

**RESPONSES TO QUERIES FROM THE SGX-ST  
IN RESPECT OF THE ANNOUNCEMENT DATED 31 MARCH 2021**

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The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 31 March 2021 (the “**Announcement**”) in relation to, among others, the entry by the Company’s subsidiary, Wish Hospitality Holdings Private Limited (“**Wish**”), into health management service agreements.

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Announcement.*

The Company sets out below the queries raised by the SGX-ST on the Health Management Service Agreements and the Company’s responses to the foregoing queries.

**Query 1:**

*We note that subject to the remaining 6 existing Secured Outlets entering into the Health Management Service Agreements, the Company intends to maintain an aggregate of RMB 10 million in quarterly service fees which shall be payable by the 14 Secured Outlets as the base service fees for each quarter.*

*If a Secured Outlet is unable to pay the service fees to Wish by the payment due date due to tax or such other regulations in the PRC (whether pertaining to tax or foreign exchange), Wish is entitled to require such Secured Outlet to pay such service fees to a domestic collection agent as Wish may designate, such payment to be made within such period of time as may be prescribed in the Health Management Service Agreement.*

- (i) *What is the payment due date for payment of the quarterly service fees to Wish after every quarter (“**Payment Due Date**”)?*
- (ii) *Who will be the domestic collection agent that Wish may designate to do the collection?*
- (iii) *If a Secured Outlet is unable to pay the service fees to Wish by the payment due date due to tax or such other regulations in the PRC, after appointment of a domestic collection agent, it was stated that “such payment to be made within such period of time as may be prescribed in the Health Management Service Agreement” (“**Extended Due Date**”). What is the period of time allowable for the payment?*
- (iv) *What will be the Board’s recourse if the payments are not received by Payment Due Date and Extended Due Date?*

**Company’s Response to Query 1(i):**

Pursuant to the Health Management Service Agreements, the Payment Due Date is within 14 days after the end of each quarter.

**Company’s Response to Query 1(ii):**

Wish may designate Wish Health Management (Shanghai) Co. Ltd. or any other PRC-incorporated indirect subsidiary/subsidiaries of the Company as the domestic collection agent.

**Company’s Response to Query 1(iii):**

For the avoidance of doubt, section 2.2.2 of the Announcement provides that:

- (i) if a Secured Outlet is unable to pay the service fees to Wish by the Payment Due Date due to tax or such other regulations in the PRC (whether pertaining to tax or foreign exchange), Wish is entitled to require such Secured Outlet to pay such service fees to a domestic collection agent as Wish may designate; and
- (ii) such payment is to be made within such period of time as may be prescribed in the Health Management Service Agreement.

Under the Health Management Service Agreements, such payment by the Secured Outlets to the designated domestic collection agent shall be made within 7 days after the Secured Outlets' receipt of the written collection notice from Wish. There is no express provision on an "Extended Due Date" under the Health Management Service Agreements.

**Company's Response to Query 1(iv):**

Pursuant to the Health Management Service Agreement, in the event that Wish does not receive payment of the services fees from a Secured Outlet by its Payment Due Date, such Secured Outlet shall pay to Wish liquidated damages at the rate of 10% of the overdue amount per annum, for each day that the same remains overdue. In this regard, overdue payments do not include those resulting from delays in obtaining approvals from the tax and other relevant departments of the PRC. Should the overdue period exceed 90 days, Wish is entitled to terminate the Health Management Service Agreement with that Secured Outlet and require such Secured Outlet to pay the service fees for 1 quarter as liquidated damages.

In the event of dispute among the parties on the interpretation and performance of the terms of the Health Management Service Agreement, the parties shall negotiate in good faith to resolve the same. Should negotiations fail, any of the parties may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then prevailing arbitration rules.

**Query 2:**

*As far as the Company is aware, the foregoing 6 existing Secured Outlets have in January and February 2021 recently moved their operations entirely to an online platform upon expiry of the term of their respective leases, removing the need for a physical store.*

- (i) *Please provide the links to the websites for the 6 existing Secured Outlets.*

**Company's Response to Query 2:**

The Company understands that the 6 existing Secured Outlets do not have their own respective websites, but currently uses the online platform at <http://www.rongmawang.com>. In this regard, the Company understands that as each of the 6 existing Secured Outlets' sales and marketing strategy is to attract customers from nearby areas, it is more effective to use their respective social media platforms and applications, such as WeChat, to communicate with and promote their products and services to with existing and potential customers, which is a common practice and marketing strategy amongst PRC businesses, given the trend in increased online shopping in the PRC.

The 6 existing Secured Outlets will encourage interested parties from the relevant social media platforms and / or applications, such as WeChat, to register as members of the online platform (i.e. <http://www.rongmawang.com>) and complete surveys relating to the customer's specific needs and health conditions. Thereafter, the 6 existing Secured Outlets will recommend suitable health products and/or a package of products and services which are available on the online platform to their customers.

**Query 3:**

The Company understands that the shift to an e-commerce business model for these 6 existing Secured Outlets were made so as to, among others, increase revenue opportunity for these Secured Outlets given the trend in increased online shopping for consumers in the PRC, and reduce operating costs by eliminating the need to pay for rental and basic utilities that are usually associated with the rental of a physical space.

The Group also does not expect the nature of its current BOP business to materially change even if the Secured Outlets and its potential BOP customers adopt an e-commerce business model.

- (i) Please detail and elaborate on the services provided by the Group (1) before; and (2) after the adoption of the e-commerce business model.
- (ii) Please explain the Group's view that the BOP business has not changed in view of the shift to e-commerce business model. Please do so while referencing the circular dated 13 December 2019.
- (iii) Please elaborate on the management team dedicated to the BOP business.
- (iv) Please explain whether there were medical equipment in the Secured Outlets prior to the shift to an e-commerce business model, and if so, what are the plans for these equipment.

**Company's Response to Query 3(i):**

The services provided by the Company before and after the adoption of the e-commerce business model is set out below.

<b>Services provided <i>before</i> adoption of the e-commerce business model</b>	<b>Services provided <i>after</i> adoption of the e-commerce business model</b>
<p><b>1) Branding services</b></p> <p>Branding services include the following: -</p> <ul style="list-style-type: none"> <li>i) To assist clients to secure more contracts and/or to gain more customers through the branding and marketing services and referrals provided by the Company, by leveraging on the Group's extensive business network and provide public relation services by assisting the client in the management of its media, roadshow and marketing matters.</li> <li>ii) During the set-up stage of the physical store, to assist clients on the following matters: - <ul style="list-style-type: none"> <li>• to find a suitable location.</li> <li>• to recommend the design and layout of the store.</li> <li>• to recommend good renovation contractors to the client.</li> <li>• to monitor the progress of the renovation works.</li> </ul> </li> </ul>	<p><b>1) Branding services</b></p> <p>Branding services include the following: -</p> <ul style="list-style-type: none"> <li>i) To assist clients to secure more contracts and/or to gain more customers through the branding and marketing services and referrals provided by the Company, by leveraging on the Group's extensive business network and provide public relation services by assisting the client in the management of its media, roadshow and marketing matters.</li> </ul>

<p><b>2) Operation services</b></p> <p>Operation services include the following: -</p> <ul style="list-style-type: none"> <li>i) During the set-up stage of the physical store, to assist in the application of all applicable business licenses and permits from the relevant authorities.</li> <li>ii) To recruit, train, evaluate and send its employees and executives to each respective Secured Outlet's designated operating locations on a secondment basis to render the BOP services.</li> <li>iii) To assist in the general management of the physical store and/or online store.</li> <li>iv) To liaise with local authorities and regulatory bodies relevant to the client's business.</li> </ul>	<p><b>2) Operation services</b></p> <p>Operation services include the following: -</p> <ul style="list-style-type: none"> <li>i) To recruit, train and evaluate employees and executives for the handling of all operational matters of the online business.</li> <li>ii) To assist in the general management of the physical store and/or online business.</li> <li>iii) To liaise with local authorities and regulatory bodies relevant to the client's business.</li> </ul>
<p><b>3) Procurement services</b></p> <p>Procurement services include the following: -</p> <ul style="list-style-type: none"> <li>i) Assisting clients to achieve cost savings through bulk purchasing and shared business services which were sourced and coordinated by the Company as the BOP service provider.</li> <li>ii) Sourcing for and recommending new health products and health-related services.</li> <li>iii) Sourcing for and recommending outsourced service providers.</li> </ul>	<p><b>3) Procurement services</b></p> <p>Procurement services include the following: -</p> <ul style="list-style-type: none"> <li>i) Assisting clients to achieve cost savings through bulk purchasing and shared business services which were sourced and coordinated by the Company as the BOP service provider.</li> <li>ii) Sourcing for and recommending new health products and health-related services.</li> <li>iii) Sourcing for and recommending outsourced service providers.</li> </ul>

**Company's Response to Query 3(ii):**

The Group is of the view that the BOP business has not changed in view of the shift to the e-commerce business model as the health management services to be provided by Wish under the Health Management Service Agreements will be the same (or substantially the same) as the existing BOP services being provided under the BOP Service Agreements, as reflected in the table under the Company's response to query 3(i). The above services still generally relate to the provision of services relating to (i) branding management, (ii) operational support, (iii) central procurement, and (iv) recruitment, customised training and development of human resource, as specified in the Company's circular dated 13 December 2019 (the "**Circular**"). The provision of such services as set out in the Circular are not restricted to clients (i.e. Secured Outlets) that have physical stores or online stores and will depend on the needs of each client. The Group may also continue to provide these services directly or outsource such services to third parties.

In addition, the following risk factors (which are also set out in the Circular) will continue to apply to the business of the Group notwithstanding the shift by the Secured Outlets to the e-commerce business

model. The Group therefore does not expect there to be a material change in the risk profile of its BOP business.

- (i) As highlighted in the Circular, the BOP business will be dependent on the demand of clients or companies (i.e. Secured Outlets) who outsource their BOP services. In particular, the business prospects and financial performance of the Group's BOP business may be adversely affected if the BOP functions are easy to implement and carry out, in which case the Secured Outlets may no longer require the BOP services. In this regard, the Company is cognizant of the fact that evolving consumer behaviour, especially due to COVID-19, has resulted in a surge in e-commerce and online shopping amongst consumers. The Group has therefore had to adapt to such inevitable changes and look into strategies that will mitigate the foregoing risk and ensure that the health management services to be provided by the Group will to a certain extent, continue to remain relevant and cost efficient to the business model of the Secured Outlets.
- (ii) As the Group may continue to outsource certain of its health management services to third party service providers, the Group will continue to be exposed to the risk that such service providers may terminate their agreements with the Group which may result in interruptions to the operations of the Group's BOP business.
- (iii) If the reputation of any of the clients (i.e. Secured Outlets) that the Group provide BOP services (i.e. the health management services) to is harmed in any territory, the reputation of the Group's business may also be materially and adversely affected.
- (iv) The Health Management Service Agreements entered (or to be entered into) with the Secured Outlets currently have a term of 1 year (up to a maximum of 4 renewal terms), which will expose the Group to contract expiries each year.

**Company's Response to Query 3(iii):**

The management team dedicated to the BOP Business is as follows:-

**Board of Advisors in respect of BOP business**

1. Liu Changsheng (Consultant)
2. Zhang Rongxuan, being the Company's Non-executive Chairman
3. Abigail Zhang Liying, being the JV Partner
4. Pang Pok, being the Company's Executive Director and Chief Executive Officer

**General management team in respect of BOP business**

1. Fu Wen Xing - General Manager of the Group
2. Tong Lu - China Chief Operating Officer
3. Wang Xian Hui - China Chief Sales Director
4. Liu Yanbin - Chief Procurement officer
5. Zhang Xu - Procurement officer
6. Liu Guangmin - General Administration & Finance
7. Huang Yan Ping - Legal advisor
8. Meng Fei -Public Relations and Publicity
9. Chen Zhi Hua - Business Development Manager
10. Li Er Li - Treasury Manager

The board of advisors of the BOP business oversees and advises on the BOP business. The general management team then manages and assists with the operational aspects of, and management of, and generally providing BOP services to, the Secured Outlets. Mr. Fu Wen Xing is an employee of the Group, whereas the remaining members in the general management team in respect of the BOP business are subcontractors of Wish or employees of certain Secured Outlets, who have been recruited and trained by Wish as part of the BOP services provided, and remain under the payroll of the respective Secured Outlets. There is an understanding between Wish and the respective Secured Outlets that the foregoing employees of the relevant Secured Outlets are required to provide their services to other Secured Outlets to which Wish provides BOP services.

**Company's Response to Query 3(iv):**

There was health screening medical equipment in the Secured Outlets prior to the shift to an e-commerce business model. The medical equipment have been transferred to nearby licensed hospital or medical centre that has entered into a co-operation agreement with the relevant Secured Outlets. The Company understands that based on the foregoing co-operation agreement, the Secured Outlets will provide the health screening medical equipment and refer customers to the hospital or medical centre, while the hospital or medical centre will provide space to house the equipment and medical services/treatments to the referred customers subsequent to the physical health screening/checks/scans. For those Secured Outlets that have yet to find a suitable hospital or medical centre to enter into such a co-operation agreement with, they have made arrangement to house the equipment elsewhere temporarily.

**Query 4:**

*Wish is required to pay to the Secured Outlets a refundable deposit of RMB 1 million within 1 month from the date of signing of the respective Health Management Service Agreements. The deposit will be*

refunded to Wish within 1 month from the date of termination of the Health Management Service Agreements.

What is the reason for the need to pay the Secured Outlets a refundable deposit of RMB 1 million?

**Company's Response to Query 4:**

The refundable deposit of RMB 1 million is a performance deposit required by the Secured Outlets as part of their compensations should Wish fail to fulfil its obligations under the Health Management Service Agreements with the respective Secured Outlets.

By Order of the Board  
Pang Pok  
Chief Executive Officer and Executive Director

7 April 2021

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*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 statements or opinions made or reports contained in this announcement.*

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