

18 October 2019

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

GPS ALLIANCE HOLDINGS LIMITED TO ACQUIRE EQUITY INTEREST IN A BOUTIQUE HOTEL DEVELOPMENT ENTITY

HIGHLIGHTS

The Board is pleased to announce the acquisition of a 35% share capital ("**35% Stake**") in BMG Hotel 1887 Private Ltd (Unique Entity Number: 201815476E), a company incorporated in Singapore in 2018 ("**BMG**") for the purchase price of S\$900,000.00 from the Vendor, ONG TZE YAW, BRYAN (NRIC NO. S7924489I) who before the acquisition owned 100% shareholding in BMG.

The purchase price of S\$900,000.00 is to be funded by issuing GPS shares at A\$0.05 per share to the value of S\$750,000.00 and a cash component of S\$150,000.00.

BMG's business is acquiring suitable premises in Singapore for conversion into Boutique Hotels and then to operate them. BMG's first venture after incorporation was the "Hotel 1887" converted from the famous old Chinese Opera House with 80 rooms located at the heart of Singapore Chinatown, a vibrant tourist centre in Singapore. It has proven to be a great success with an occupancy rate of close to 90% in the first 9 months of operation.

The Vendor of BMG (now a co-shareholder of BMG) has been looking for potential investors with both real estate development and fitting-out experience which is in-line with GPS's core business operations to implement the plan for BMG to repeat and expand the model of Hotel 1887 to at least 4 more hotels ("**Expansion**").

In acquiring the 35% Stake in BMG, GPS would also be guaranteed the award of performing all fitting-out contracts and maintenance necessary for the Expansion and thus increasing its revenue from these activities.

The Board holds the view that this is a promising investment which can be supported by looking at the Singapore Government's current promotion in the tourism sector via increasing the capacity at the Singapore Changi Airport with a 3rd runway and 5th terminal to cater for the growth in tourism. The Singapore Tourism Board projects that international visitor arrivals to Singapore to rise by up to 4% to 18.1 million this year.

Several articles have been published on the future of boutique hotels in Singapore according to these articles, please see the following website for additional information.
<https://cنالuxury.channelnewsasia.com/people/future-of-boutique-hotels-in-singapore-11842274>.



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