of cash flows	3,428	4,024

*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	Reserves S\$'000	Retained Earnings/ (Accumulated Losses) S\$'000	Total Equity Attributable To Owners of the Company S\$'000	Non- Controlling Interest S\$'000	Total Equity S\$'000
At 1 January 2020	20,469	729	5,293	26,491	4,767	31,258
Dividend paid	–	–	–	–	(800)	(800)
Currency translation differences arising from consolidation	–	66	–	66	17	83
Profit for the financial period	–	–	928	928	503	1,431
At 30 June 2020	20,469	795	6,221	27,485	4,487	31,972
At 1 January 2019	11,498	(3,152)	(7,794)	552	(13)	539
Issuance of ordinary shares	11,297	–	–	11,297	–	11,297
Acquisition of non-controlling interest in a subsidiary	–	(14)	–	(14)	14	–
Profit and total comprehensive income for the financial period	–	–	5,489	5,489	1,690	7,179
At 30 June 2019	22,795	(3,166)	(2,305)	17,324	1,691	19,015

Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Reserves S\$'000	Total S\$'000
At 1 January 2020	20,469	(14,443)	3,931	9,957
Profit and total comprehensive income for the financial period	–	2,516	–	2,516
At 30 June 2020	20,469	(11,927)	3,931	12,473
At 1 January 2019	11,498	(5,940)	–	5,558
Issuance of ordinary shares	11,297	–	–	11,297
Loss and total comprehensive loss for the financial period	–	(282)	–	(282)
At 30 June 2019	22,795	(6,222)	–	16,573

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	Share capital (\$'000)
As at 31 December 2019 and 30 June 2020	184,993,260	20,469

Outstanding convertible warrants

As at 30 June 2020, the Company had 46,764,705 outstanding convertible warrants (46,764,705 as at 30 June 2019) 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 30 June 2020.

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

As at 30 June 2020, the Company has granted an aggregate of 5,300,000 share options (NIL as at 30 June 2019) to certain Directors and selected employees which will entitle them to subscribe for a total of 5,300,000 ordinary shares of the Company. The 3,300,000 share options will expire on 24 September 2021 and 2,000,000 share options will expire on 5 January 2022. The outstanding share options represents approximately 2.86% of the Company's total number of issued shares as at 30 June 2020.

Treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 30 June 2020	As at 31 December 2019
	184,993,260	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 period 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 period 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 modifications 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.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period 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 all the new and revised Singapore Financial Reporting Standards (International) ["SFRS(I)"] and Singapore Financial Reporting Standards (International) Interpretations ["SFRS(I) INT"] that are relevant to its operations and effective for the current financial period. The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any no material effect on the financial results or position of the Group and the Company.

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 6-month Period Ended 30 June 2020 S\$'000	Group 6-month Period Ended 30 June 2019 S\$'000
Profit for the period attributable to equity holders of the Company from continuing operations	967	6,471
Weighted average number of ordinary shares ('000)	184,993	156,374
Basic earnings per share (cents)	0.52	4.14
Diluted earnings per share (cents)	0.41	3.19

	Group 6-month Period Ended 30 June 2020 S\$'000	Group 6-month Period Ended 30 June 2019 S\$'000
Profit for the period attributable to equity holders of the Company from continuing operations and discontinued operations	928	5,489
Weighted average number of ordinary shares ('000)	184,993	156,374
Basic earnings per share (cents)	0.50	3.51
Diluted earnings per share (cents)	0.39	2.70

Diluted earnings per share of the Group for financial period ended 30 June 2020 is calculated based on the weighted average number of ordinary shares in issue of 237,057,965 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 earnings per share of the Group for financial period ended 30 June 2019 is calculated based on the weighted average number of ordinary shares in issue of 203,138,705 assuming that potential ordinary shares are to be issued relating to convertible warrants as stated under paragraph 1(d)(ii) above.

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 30 June 2020 S\$'000	Group As at 31 Dec 2019 S\$'000	Company As at 30 June 2020 S\$'000	Company As at 31 Dec 2019 S\$'000
Net asset value attributable to equity holders of the Company	27,485	26,491	12,473	9,957
Number of ordinary shares ('000)	184,993	184,993	184,993	184,993
Net asset value per ordinary share (cents)	14.86	14.32	6.74	5.38

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 six months financial period ended 30 June 2020 ("1H2020") as compared to the six months financial period ended 30 June 2019 ("1H2019").

(A) Continuing operations

Revenue

Revenue decreased substantially by approximately S\$5.4 million from S\$11.6 million in 1H2019 to S\$6.2 million in 1H2020, mainly due to the granting of 5 months of service fees waiver amounting to RMB 83.3 million (approximately S\$16.7 million) in aggregate from 16 January 2020 to 15 June 2020 to the 14 BOP secured outlets as announced by the Company on 26 June 2020. The decrease in revenue was partially offset by a net increase in revenue of approximately S\$1.2 million generated by the Group's food and beverage ("F&B") companies, namely Hao Kou Wei Pte Ltd ("HKW") and its subsidiary, Rasa Sayang Village Pte Ltd ("RASA"), and Sing Swee Kee Pte Ltd ("SSK") during the period, companies of which the Group acquired on 1 April 2019 and 1 July 2019 respectively.

Cost of sales and gross profit

Overall, cost of sales increased by approximately S\$1.7 million, mainly due to cost of sales incurred by HKW, RASA, SSK and Wish Hospitality Holdings Private Limited ("Wish") from January to June 2020 amounting to S\$3.2 million was included in the current financial period, whereas only approximately S\$1.5 million of cost of sales incurred from April to June 2019 by HKW, Rasa and Wish was included in the reporting period for 1H2019. The main components in the cost of sales are food and beverage cost and personnel expenses, amounting to approximately S\$1.0 million and S\$1.1 million respectively for the current reporting period.

Other income

Overall, other income increased by approximately S\$0.6 million, mainly due to receipt of government grants and rental rebates from landlords amounting to S\$0.5 million and S\$0.3 million respectively in 1H2020 as a result of measures taken by the Singapore government to help companies impacted negatively by the Covid-19 outbreak. The increase was partially offset by rental income amounting to S\$0.15 million previously charged to HKW was eliminated at Group level in 1H2020 following the completion of the acquisition of HKW by the Group on 1 April 2019.

Administrative expenses

Overall, administrative expenses increased by approximately S\$0.9 million, mainly due to the following factors: -

- a. Administrative expenses such as staff expenses, amortisation of intangible assets, legal and professional fees, etc. incurred by HKW, RASA, SSK and Wish amounting to S\$0.8 million from January to June 2020 were included in the current financial period as compared to administrative expenses amounting to only S\$0.2 million incurred by HKW, Rasa and Wish from April to June 2019 were included in the reporting period for 1H2019.
- b. Staff expenses amounting to S\$0.3 million were no longer shared by the GreatSolutions and its subsidiary in the current reporting period.

Finance costs

Finance costs increased by approximately S\$0.07 million, mainly due to higher financial expenses reported by HKW, RASA, SSK and Wish for the current reporting period as compared to only 3 months of finance costs from April to June 2019 were included in the reporting period for 1H2019.

(B) Discontinued operations

Discontinued operations relate to GreatSolutions and its subsidiary, GS Hospitality Services Pte. Ltd, GCS and GES. The disposal of GreatSolutions and its subsidiary was completed on 14 January 2020 while the disposal of GCS and GES was completed on 15 July 2020.

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

The loss from discontinued operations amounting to \$39,000 is in respect of total loss incurred by GCS and GES in the current financial period.

REVIEW OF THE GROUP'S FINANCIAL POSITION

The following review of the financial position of the Group is in relation to 30 June 2020 as compared to 31 December 2019.

Non-current assets

Property, plant and equipment ("PPE") decreased by S\$0.5 million from approximately S\$2.5 million as at 31 December 2019 to approximately S\$2.0 million as at 30 June 2020, mainly due to the following factors: -

- a. PPE depreciation charge of S\$0.04 million during the period.
- b. Amortisation of right-of-use assets of S\$0.48 million during the period.

Investment properties decreased by S\$0.2 million, mainly due to fair value loss during the period.

Intangible assets decreased by S\$0.1 million, mainly due to the amortisation during the period.

Current assets

Trade and other receivables increased by S\$5.1 million, mainly attributable to additional outstanding BOP service fee amounting to RMB16.7 million (approximately S\$3.4 million) earned during the period and the purchase consideration owing from GreatSolutions' purchaser amounting to S\$1.6 million. As at the date of this announcement, the outstanding BOP service fee amounting to RMB136.7 million (approximately S\$27.3 million) has yet been paid by the 14 BOP secured outlets to Wish. As announced previously, the delay in the payment of outstanding service fees was due to ongoing consultations between Wish and the PRC tax authorities which was delayed due to the COVID-19 outbreak and circuit breaker measures, 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. As at the date of this announcement, the Group has yet to receive any reply from the PRC tax authorities on the outstanding tax matters.

As at the date of this announcement, the Group has yet to receive the final tranche of the sale consideration amounting to S\$1,600,000 which was due on 14 July 2020 from the purchaser of GreatSolutions. As announced on 14 July 2020, the Company has received requests from the purchaser to consider a reduction in the final tranche of consideration and to allow the purchaser to make payment of the final tranche of consideration by 31 December 2020. The Board is currently reviewing the purchaser's requests. The Company will provide an update as soon as the Company and the purchaser have reached an agreement on the foregoing matters. In view of the potential reduction in the final tranche of the consideration, the Group has yet to recognise the gain of approximately S\$400,000 on the disposal of GreatSolutions in the current reporting period.

Cash and cash equivalent decreased by S\$2.2 million during the period. Reasons for the decrease are provided below under the Review of the Group's Cash Flow Statement.

Current liabilities

Trade and other payables decreased by S\$0.85 million, mainly due to the final tranche of the purchase consideration of S\$0.4 million paid to the vendors of SSK during the period and reclassification of trade and other payables amounting to S\$0.5 million related to the discontinued operations to "Liabilities directly associated with disposal group classified as held for sale".

Tax payables increased by S\$0.55 million, mainly due to the additional tax provision made for the BOP service fee income earned during the period.

Current loans and borrowings decreased by S\$0.5 million, mainly due to progressive repayment of bank loans and lease liabilities amounting to S\$1.0 million and S\$0.5 million respectively during the period. The decrease was partially offset by additional bank loans amounting to S\$1.0 million during the period.

Equity

Overall, the Group's total equity increased by S\$0.7 million from S\$31.3 million as at 31 December 2019 to S\$32.0 million as at 30 June 2020. The increase was mainly due to the net profit of S\$1.5 million earned during the period, partially offset by the payment of dividend to Wish's non-controlling interests amounting to S\$0.8 million during the period.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Overall, the Group reported a net decrease in cash and cash equivalents of S\$2.2 million from S\$5.6 million as at 31 December 2019 to S\$3.4 million as at 30 June 2020. The decrease was mainly due to the net cash of approximately S\$0.7 million used in operating activities, dividend paid to Wish's non-controlling interests amounting to S\$0.8 million, final tranche of the purchase consideration of S\$0.4 million paid to the vendors of SSK and net repayment of loans and borrowings of S\$0.2 million during the period.

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 expectations as disclosed in the announcement released on 26 June 2020.

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.

Given the evolving nature of the Covid-19 pandemic and the uncertainties in the recovery period of the Covid-19, the Group would like to publish only its business and financial performance outlook for the second half of its financial year ending 31 December 2020 ("FY2020") for its two core businesses.

(i) BOP service business

As announced by the Group on 26 June 2020, some of our BOP clients' outlets in PRC have resumed business since mid-May. Notwithstanding the foregoing, business at these outlets has been slow since the resumption of the businesses till the date of this announcement, mainly due to more restrained spending practised by the general public amidst the Covid-19 pandemic. Some of the outlets were also affected by the partial lockdowns imposed by the PRC authorities from time to time as and when there was notable increase in the number of local transmission cases. In view of the substantial decrease in the BOP outlets' revenue and cautious business outlook till the end of this year, the Group may consider reducing the current quarterly BOP service fee of RMB50 million on aggregate payable by the 14 BOP outlets to an amount that will be mutually agreed upon with each of the 14 BOP outlets. The reduction in the BOP service fee for all the 14 BOP outlets is expected to have a substantial impact on the Group's revenue and earnings for the second half of FY2020. The Group will provide an update as soon as the revisions in the BOP service fees have been finalised as agreed with the BOP outlets.

Subject to any unforeseen circumstances not within the control of the Group, the Group may enter into further BOP agreements with additional BOP outlets in the second half of FY2020. Consequently, the Group believes the additional revenue from the new BOP agreements may cushion the adverse financial impact that the Group might experience in the second half of FY2020 as a result of the reduction in the original BOP service fees.

(ii) F&B business

The Group's F&B companies are currently all operating in Singapore. Our F&B revenue were seriously impacted since the circuit breaker measures were implemented in full from April 2020 onwards where dine-ins were not permitted. Dining-in at F&B outlets with a restriction on the number of diners per table as part of safe distancing measures was only allowed from 18 June 2020 following the Singapore Government's announcement of Phase 2 of the country's re-opening. However, due to various measures rolled out by the government such as Jobs Support Scheme, rental rebates from landlords and foreign workers levy waiver and rebates, potential losses suffered by our F&B companies were substantially reduced. The Group expects that the total loss suffered by the Group's F&B companies for FY2020 would be manageable and not as significant as the loss in revenue and earnings from the BOP service business.

As the Covid-19 pandemic is still evolving, the Group may push back some of its expansion plans for its F&B segment, in particular plans to open up more F&B outlets.

Overall, the Group expects its business and financial performance for the 2nd half of FY2020 to continue to be affected negatively by the Covid-19 pandemic, but with lesser or much reduced impact as compared to that which the Group suffered in the first half of FY2020.

11. Dividend

If a decision regarding dividend has been made:-

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	1 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

The Company is declaring its inaugural dividend in view of the Group's current profitable position.

(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).

The dividend is tax exempt.

(d) The date the dividend is payable.

The interim dividend will be paid on 10 September 2020.

(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.

The Share Transfer Books and Register of Members of GS Holdings Limited (the "**Company**") will be closed on 1 September 2020, 5.00 p.m. for the purpose of determining the entitlements of the Company's shareholders ("**Shareholders**") to the interim one-tier tax-exempt dividend of 1 cent per ordinary share for the financial year ending 31 December 2020 ("**Interim Dividend**").

Duly stamped and completed transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712, at 5.00 p.m. on 1 September 2020 will be registered to determine Shareholders entitlements to the Interim Dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with shares of the Company as at 5.00 p.m. on 1 September 2020, will be entitled to the Interim Dividend.

The Interim Dividend will be paid on 10 September 2020.

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

No applicable.

13. 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 does not have a general mandate from shareholders for interested person transactions. There was no interested person transaction of S\$100,000 or more for the financial period under review.

14. 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) and announcement dated 19 June 2020 on the entry into a supplemental agreement to vary certain terms of the Convertible Loan Agreement.

As at the date of this announcement, there is no disbursement of the convertible loan.

15. 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.

16. Confirmation pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors of the Company, we, Pang Pok and Lim Kee Way Irwin, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six months ended 30 June 2020 to be false or misleading in any material aspects.

17. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period up to the current financial period under Catalist Rule 706A.

On 14 January 2020, Company had completed the disposal of GreatSolutions and its subsidiary, GS Hospitality Services Pte. Ltd. For more information, please refer to Company's announcement dated 14 January 2020.

BY ORDER OF THE BOARD

Pang Pok
Chief Executive Officer and Executive Director

14 August 2020