



GS HOLDINGS LIMITED
(Incorporated in Singapore on 19 September 2014)
(Company Registration Number: 201427862D)

**RESPONSE TO THE SGX-ST'S QUERY IN RESPECT OF
THE ANNOUNCEMENT DATED 8 JUNE 2021**

The Board of Directors of GS Holdings Limited, (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 29 January 2021 ("**29 January Announcement**") and 8 June 2021 (the "**8 June Announcement**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the 29 January Announcement and 8 June Announcement.

The Company sets out below the queries raised by the SGX-ST in respect of the 8 June Announcement, and its responses to the queries.

Query 1:

Master Agreement – *It was disclosed in GS' announcement on 29 January 2021 that Raffles Brand ("**Distributor**", which is 51%-held by GS) entered into a Master Agreement with Kaifeng Jufeeel wherein Kaifeng Jufeeel appoints the Distributor and its Group Companies as its distributor for 5 products within several Territories. Raffles Brand is 49% held by Ms Abigail Zhang, who is also the director.*

Minimum Guaranteed Gross Profit Margin – *The Master Agreement provides that in the event the Gross Profit Margin is less than 40% of the Total Sales, the Distributor shall be entitled to claim from Kaifeng Jufeeel an amount equivalent to the amount of difference between the Gross Profit Margin and the Minimum Guaranteed Gross Profit Margin.*

Novation of Master Agreement from Raffles Brands to PMAS – *In GS' announcement on 8 June 2021, it was stated that Kaifeng Jufeeel, Raffles Brands and PMAS have agreed to novate all of Raffles Brands' rights, powers, titles, interests, benefits, obligations and liabilities in, to and under the Master Agreement, to PMAS. PMAS is a newly incorporated wholly-owned subsidiary of GS ("**Novation**").*

Query 1a

The Novation represents that the 49% joint venture partner of Raffles Brand, Ms Abigail Zhang, will no longer partake in the distributorship work which entails a Minimum Guaranteed Gross Profit Margin. Are there any costs/payments made by GS to Ms Abigail Zhang / any other parties for the Novation of the Master Agreement?

Company's Response to Query 1a

There were no costs / payments made by GS to Ms. Abigail Zhang and / or any other parties for the Novation of the Master Agreement.

Query 1b

What is the rationale for novation of the Master Distribution Rights within a short period of 4 months?

Company's Response to Query 1b

As the Company has mentioned in the 8 June Announcement, the rationale for the Novation is summarised as follows:

- (i) The Group intends to consolidate the distribution business segment under PMAS, instead of Raffles Brands, in order to facilitate efficient business, operational, and financial and accounting workflows.
- (ii) The Company wishes to highlight that as set out in the announcement dated 29 October 2019 in respect of the Company's entry into the joint venture agreement in respect of Raffles Brands, Raffles Brands is principally engaged in the business of developing, franchising and management of various food and beverage brands, including the central procurement of contractors, equipment, payment systems, supplies, services, utensils and other related products and services.
- (iii) As such, to ensure a clear division of business segments within the Group, the Company is of the view that it would be in the interest of the Group to incorporate a new company, being PMAS, to undertake the distribution business and to hold all relevant businesses under this new business segment (subject to the relevant shareholder approval(s) being obtained). Please refer to the 8 June Announcement and 29 January Announcement for more information on the distribution to be undertaken by PMAS (in place of Raffles Brands).
- (iv) In addition, after considering the Company's present resources, the Company is of the view that it has sufficient resources to carry out the distribution business under its wholly-owned subsidiary, being PMAS.
- (v) Kaifeng Jufel understands the operational, business, and financial need for the Group to consolidate its distribution business segment and has thus agreed to the Novation. Kaifeng Jufel is also confident of the Group's business network in PRC, which the Group has developed over the past few years since its expansion of the BOP business in the PRC, and is therefore agreeable to appoint PMAS as its distributor in respect of the Products, in replacement of Raffles Brands.

In addition, as set out in the 29 January Announcement, the appointment of the Distributor is subject to the Company obtaining relevant shareholders' approval at the extraordinary general meeting to be convened ("**Listco Shareholders' Approval**"), pursuant to the Master Agreement. As such, Raffles Brands is not effectively appointed as the Distributor as at the date of the Novation Deed, and accordingly, there have been no orders for the Products and no amounts owed to or by Raffles Brands under the Master Agreement. Therefore, the Group deems this the most appropriate time to carry out the Novation efficiently, to achieve the Group's aim to consolidate all its distribution business under PMAS.

Query 1c

Please explain the difference in obligations of Kaifeng Jufel, the Distributor, Ms Abigail Zhang and GS Holdings under the Master Agreement vs after novation to PMAS.

Company's Response to Query 1c

The Company wishes to highlight that the Master Agreement is initially entered into between Raffles Brands and Kaifeng Jufel on 29 January 2021. Pursuant to the Novation Deed dated 8 June 2021 entered into between Raffles Brands, Kaifeng Jufel and PMAS, Raffles Brands has transferred all its

rights and obligations under the Master Agreement to PMAS. In effect, PMAS has replaced Raffles Brands as a party to the Master Agreement, and Raffles Brands was no longer a party to the Master Agreement with effect from the Effective Date, being 8 June 2021.

As set out in 8 June Announcement, with effect on and from the Effective Date, Kaifeng Jufeeel and Raffles Brands release each other from all future obligations to the other under the Master Agreement, and release and discharge the other from all claims and demands under or in connection with the Master Agreement, whether arising before or on the Effective Date. In other words, Kaifeng Jufeeel and Raffles Brands do not have any obligations, claims and demands towards / against each other with effect from the Effective Date.

Ms. Zhang and the Company are not parties to the Master Agreement and the Novation Deed, and therefore do not have any obligations arising from the Master Agreement, both before and after the Novation.

Please see below a summary of each party's obligation arising from the Master Agreement before and after the Novation:

Relevant Party	Obligations arising from the Master Agreement <u>before</u> Novation (i.e. from 29 January 2021 up to 8 June 2021)	Obligations arising from the Master Agreement <u>after</u> Novation (i.e. from 8 June 2021 onwards)
Kaifeng Jufeeel	<p>Pursuant to the Master Agreement, subject to the Listco Shareholders' Approval, the obligations of Kaifeng Jufeeel include appointing Raffles Brands as Distributor of the Products, and to supply the Products to Raffles Brands (as its appointed distributor), among others.</p> <p>Please refer to the 29 January Announcement for more details on the obligations of Kaifeng Jufeeel as supplier, and terms of the Master Agreement.</p>	<p>Pursuant to the Master Agreement, subject to the Listco Shareholders' Approval being obtained, the obligations of Kaifeng Jufeeel include appointing PMAS (instead of Raffles Brands) as Distributor of the Products, and to supply the Products to PMAS (as its appointed distributor), among others.</p> <p>Please refer to the 29 January Announcement for more details on the obligations of Kaifeng Jufeeel as supplier, and terms of the Master Agreement.</p>
Raffles Brands	<p>Pursuant to the Master Agreement, subject to the Listco Shareholders' Approval being obtained, Raffles Brands was to be appointed as Distributor of the Products and its obligations would include, among others, the distribution of the Products, among others.</p> <p>Please refer to the 29 January Announcement for more details on such obligations of the appointed distributor and terms of the Master Agreement.</p> <p>In this regard, as mentioned above, as Listco Shareholders' Approval has</p>	None.

	not been obtained, the appointment of Raffles Brands as the Distributor under the Master Agreement did not effectively occur from 29 January 2021 to the Effective Date of Novation, pursuant to the Master Agreement. Accordingly, there have not been any orders for the Products from Raffles Brands from 29 January 2021 up to the Effective Date of the Novation.	
PMAS	None.	Pursuant to the Master Agreement, subject to the Listco Shareholders' Approval being obtained, PMAS will be appointed as Distributor of the Products and its obligations would include, among others, the distribution of the Products, among others. Please refer to the 29 January Announcement for more details on such obligations of the appointed distributor and terms of the Master Agreement.
The Company	Not applicable. The Company is not a party to the Master Agreement, both before and after the Novation.	
Ms. Zhang	Not applicable. The Company is not a party to the Master Agreement, both before and after the Novation.	

Query 1d

Please explain why the novation of the Master Agreement from Raffles Brands to PMAS is in the best interest of the Company and its shareholders.

Company's Response to Query 1d

As mentioned in the Company's response to Query 1b above, the Novation is in line with the Group's intention to consolidate the distribution business segment under PMAS, instead of Raffles Brands (which was intended to be engage in the business of developing, franchising and management of various food and beverage brands), in order to facilitate efficient business, operational, and financial and accounting workflows. In addition, the Company believes that the Novation is also in the Group's interest for the following reasons:

- (i) the Novation will save a significant amount of internal resources as business decisions can be made more efficiently without the involvement of the JV Partner;
- (ii) as the distribution of the Products is to be undertaken by PMAS, the Group can retain and utilise all of the profits earned by PMAS, if any, and in turn, maximises shareholder value.

Query 2:

It was stated that the Group has developed a business network in PRC over the past few years since its expansion of the BOP business. The Company also intends to consolidate the distribution business under PMAS, in order to facilitate efficient business, operational and financial workflow.

Query 2a

It was stated in GS' annual report that the BOP Business entails, among others, the provision of BOP services relating to (i) branding management, (ii) operational support, (iii) central procurement, (iv) recruitment, training, and development of human resource. How will the Company's experience in providing BOP services help its Distributorship services given that its BOP business does not involve any direct sales / networking / distributorship work?

Company's Response to Query 2a

Notwithstanding that the Group's BOP Business does not directly involve sales / distributorship work, in the course of the Group's BOP Business, the Company has gained many contacts of businesses / corporations in the health management services industry, which is complementary to the distribution of the Products. In addition, some of the Products have also been procured by the BOP service outlets, which are the Group's customers under the BOP Business. As such, the Company is familiar with the specifications, branding and marketing of the Products, and would be able to market it effectively to the customers of its Distribution Business. The Company also believes that the Group's experience in branding management, operational support and central procurement have many logistics and operational processes which are complementary, and applicable to the distribution business.

The Group also intends for Mr. Fu Wenxing, who is currently the general manager of Wish Hospitality Holdings Private Limited, a subsidiary of the Company, and also a director of PMAS, to oversee the distribution business undertaken by PMAS. Mr Fu Wenxing has extensive experience in sales and marketing of biotechnological products and equipment, and will be able lead the management of PMAS effectively in this regard.

Query 2b

Whom in the Company will be leading the Distributorship business via PMAS?

Company's Response to Query 2b

As mentioned above, Mr. Fu Wenxing, who is the general manager of Wish Hospitality Holdings Private Limited, a subsidiary of the Company, and also a director of PMAS, will oversee the distribution business undertaken by PMAS.

Query 2c

Please elaborate on the 5 products that the Company will be distributing under the Master Agreement and explain how the Company will have the appropriate network and capabilities to do so effectively.

Company's Response to Query 2c

A summary of the 5 products to be distributed are as follows:

No.	Name of Product	Intended use of Product
1.	PMAS (Pure Material Acemannan Source) Aloe Vera Gel -Aloe Extractive	To boost immune system for immune deficiency, diabetes management, management of kidney disorders and cancer prevention and treatment.
2.	PMAS I Oral Fast Dissolving Films	To improve human immune system
3.	PMAS VI Nano-Aloe	To whiten, firm and moisturise skin, and provide relief from skin allergies

	Solution	
4.	PMAS Aloe Vera Auxiliary Lozenge	To increase gastrointestinal motility, moisten the intestines
5.	Aloe Tablets	To moisten the intestines, improve immunity, mouth sores

As mentioned in the 29 January Announcement, pursuant to the Master Agreement, the list of products to be distributed may be amended, modified and/or supplemented from time to time with the written agreement of the parties.

As mentioned in the Company's response to Query 2a above, in the course of the Group's BOP Business, the Company has gained many contacts of businesses / corporations in the health management services industry, which is complementary to the distribution of the Products. These business contacts may be potential customers of PMAS.

Query 2d

Please elaborate on the staff strength, number of offices, set-up, and marketing strategy for its intended distributorship of the products in the PRC. If there are any websites, please provide the links. Who are the Group Companies which will be assisting PMAS on the distribution work?

Company's Response to Query 2d

In respect of the operations of PMAS in PRC, PMAS is in the process of incorporating a wholly-owned subsidiary in PRC to undertake the Distribution Business in China. Upon the incorporation of PMAS' wholly-owned subsidiary in PRC and the Company having obtained the Listco Shareholders' Approval in respect of the Distribution Business, the Group intends to set up an office in PRC and an official website, and will recruit the necessary sales and other support staff. As at the date of this announcement, PMAS does not intend to implement any marketing strategies as PMAS will first focus on the Existing Customer Contracts, which will be assigned from Kaifeng Jufee to PMAS, pursuant to the Master Agreement.

In respect of the operations of PMAS in Singapore and in other international market, PMAS envisages that this will be handled by PMAS' office in Singapore, and will share offices with the Company. Ms. Eliss Pang, who is the Director of Operations will oversee the operations of the Singapore and international markets, and PMAS may also recruit experienced sales and marketing staff. PMAS intends to promote the Products first to healthcare centres and health supplement retail shops in Singapore and other countries.

Query 2e

Please explain if and how will the Company's profits from the Master Agreement be audited during its annual financial audit.

Company's Response to Query 2e

The Group's auditor will be engaged to perform annual statutory audit on PMAS. The Audit and Risk Committee will also request the Group's internal auditor to audit transactions between PMAS (and other Group Companies, if any) with Kaifeng Jufee, to ensure that such transactions are conducted in accordance with the policies and review procedures of such interested person transactions, which will be set out in the circular to shareholders to be published in due course. The circular, when published in due course, will set out further details on the Proposed IPT Mandate, including the relevant policies and review procedures in relation thereto.

BY ORDER OF THE BOARD

Pang Pok
Chief Executive Officer and Executive Director

14 June 2021

*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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