

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

**DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the "**Board**" or "**Directors**") of Beverly JCG Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, RT LLP (the "**Auditors**"), has issued a disclaimer of opinion in respect of its Independent Auditor's Report for the financial statements of the Group for the financial year ended 31 December 2022 (the "**Auditors Report**").

Pursuant to Rule 704(4) and paragraph 3A of Appendix 7C of the Catalist Listing Rules, the Board wishes to update the shareholders on its responses to the key bases for the disclaimer of opinion and the efforts being taken to resolve each outstanding audit issue, as the case may be:

1. Going concern

Auditors' Disclaimer Opinion

As per the Auditor's disclaimer opinion, the following circumstances give rise to material uncertainties on the Group's and the Company's abilities to continue as going concerns and whether the use of the going concern assumption in the preparation of the financial statements of the Group and the Company is appropriate for the current financial year:

As disclosed in Note 4 to the financial statements, the Group and the Company incurred a total loss of S\$2,250,000 (2021: S\$2,856,000) and S\$1,745,000 (2021: S\$1,903,000), respectively, and the Group also incurred net operating cash outflows of S\$1,050,000 (2021: S\$683,000) for the financial year ended 31 December 2022. As at 31 December 2022, the Group's and Company's current liabilities exceeded their current assets by S\$3,453,000 (2021: S\$3,841,000) and S\$1,019,000 (2021: S\$1,238,000) respectively, and the Group has net liabilities of S\$1,121,000.

Board's Responses

The Board of Directors (including the Audit Committee) believe that the use of the going concern assumption in preparing the financial statements for the financial year ended 31 December 2022 is appropriate after taking into consideration the following assumptions and measures:

- (i) On 23 August 2022, the Company received a financial support undertaking letter from Dato' Ng Tian Sang @ Ng Kek Chuan, whereby he will undertake, for as long as he is a substantial shareholder of the Company, to provide continuing financial cash flow support to the Group to enable it to continue its operations as a going concern and to meet its liabilities as and when they fall due for the next 18 months.
- (ii) The Company has entered into advance agreements (the "**Advance Agreements**") with each of Lee Heuk Ping, Yap Mee Lee, Dato' Ng Tian Sang @ Ng Kek Chuan in August 2022 and Ong Chee Koen and Pang Tee Nam (collectively, the "**Lenders**") in October 2022 pursuant to which the Lenders have agreed to extend unsecured interest-bearing loans for an aggregate amount of S\$915,000.

The loans are to be repaid by the Company 18 months from the date of the respective Advance Agreements, with an option for the Company and the respective Lenders to extend the repayment date for another 6 months. The interest rate for the loans extended by the Lenders (excluding Dato' Ng Tian Sang @ Ng Kek Chuan) is 6% per annum, while the interest rate for the loans extended by Dato' Ng Tian Sang @ Ng Kek Chuan is 4% per annum. As of the date of this announcement, the Company has received all the loans amounting to S\$915,000. Except for Dato' Ng Tian Sang @ Ng Kek Chuan, who is the Deputy Chairman and CEO of the Company and a substantial shareholder of the Company, the Lenders have signed a letter confirming that

they are independent and unrelated to the Company, save that (a) Yap Mee Lee holds shares in the Company, comprising less than 5% of the total issued share capital of the Company and is a director of Albedo Corporation Pte Ltd, a wholly-owned subsidiary of the Company and (b) Lee Heuk Ping and Pang Tee Nam hold shares in the Company, and each of their respective shareholding interests is less than 5% of the total issued share capital of the Company. The Company is able to repay the above loans on their respective repayment dates.

- (iii) On 24 August 2022, the Company also entered into a service agreement with 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 Ipoh Sdn Bhd, Beverly Dentistree Sdn Bhd, Natasha Beverly Sdn Bhd, Natasha Beverly Dental Sdn Bhd, Natasha Beverly Mizu Sdn Bhd and Natasha Beverly Aesthetics Sdn Bhd. ("**BW Malaysia Entities**"), pursuant to which the BW Malaysia Entities will pay an aggregate of S\$300,000 as service fees for the management services provided by the Company to the BW Malaysia Entities for the period from July 2022 to December 2023, and such service fees will be payable regardless of whether the BW Malaysia Entities are profitable or loss-making.

The provision of management services by the Company to the BW Malaysia Entities constitutes an interested person transaction under Chapter 9 of the Listing Rules and is subject to shareholders' approval at an extraordinary general meeting to be convened by the Company. In the event that the provision of management services by the Company to the BW Malaysia Entities is not approved by shareholders, Dato' Ng Tian Sang @ Ng Kek Chuan will provide financial support for any shortfall requirements in working capital pursuant to his financial support undertaking referred to in sub-paragraph (i) above.

- (iv) The BW Malaysia Entities have confirmed in writing to the Company that they do not require any additional funding from the Company to continue their operations for the next 18 months as of the date of this announcement.
- (v) The improved financial performance of the aesthetic medical and healthcare segment in Malaysia is expected to continue.

The Beverly Wilshire group of companies in Malaysia, which contributed about 95.8% of the Group's revenue during the financial year ended 31 December 2022 ("**FY2022**"), has turned around despite the challenges of operating under COVID-19 restrictions, with its best financial performance since inception of business operations in 2012. The Group's revenue from the aesthetic medical and healthcare segment increased by 14% to S\$10.1 million in FY2022 from S\$8.8 million in the previous financial year ended 31 December 2021 ("**FY2021**").

The newly incorporated entities in the financial years ended 31 December 2020 and 31 December 2021 ("**FY2020**" and "**FY2021**" respectively), namely Natasha Beverly Sdn Bhd, Beverly Ipoh Sdn Bhd, Natasha Beverly Aesthetics Sdn Bhd, Natasha Beverly Dental Sdn Bhd, Beverly Dentistree Sdn Bhd and Natasha Beverly Mizu Sdn Bhd contributed an aggregate of S\$1.3 million of revenue to the Group in FY2022, a 44% increase as compared to S\$0.9 million in FY2021.

Due to the border closure measures undertaken by the Malaysian government during the COVID-19 pandemic, the above was achieved solely through the domestic market. The historical track records have shown that the Beverly Wilshire Group of companies' overseas business contribution to the total revenue of the Group constitutes approximately 40% to 45% on average. With Malaysia opening its door to tourism on 1 April 2022, after over two years of closure due to the COVID-19 pandemic, the Group is experiencing an inflow of foreign clients from Australia and New Zealand into Malaysia, and the Group's aesthetic medical and healthcare segment has benefited from this inflow as shown in FY2022 which recorded an increase in revenue of 14% to S\$10.1 million from S\$8.8 million in FY2021.

The Company intends to make further acquisitions, which, if and when completed, are expected to generate additional revenue for the Group, support the Group's cash flow, and ensure that the Group can continue to operate as a going concern.

- (vi) Subject to obtaining the permission and necessary approvals of SGX-ST, the Company also intends to raise funds of about S\$2 million or more via future fund-raising exercises, and the Company intends to allocate at least 50% of the gross proceeds raised to make profitable acquisitions to further support the Company to operate as a going concern.

2. Opening balances and comparative figures - Assets, liabilities and results of the Group's aesthetic business in Taiwan

The audit opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2021, which formed the basis for the comparative figures presented in the current financial year's consolidated financial statements, was disclaimed by us, and one of the basis for the disclaimer of opinion was the assets, liabilities and results of the Group's aesthetic business in Taiwan.

Notwithstanding that the disposal of the Group's aesthetic business in Taiwan had been completed in the previous financial year, the matters which resulted in the disclaimer of opinion remain unresolved with respect to the opening balances of the Group as at 1 January 2021. In view of that, we were unable to determine whether adjustments to the opening balances of the Group as at 1 January 2021 might have been necessary. In addition, since opening balances entered into the determination of the financial performance, changes in equity and cash flows for the previous financial year ended 31 December 2021, we were unable to determine whether adjustments might have been necessary in respect of the loss, changes in equity and cash flows of the Group for the previous financial year. Our audit opinion on the financial statements for the previous financial year was disclaimed accordingly. Our opinion on the current financial year's financial statements is disclaimed because of the possible effect of this matter on the comparability of the current financial year's figures and the corresponding (i.e. comparative) figures.

Board's Responses

On 13 May 2020, the Company entered into a deed of settlement with Dr Chung Yih-Chen in relation to the termination of the joint venture in respect of iMyth Taiwan Limited ("**iMyth Taiwan**"). Accordingly, the net assets and liabilities of iMyth Taiwan were reclassified as disposal group held-for-sale in accordance with SFRS(I) 5 Non-current Asset Held for Sale and Discontinued Operations and the carrying amounts were written down to US\$1, being the consideration for the disposal. The results of iMyth Taiwan during the financial year ended 31 December 2020 were also presented as discontinued operations. Pursuant to the deed of settlement, China iMyth had, on 26 March 2021, completed the disposal of its 100% shareholding interest in iMyth Taiwan to Lin Hongtu, a nominee of Dr Chung Yih-Chen.

The Board (i) is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; (ii) confirmed that all material disclosures have been provided for the trading of the Company's shares to continue; and (iii) confirmed that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

A copy of the aforesaid Auditors' Report is annexed to this announcement for further information. The Auditors' Report and a complete set of the Audited Financial Statements will also be found in the Company's Annual Report 2022 ("**FY2022 Annual Report**"), which will be released on SGXNET. Shareholders of the Company are advised to read this announcement in conjunction with the FY2022 Annual Report.

BY ORDER OF THE BOARD

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

13 April 2023

*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

*It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**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.*

The details of the contact person for the Sponsor are:

*Name: Mr. Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited)
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Beverly JCG Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of the Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Going concern

The following circumstances give rise to material uncertainties on the Group's and the Company's abilities to continue as going concerns and whether the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the balance sheet of the Company is appropriate for the current financial year:

As disclosed in Note 4 to the financial statements, the Group and the Company incurred total losses of S\$2,250,000 and S\$1,745,000, respectively, and the Group also incurred net operating cash outflows of S\$1,050,000 for the financial year ended 31 December 2022. As at 31 December 2022, the Group's and Company's current liabilities exceeded their current assets by S\$3,453,000 and S\$1,019,000, respectively, and the Group has net liabilities of S\$1,121,000.

Nevertheless, the Board of Directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2022 is appropriate after taking into consideration the assumptions and measures elaborated in Note 4 to the financial statements.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent on the positive outcome of the actions and measures undertaken as disclosed in Note 4 to the financial statements. Therefore, we are unable to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of the presentation of the accompanying financial statements of the Group and the Company is appropriate.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities, respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

**INDEPENDENT AUDITOR'S REPORT – cont'd
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2. Opening balances and comparative figures - Assets, liabilities and results of the Group's aesthetic business in Taiwan

The audit opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2021, which formed the basis for the comparative figures presented in the current financial year's consolidated financial statements, was disclaimed by us, and one of the basis for the disclaimer of opinion was the assets, liabilities and results of the Group's aesthetic business in Taiwan.

Notwithstanding that the disposal of the Group's aesthetic business in Taiwan had been completed in the previous financial year, the matters which resulted in the disclaimer of opinion remain unresolved with respect to the opening balances of the Group as at 1 January 2021. In view of that, we were unable to determine whether adjustments to the opening balances of the Group as at 1 January 2021 might have been necessary. In addition, since opening balances entered into the determination of the financial performance, changes in equity and cash flows for the previous financial year ended 31 December 2021, we were unable to determine whether adjustments might have been necessary in respect of the loss, changes in equity and cash flows of the Group for the previous financial year. Our audit opinion on the financial statements for the previous financial year was disclaimed accordingly. Our opinion on the current financial year's financial statements is disclaimed because of the possible effect of this matter on the comparability of the current financial year's figures and the corresponding (i.e. comparative) figures.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 ("**the Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REPORT – *cont'd*
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Heng Sot Leng.

RT LLP

Public Accountants and
Chartered Accountants
Singapore, 13 April 2023
