

BEVERLY JCG LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200505118M)

**RESPONSES TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON
THE COMPANY'S ANNOUNCEMENT – ENTRY INTO UNWINDING AND SETTLEMENT AGREEMENT
IN RELATION TO THE ACQUISITION OF BRAND X LAB PTE. LTD., A WHOLLY-OWNED
SUBSIDIARY OF BEVERLY JCG LTD.**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Beverly JCG Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 17 February 2021 (the “**Previous Announcement**”) in relation to the entry by the Company into an unwinding and settlement agreement (the “**Agreement**”) with Tan Suing (“**Ms Tan**”) in respect of the mutual agreement by TSY and the Company to unwind the acquisition of Brand X Lab Pte. Ltd. (“**BXL**”) by the Company on the terms and subject to the conditions of the Agreement, such unwinding being full and final settlement of any outstanding rights and obligations as between the parties (the “**Proposed Unwinding and Settlement**”).

Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the Previous Announcement.

2. RESPONSES TO SGX QUERIES

The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 February 2021 (each, an “**SGX Query**”) as follows:

SGX Query (i)

How is the Company going to unwind the Acquisition?

Company’s response to SGX Query (i)

As disclosed in paragraph 2.4.1 of the Previous Announcement, the proposed unwinding of the Acquisition is as follows:

- (a) subject to and upon completion of the Proposed Unwinding and Settlement (“**Completion**”), TSY shall and irrevocably undertakes to return for cancellation or procure the return of, or make available for disposal by the Company of, 1,583,333,333 Consideration Shares (such shares, the “**Affected Shares**”). The aforesaid may be effected by way of, and to the extent

permissible under law, the Catalist Rules of the SGX-ST and the Constitution of the Company:

- (i) selective off-market share buy-back in accordance with Section 76D of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) and subject always to due compliance with and observation of the applicable provisions of the Catalist Rules of the SGX-ST and the Constitution of the Company; or
 - (ii) capital reduction pursuant to Division 3A (Part IV) of the Companies Act, and subject always to due compliance with and observation of the applicable provisions of the Catalist Rules of the SGX-ST and the Constitution of the Company; or
 - (iii) such other transaction methodology and structure as the Company may propose, agree and deem appropriate to achieve an effective unwinding of the Acquisition, and subject always to the extent permissible under law, the Catalist Rules of the SGX-ST and the Constitution of the Company and due compliance with and observation of the applicable provisions thereof; and
- (b) Subject to and upon Completion, Ms Tan shall deliver back to the Company for cancellation of 263,888,888 Warrants held by Ms Tan (such warrants, the “**Affected Warrants**”).

As of the date of this announcement, the Company is still working on the unwinding mechanism in relation to the Affected Shares. In particular, under option (a)(iii) above, the Company may, *inter alia*, choose to seek placement funds and transfer the Affected Shares to the placee or use the Affected Shares as purchase consideration for future assets for acquisition purposes. For this option, the Company will have to wait for the right opportunity to arise. In light of this and due to the uncertain timing to determine and effect the unwinding mechanism, the Board is of the view that it would be in the best interest of the Company to firm up the decision to unwind the Acquisition and lock in the terms by way of the Agreement, which is firm and binding on both the Company and Ms Tan. To this end, the Company wishes to emphasise that the key terms and conditions of the Proposed Unwinding and Settlement as set out in paragraph 2.4 of the Previous Announcement are firmed up and legally binding, and the Proposed Unwinding and Settlement is subject to the necessary approval of the shareholders of the Company.

SGX Query (ii)

What is the consideration for the Proposed Unwinding and Settlement? How is it derived and what is the mode of settlement?

Company’s response to SGX Query (ii)

The consideration for the Proposed Unwinding and Settlement is the 1,583,333,333 Affected Shares, which represents 85% of the Consideration Shares initially issued to Ms Tan for the Acquisition. The number of Shares that Ms Tan will hold post-completion of the Proposed Unwinding and Settlement is 277,777,778 Shares, which represents 15% of the Consideration Shares initially issued to Ms Tan for the Acquisition. The fair market value of the 1,583,333,333 Affected Shares is S\$3,167,000 and the fair market value of the 277,777,778 Shares is S\$556,000, based on the volume weighted average price of S\$0.002 on 15 February 2021, being the last market day on which the Shares were traded preceding the date of the Agreement.

Please refer to the Company's response to SGX Query (i) in relation to the mode of settlement, which will involve the return of the Affected Shares to the Company.

SGX Query (iii)

From the information in para 2.2 of the Previous Announcement, it seems that the unwinding consideration relates to 1,583,333,333 shares in the Company? What amount does this convert to?

Company's response to SGX Query (iii)

Please refer to the Company's response to SGX Query (ii) in relation to the amount the 1,583,333,333 Affected Shares converts to.

SGX Query (iv)

The Company paid S\$3.35m for the Acquisition in March 2019, based on 6.5 times of the NAV of the Target. How is the estimated net loss of the Proposed Unwinding and Settlement of S\$220,000 derived, taking into consideration of the S\$3.35m purchase consideration?

Company's response to SGX Query (iv)

When computing the net gain/loss on disposal, the Company had compared the sum of the market value of the 1,583,333,333 Affected Shares and fair value of the Affected Warrants recorded in the Company's books at inception date (i.e. 15 April 2019) against the book value of BXL in the Group accounts based on the latest announced consolidated financial statements of the Group for the nine months ended 30 September 2020. The Company had used the volume weighted average price of the Shares on 15 February 2021, being the last market day on which the Shares were traded preceding the date of the Agreement, to compute the market value of the Affected Shares.

The calculation of the net loss on disposal is shown in the table below:

No of Affected Shares	1,583,333,333	
VWAP of S\$0.002 per Share on 15 February 2021	0.002	
Market value of Affected Shares	\$ 3,167,000	[A]
No of Cancelled Warrants	263,888,888	
Fair value per warrant recorded in the Group (at inception 15 April 2019)	0.0017	
Value of Cancelled Warrants recorded in the Group	\$ 444,000	[B]
Book value of BXL recorded in the Group as of 30 September 2020	\$ 3,831,000	[C]
Market value of Affected Shares (Unwinding Consideration)	\$ 3,167,000	[A]
Add: Value of Cancelled Warrants recorded in the Group	\$ 444,000	[B]
Less: Book value of BXL	\$ (3,831,000)	[C]
Net loss	\$ (220,000)	

The Company wishes to note that the Proposed Unwinding and Settlement (including the terms of the same such as the consideration proposed to be paid) is subject to the approval of the Shareholders. Ms Tan will not participate in the voting on the Proposed Unwinding and Settlement.

SGX Query (v)

The purchase consideration for the Acquisition was also satisfied with 310,185,185 unlisted warrants issued to the Vendor (Ms Tan) free of charge. As part of the Proposed Unwinding and Settlement, Ms Tan shall deliver back to the Company for cancellation of 263,888,888 Warrants. What's the rationale for Ms Tan to keep the 46,296,297 warrants?

Company's response to SGX Query (v)

Please refer to the Company's response to SGX Query (viii) below in relation to the rationale for Ms Tan continuing to hold the Affected Shares, which applies equally to the rationale for Ms Tan continuing to hold the Affected Warrants.

SGX Query (vi)

What's the rationale for Ms Tan granting the Power of Attorney to the Directors?

Company's response to SGX Query (vi)

As the Proposed Unwinding and Settlement constitutes a "major transaction" under the provisions of Rule 1006 and paragraph 4.6 of Practice Note 10A of the Catalist Rules of the SGX-ST, and is conditional upon approval by shareholders of the Company in general meeting, Ms Tan is granting the Power of Attorney to the Directors to safeguard the Affected Shares prior to Completion and to ensure that the process of the Proposed Unwinding and Settlement, once the relevant mechanism has been determined, proceeds as smoothly as possible and in accordance with the terms of the Agreement.

SGX Query (vii)

LPS: How is the net loss attributable to equity holders of S\$29k computed?

Company's response to SGX Query (vii)

BXL was acquired by the Group on 15 April 2019. The net loss attributable to equity holders of S\$29,000 represents BXL's loss for the financial period from 16 April 2019 to 31 December 2019.

SGX Query (viii)

As part of the Acquisition in March 2019, the Company entered into a service agreement to appoint Ms Tan as an executive officer of the Group. Will she remain as an executive officer of the Group upon completion of the Proposed Unwinding and Settlement?

What is the rationale of Ms Tan continuing to hold 1.76% shareholding in the Company upon completion of the Proposed Unwinding and Settlement?

Company's response to SGX Query (viii)

There is no intention for Ms Tan to play any role within the Group upon completion of the Proposed Unwinding and Settlement.

Upon completion of the Proposed Unwinding and Settlement, Ms Tan will retain 277,777,778 Shares (which will represent 1.76% shareholding in the Company). The rationale for Ms Tan continuing to hold these Shares is in recognition of the efforts and contribution of Ms Tan to the Company which we set out below:

- (a) through the efforts of Ms Tan, BXL had distributed S\$100k as dividends to the Company for the financial year ended 31 December 2019;
- (b) BXL had loaned S\$150k to the Company which has been agreed to be waived as part of the Proposed Unwinding and Settlement; and
- (c) the financial contributions of BXL to the Group's overall financial performance and financial position for the financial year ended 31 December 2019 and 9 months financial period ended 30 September 2020, including the recorded net tangible assets value of approximately S\$565,000 and S\$287,000 respectively. These were periods during which Ms Tan has made significant contributions to the business of BXL.

SGX Query (ix)

In March 2019, the Company was of the view that the business activities of the Target (in event organisation and promotion) were synergistic with and complementary to the Company's medical aesthetics and healthcare business. Will the Company venture into such business segment again going forward?

Company's response to SGX Query (ix)

The Acquisition was originally entered into as the Company had identified the business of BXL as being synergistic with and complementary to the Company's existing medical aesthetics and healthcare business. However, the COVID-19 pandemic has created an unprecedented and continuing effect and impact on the overall business and operations of BXL and the events management industry. As such, as of the date of this announcement, the Group does not foresee that it will venture into such business segment going forward.

Instead, with the acquisition in November 2019 of the Beverly Wilshire group of companies specialising in medical aesthetic treatments, healthy ageing wellness and regenerative therapies, cosmetic surgery, dental aesthetics and hair restoration, the primary focus of the Group is on the expansion of its healthcare business as the Group's core business given that healthcare businesses command an attractive PE multiple on the SGX-ST and other bourses internationally. The resources of the Group will be focused on this core business going forward.

3. CORRECTION TO PREVIOUS ANNOUNCEMENT

The Board wishes to announce a correction to the number of retained Warrants as disclosed in paragraph 2.4.1(c) of the Previous Announcement, where the number of Warrants that TSY shall be entitled to retain was inadvertently disclosed as 26,296,297 Warrants. The Company wishes to clarify that the number of Warrants that TSY shall be entitled to retain should instead be **46,296,297** Warrants.

4. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Unwinding and Settlement and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

5. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Unwinding and Settlement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Unwinding and Settlement. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dato' Ng Tian Sang @ Ng Kek Chuan
Executive Chairman and Chief Executive Officer

25 February 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor").

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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