

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

ENTRY INTO DEFINITIVE AGREEMENT FOR JOINT VENTURE

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 previous announcement made on 16 February 2021 (the “**Previous Announcement**”) in relation to, *inter alia*, the entry by Natasha Beverly Sdn. Bhd. (“**NBSB**”), a 56% owned subsidiary of the Company, into a non-binding term sheet (the “**Term Sheet**”) with Beverly Bangsar Sdn. Bhd. (“**BBSB**”), JCG-Beverly Pte. Ltd. and Natasha Beverly Aesthetics Sdn Bhd to establish a joint venture using Natasha Beverly Aesthetics Sdn. Bhd. (the “**JVCo**”) as the joint venture company for the purposes of providing aesthetic medicine and related services (NBSB and BBSB collectively, the “**Parties**”).

The Board wishes to clarify that it has inadvertently overlooked an announcement that NBSB had on 15 February 2021 entered into a definitive agreement (the “**Agreement**”) with BBSB to establish the joint venture using the JVCo for the purposes of providing aesthetic medicine services (the “**Products and Services**”) (the “**Proposed Transaction**”).

Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings and construction as ascribed to them in the Previous Announcement.

In this announcement, unless otherwise stated, the exchange rate applied by the Group for conversions of RM into S\$ is RM3 : S\$1. The exchange rate is for reference only. No representation is made by the Company that any amounts in S\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

2. INFORMATION ON BBSB

BBSB is a company incorporated in Malaysia and its principal business is the operation of an aesthetic clinic. Dato’ Ng Tian Sang @ Ng Kek Chuan (“**Dato’ Ng**”) and his two sons, Howard Ng How Er and Alexander Ng Zhonglie (collectively, the “**Ng Family**”) are shareholders of BBSB. Howard Ng How Er and Alexander Ng Zhonglie are also directors of BBSB.

Dato’ Ng had declared to the Company that he was negotiating the purchase of a stake in BBSB at the same time he was negotiating the injection of the Beverly Wilshire group of companies (which included Beverly Wilshire Medical Centre Sdn Bhd, Beverly Wilshire Medical Centre (JB) Sdn Bhd, Beverly Wilshire Tropicana City Mall Sdn Bhd, Beverly Wilshire Aesthetic Dental Centre Sdn Bhd, Beverly Wilshire Medical Academy and Research Centre Sdn Bhd and Beverly Wilshire Hair Transplant Sdn Bhd) into the Company. The Ng Family completed the acquisition of 70% of BBSB in September 2019, while the Sloane Group Sdn. Bhd. (the “**Sloane Group**”) owned the remaining 30%. On 1 July 2020, the medical director of BBSB, Dr Jinly Wong (“**Dr Jinly**”) became a 10%

shareholder of BBSB. Accordingly, the Ng Family's shareholders in BBSB was reduced to 63% while the Sloane Group's shareholding in BBSB was reduced to 27%. The Company is currently in negotiations with the Ng Family, the Sloane Group and Dr Jinly (collectively, the "**Proposed Vendors**") to enter into a sale and purchase agreement to purchase at least 51% and up to 100% stake in BBSB. The Company will provide updates to the Singapore Exchange Securities Trading Limited and shareholders in due course and at the appropriate juncture.

Save as disclosed above, BBSB (and each of its directors and shareholders) is not related to the Directors, substantial shareholders of the Company, or their respective associates. Save as disclosed above, as of the date of this announcement, BBSB (and each of its directors and shareholders) does not hold any shares in the share capital of the Company or any other shareholding interest (direct or indirect) in the Company.

3. MATERIAL TERMS OF THE AGREEMENT

3.1 Purpose of the JVCo

- (a) It is intended that the principal business activities of the JVCo shall be the provision of aesthetic medicine services at No. 96, Jalan Maarof, Bukit Bandaraya, Bangsar, 59100 Kuala Lumpur (the "**Premise**").
- (b) Notwithstanding that the Term Sheet was only signed on 1 January 2021, the shareholders of the JVCo commenced business through the JVCo on 11 August 2020 (the "**Commencement Date**").

3.2 JVCo Capital Structure

- (a) As at the date of this announcement, NBASB has a paid-up capital of RM100. NBSB had entered into a trust deed dated 25 November 2020 with Howard Ng How Er and Alexander Ng Zhonglie (the "NBASB Trustees") in respect of 56 ordinary shares in the issued and paid-up share capital of NBASB (the "NBASB Trust Deed"). Pursuant to the NBASB Trust Deed, the NBASB Trustees declared a trust over the 56 ordinary shares, being 56% of the issued and paid-up share capital of NBASB, in favour of NBSB with effect from 11 August 2020. Howard Ng How Er and Alexander Ng Zhonglie also hold the other 44 ordinary shares of NBASB in trust for BBSB.
- (b) It is the intent of the Parties that the shares of the JVCo shall eventually have a paid-up capital of RM400,000 divided into 400,000 ordinary shares and be held by the following Parties, in the equity structure below:

<u>Party</u>	<u>Number of Shares</u>	<u>Percentage of Shareholding</u>
NBSB	224,000	56%
BBSB	176,000	44%

- (c) The shares shall be subscribed for by the Parties in the following manner:

- (i) NBSB: The Premise which has been fully renovated, fitted and furnished by NBSB, including but not limited to, all assets, equipment, machinery and client database located at the Premise shall be injected into the JVCo at the agreed sum of RM224,000. In exchange thereof, the JVCo shall issue 224,000 shares in the JVCo to NBSB to be credited as fully paid-up.
- (ii) BBSB: BBSB shall subscribe for 176,000 shares in the JVCo at the total sum of RM176,000 only.
- (iii) The shares in the JVCo that have been fully paid-up and subscribed shall be allotted to each respective Party within two (2) weeks.

3.3 Working Capital

- (a) It is the intention of the Parties that the amount of RM176,000 paid by BBSB into the account of the JVCo shall be utilised as working capital of the JVCo.
- (b) The Parties agree, subject to procedures prescribed in the Agreement, to advance further amounts to the JVCo as and where necessary according to the percentage of their respective shareholding in the JVCo.

3.4 The Option

The Parties agree that, subject to the relevant shareholders' approval (if necessary) of the Company:

- (a) BBSB shall be granted an option to require the Company to purchase all (and not only some) of the JVCo shares held by it (the "**Option**") for an aggregate consideration based on the latest twelve-month audited accounts of the JVCo using a price-to-earnings multiple of not less than five times the JVCo's audited net profit for the last financial year, or such other multiple as may be agreed between the Parties (the "**Option Consideration**").
- (b) The Option Consideration shall be fully satisfied by new ordinary shares to be allotted and issued out of the share capital of the Company (the "**Option Consideration Shares**").
- (c) The Option Consideration Shares shall, subject to the relevant shareholders' approval of the Company (if necessary), be issued at an issue price to be determined based on the based on the volume weighted average price of the Company's traded shares on a trading day to be designated and agreed by the Parties.
- (d) The Option may be exercised during the period commencing on the date falling three years from the Commencement Date or any other date to be mutually agreed upon by the Parties (the "**Option Period**"). For the avoidance of doubt, the Option shall automatically lapse and cease to be valid, binding and exercisable if not exercised on or before the expiry of the Option Period.
- (e) The Company will make further announcement(s) in relation to the Option as and when there are any subsequent developments on the same.

3.5 Board of Directors of the JVCo

- (a) There shall be four representatives of NBSB on the JVCo's board of directors, which includes the chairman.
- (b) There shall be three representative of BBSB on the JVCo's board of directors.
- (c) The appointment of the Medical Director shall be at the discretion of the JVCo.

3.6 Operational Management

- (a) The JVCo, in consultation with BBSB, shall oversee the day-to-day management and administration of the JVCo in the provision of the Products and Services, including but not limited to, obtaining all licenses and certifications necessary to legally offer the Products and Services.
- (b) The Parties shall ensure that the JVCo in carrying out its provision of the Products and Services shall act in good faith and in full disclosure of the operations, management and account to each Party as and when is necessary and required to do so.

3.7 Tenancy of the Premise

- (a) NBSB shall sub-let the Premise occupied by the JVCo until 14 March 2024 (and subject to further extension(s) by mutual agreement between NBSB and the JVCo) for an agreed rental amount of RM8,000 per month.
- (b) Any renovations to be carried out by the JVCo on the Premise must be notified to NBSB in writing who upon receipt of such information shall inform and update the landlord wherein such renovations and/or alterations and/or additions must comply with the rules and regulations of the relevant building and licensing authorities.
- (c) Any cost incurred for renovation and/or alteration and/or addition works to the Premise shall remain the responsibility of the JVCo.

3.8 The Call Option and the Put Option in Event of Termination of the Agreement

Pursuant to the Agreement, the counterparty (the "**Non-Terminating Party**") to the party that initiated the termination of the Agreement in accordance with the provisions of the Agreement (the "**Terminating Party**") shall have the following options:

- (a) The Call Option: Subject to approval by shareholders of the Company (if necessary), the Non-Terminating Party shall be entitled to call upon the Terminating Party to sell its entire shares to the Non-Terminating Party for the consideration value that is to be ascertained from an independent third-party company valuation expert; or
- (b) The Put Option: Subject to approval by shareholders of the Company (if necessary), the Non-Terminating Party shall be entitled to put onto the Terminating Party its right to sell its

entire shares to the Terminating Party for the consideration value that is to be ascertained from an independent third-party company valuation expert.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

BBSB has offered to participate in the JVCo to align with the interests of Dato' Ng. BBSB is also contributing RM176,000 in cash for its 44% equity interests in the JVCo for its working capital requirements. In addition, the medical director of BBSB, Dr Jinly, is providing her Letter of Credentialing and Privileging licence and acting as the person in charge at the JVCo to enable the JVCo's aesthetic clinic license application.

Accordingly, the Directors are of the view that the Proposed Transaction is in the best interests of the Group.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

Based on the latest announced consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020"), the relative figures of the Proposed Transaction as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006 Bases of calculation	Relative figure %
(a) The net asset value of the assets to be disposed of, as compared with the Group's net asset value	Not applicable ⁽¹⁾
(b) The net profits attributable to the assets acquired, compared with the Group's net loss	Not applicable ⁽²⁾
(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.24% ⁽³⁾
(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

(1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.

(2) Not applicable as the JVCo has only been recently incorporated.

- (3) Based on the initial capital contribution of RM224,000 (or equivalent to approximately S\$75,000) compared to the Company's market capitalisation of approximately S\$31,630,000. The market capitalisation of the Company was computed based on its existing share capital of 15,814,936,164 Shares (excluding treasury shares) and the VWAP of S\$0.002 per Share on 11 February 2021 (being the last market day on which the Shares were traded preceding the date of the Agreement).
- (4) Not applicable as there are no equity securities issued as consideration for the JVCo shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As none of the relative figures computed on the bases pursuant to Rule 1006 of the Catalist Rules exceeds 5%, the Proposed Transaction constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

6. DETAILS OF THE INTERESTED PERSON TRANSACTIONS

- 6.1 Dato' Ng, the Executive Chairman and CEO of the Company, holds approximately 7.52% and 4.90% direct and deemed interests respectively in the Company as of the date of this announcement. Howard Ng How Er, an Executive Director and Deputy CEO of the Company holds approximately 1.68% direct interests in the Company as at the date of this announcement. Dato' Ng and Howard Ng How Er, together with Alexander Ng Zhonglie, the son of Dato' Ng, together hold approximately 63% direct interests in BBSB. Accordingly, BBSB is an interested person of the Company as defined under Chapter 9 of the Catalist Rules, by virtue of it being an associate of a Director of the Company. NBSB, being a subsidiary of the Company, is regarded as an "entity at risk" within the definition set out in Chapter 9 of the Catalist Rules. Accordingly, the entry into the joint venture arrangement is regarded as an interested person transaction and the requirements under Chapter 9 of the Catalist Rules are applicable.
- 6.2 Under Rule 909(2) of the Catalist Rules, in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk. The amount of the Group's equity participation in the JVCo of S\$75,000 represents approximately 0.90% of the Group's audited net tangible assets of S\$8,345,000 as at 31 December 2019. This is below the relevant threshold of 3.0% under Rule 905(1) of the Catalist Rules. Accordingly, no announcement is required under Rule 905(1) of the Catalist Rules. Notwithstanding the foregoing statement, the Company is making the announcement as per Chapter 9 of the Catalist Rules for completeness in view of the announcement of the joint venture arrangement set out therein.

7. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company has reviewed the terms of the Agreement and is of the view that the transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

8. TOTAL VALUE OF THE INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the aggregate value of all transactions (including transactions that are less than S\$100,000) entered into between the Group and BBSB for the financial year ending 31 December 2021 amounted to approximately S\$99,000. This represents 1.19% of the Group's latest audited net tangible assets as at 31 December 2019 of S\$8,345,000, which is below the relevant threshold of 3.0% under Rule 905(2) of the Catalist Rules. Accordingly, the joint

venture arrangement will not trigger an announcement requirement under Rule 905(2) of the Catalist Rules. Notwithstanding the foregoing statement, the Company is making the announcement as per Chapter 9 of the Catalist Rules for completeness in view of the announcement of the joint venture arrangement set out therein.

As at the date of this announcement, save as disclosed above, there is no other interested person transactions for the financial year ending 31 December 2021.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or controlling Shareholders of the Company and their respective associates has any interests, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests in the Company, if any.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 600 North Bridge Road, Parkview Square, #06-02, Singapore 188778 for a period of three (3) months from the date of this announcement.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Transaction as and when there are material developments.

12. 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 Transaction 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.

13. 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 Transaction 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 Transaction. 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

30 April 2021

This announcement has 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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