

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 FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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 full year unaudited financial statements and dividend announcement for the financial year ended 31 December 2020 dated 1 March 2021 (the "**Previous Announcement**").

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 5 March 2021 (each, an "**SGX Query**") as follows:

SGX Query (1)

Please provide the reason(s) for the significant trade and other payables of approximately S\$4.0 million when the Group recorded a cash and cash equivalents of S\$293K as at 31 Dec 2020.

Please disclose a breakdown of trade and other payables. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's response to SGX Query (1)

The reasons for the significant trade and other payables of approximately S\$4.0 million as at 31 December 2020 is mainly due to non-trade payables of S\$1.754 million and accruals for operating expenses of S\$1.107 million. Although the Group had recorded a cash and cash equivalents of only S\$293,000 as at 31 December 2020, the Group is embarking on the following fund-raising exercises, whereby a portion of the proceeds will be used to settle these payables:

- (a) the Company had obtained shareholders' approval on 29 June 2020 for the proposed renounceable non-underwritten rights cum warrants issue (the "**Rights Cum Warrants Issue**") of up to 6,802,407,763 new ordinary shares (the "**Shares**") in the capital of the

Company (the “**Rights Shares**”) at an issue price of S\$0.001 (the “**Issue Price**”) per Rights Share, with up to 6,802,407,763 free detachable warrants (the “**Warrants**”), on the basis of one (1) Rights Share for every three (3) existing Shares as at a record date to be determined by the Directors, fractional entitlements to be disregarded, and one (1) Warrant for every one (1) Rights Share subscribed; and

- (b) concurrently, the Group is looking at other fund-raising exercises to fund the working capital of the Group. The Company will provide updates to SGX and shareholders in due course and at the appropriate juncture.

The breakdown of the Group’s trade and other payables as at 31 December 2020 is as follows:

	S\$’000	Note
Trade payables		
- Non-related parties	262	
- Related party	6	(i)
Other payables		
- Non-related parties	1,740	(ii)
- Related parties	54	(iii)
- Deposits from customers	826	(iv)
- Accruals for operating expenses	1,107	(v)
Total trade and other payables	3,995	

Notes

- (i) The trade payables to a related party are due to Beverly Bangsar Sdn Bhd (“**BBSB**”), a director-related company.
- (ii) The other payables to non-related parties comprise mainly professional fees payables amounting to S\$703,000, commission payables amounting to S\$481,000, rental payables amounting to S\$404,000 and payables for other operating expenses amounting to S\$152,000.

The aging of the other payables to non-related parties is as follows:

Total	0-180 days	180- 365 days	> 365 days
S\$’000	S\$’000	S\$’000	S\$’000
1,740	708	773	259

- (iii) The other payables to related parties comprise mainly:
- loan interests and other payables to BBSB amounting to S\$1,000 in aggregate, which are in the 0-180 days aging category;
 - vehicle rental fees payable to Howard Ng How Er, a director of the Company, amounting to S\$14,000, of which S\$6,000 are in the 0-180 days aging category, S\$6,000 are in the 180- 365 days category and S\$2,000 are in the > 365 days category; and

- advances from Chong Yee Leng, the shareholder and director of Beverly Ipoh Sdn Bhd (“BISB”), to BISB amounting to S\$39,000, which will be converted to share capital of BISB.
- (iv) Deposits from customers are received for aesthetic and other services which will be recognized as revenue upon services performed.
- (v) The accruals for operating expenses related mainly to accrued professional fees of S\$431,000, accrued directors fees of S\$213,000, accrued salaries of S\$185,000, accrued doctors’ fees of \$78,000, accrued commission of S\$20,000 and other accruals of S\$180,000.

SGX Query (2)

In view of the Group’s negative working capital of S\$0.478 million and cash and bank balance of only S\$293K and noting that the Company incurred losses of S\$1.4 million in FY2020, please disclose the Board’s assessment on:

- (i) *whether the Company’s current assets are adequate to meet the Company’s short-term liabilities, including its bases of assessment;*
- (ii) *the Company’s ability to meet its debt covenants (if any); and*
- (iii) *how the Company intends to fulfil its payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.*

Company’s response to SGX Query (2)

The Group had incurred losses of S\$5.4 million in FY2020 instead of S\$1.4 million. The Board’s assessment are as follows:

- (i) The Group had negative working capital of S\$0.478 million mainly due to the current portion of lease liabilities (office and medical centre) amounting to S\$0.769 million as at 31 December 2020. The Group had adopted SFRS(I) 16 from 1 January 2019 whereby non-cancellable operating lease payments are recognized as current and non-current liabilities on the balance sheet, whereas the entire right-of-use assets are recognized in property, plant and equipment under non-current assets.

Excluding the current portion of liabilities (office and medical centre), the Group will be in a positive working capital position of S\$0.291 million as at 31 December 2020 and the Group’s current assets will be adequate to meet the Group’s short-term liabilities.

- (ii) The Group has bank loan, bank overdraft and invoice financing facilities drawn down from a Malaysian bank which do not have any debt covenants.
- (iii) The Group’s bank overdraft facility with the Malaysia bank as mentioned in (ii) above amounts to S\$500,000 of which only S\$177,000 has been utilized as at 31 December 2020. The Group has opted not to fully utilize the overdraft facility for settlement of its payables, as it prefers to conserve its cash reserves due to the current Covid-19 pandemic situation.

The Group has in place the following debt repayment plans to fulfil some of its debt obligations:

- for rental payables for the Group's medical centre in Malaysia amounting to S\$380,000, the Group has agreed on a monthly structured payment plan with the landlord to pay the current month rental plus another month of outstanding rental; and
- for the commission payables to doctors amounting to S\$481,000, the Group has agreed to pay the arrears owing to them over the next ten months.

The Group intends to utilize the funds from the Rights cum Warrants Issue and the other fund-raising exercises (as mentioned in the Company's response to SGX Query (1)) to fulfil its payment obligations in the next 12 months.

3. 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.

4. 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

9 March 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.*

The contact person for the Sponsor is Ms Vanessa Ng (Telephone: +65 6389 3065 and Email: vanessa.ng@morganlewis.com).