

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

ENTRY INTO JOINT VENTURE AGREEMENT

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of JCG Investment Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 31 January 2020 in relation to the incorporation of a subsidiary in Malaysia known as Natasha Beverly Sdn Bhd. (the “**JVCo**” or “**Natasha Beverly Sdn. Bhd.**”). The Board is pleased to announce that the Company’s wholly-owned subsidiary, JCG-Beverly Pte. Ltd. (“**JCGB**”) has on 19 February 2020 entered into a shareholders’ agreement (the “**SHA**”) with Natasha Skincare (Malaysia) Sdn. Bhd. (“**NSC**”), pursuant to which JCGB shall ultimately hold such shares in the JVCo representing 56% of the issued and paid-up share capital of the JVCo (the “**Transaction**”).

In this announcement, JCGB and NSC shall be collectively referred to as the “**Parties**”, and each, a “**Party**”.

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 THE JVCO

The JVCo is a company incorporated in Malaysia on 24 January 2020 for the purposes of the Business (as defined herein). The JVCo has been incorporated with an issued and paid-up share capital of RM100 comprising 100 ordinary shares held by the Parties in the proportion set out below (the “**Initial Shareholding Structure**”):

Name of Shareholder	No. of Shares	Shareholding Percentage
Howard Ng How Er (holding on trust for JCGB by way of a trust deed dated 24 January 2020)	56	56%
NSC	44	44%
Total	100	100%

The Parties intend that the JVCo shall be principally engaged in operating an aesthetic clinic and provide aesthetic medicine, medical spa services and chiropractor and physiotherapy services in Malaysia, as well as the sale of “halal” certified skin care products (the “**Business**”). The Parties also intend that the JVCo pursue other business opportunities such as the setting up and owning of majority equity interests in other companies which will operate within the JVCo’s business premises (the “**Premises**”) and which will offer complementary services to the Business. The Parties intend for the JVCo to commence operations in March 2020 or such other date as may be mutually agreed upon.

As the JVCo was only recently incorporated and has not commenced operations nor does it own any assets, the book value and net tangible asset value of the JVCo Shares is zero and the latest available open market value of the JVCo Shares is unavailable. No valuation of the JVCo or the JVCo Shares has been commissioned by JCGB.

3. INFORMATION ON NSC

NSC is a company incorporated in Malaysia and its principal business is the provision of services and facilities in the medical and skincare industry.

NSC is not related to the Directors, substantial shareholders of the Company, or their respective associates. As of the date of this announcement, NSC does not hold any shares in the share capital of the Company (“**Shares**”) or any other shareholding interest (direct or indirect) in the Company. Each of the directors and shareholders of NSC is also not related to the Directors, substantial shareholders of the Company, or their respective associates. As of the date of this announcement, each of the directors and shareholders of NSC does not hold any Shares or any other shareholding interests (direct or indirect) in the Company.

4. SALIENT TERMS OF THE TRANSACTION

4.1 Subscription of JVCo Shares

- (a) Pursuant to the SHA and notwithstanding the Initial Shareholding Structure set out in paragraph 2 above, it is the intent of the Parties that the shares in the JVCo (the “**JVCo Shares**”) shall eventually, upon JVCo having obtained the relevant licences required for its business or on such other date as may be agreed to by the Parties, be held by the following parties in the shareholding proportion as follows:

Name of Shareholder	No. of Shares	Shareholding Percentage
JCGB	765,000	51%
NSC	585,000	39%
Future Doctor(s)/ Operator(s) (as defined below)	150,000	10%

Total	1,500,000	100%
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- (b) Pursuant to the SHA, JCGB shall subscribe for 765,000 JVCo Shares at the total sum of RM765,000 (or equivalent to approximately S\$255,000).
- (c) The Premises, which have been fully renovated, fitted and furnished by NSC, including but not limited to, all assets, equipment, machinery, client database etc. located at the Premises, shall be injected by NSC into JVCo free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto at the agreed sum of RM585,000 (or equivalent to approximately S\$195,000). In exchange thereof, the JVCo shall issue 585,000 shares in the JVCo to NSC to be credited as fully paid up.
- (d) the Parties agree that 150,000 JVCo Shares (the “**Doctor/Operator Shares**”) shall be reserved for the doctor(s) and/or operator(s) to be appointed by the JVCo to undertake and/or oversee the operations at the Premises of the JVCo (the “**Future Doctor(s)/Operator(s)**”) in the following manner:
 - (i) the Parties shall each subscribe to 75,000 Doctor/Operator Shares at the subscription price of RM75,000 and the Doctor/Operator Shares shall be transferred to the Future Doctor(s)/Operator(s) at cost by 31 March 2020 or such other date as may be agreed to between the Parties.

4.2 The Purchase Consideration and Basis of the Purchase Consideration

- (a) The consideration payable by JCGB for the 765,000 JVCo Shares is RM765,000 (or equivalent to approximately S\$255,000) (the “**Consideration**”) and will be satisfied fully in cash. The Consideration will be funded by internal sources of funds.
- (b) The Consideration was arrived at, after arm’s length negotiations between the Parties, on a willing buyer, willing seller basis, and after taking into account: (i) the sum spent in the renovation and refurbishment of the Premises; and (ii) the existing equipment installed at the Premises.
- (c) As the JVCo was only recently incorporated and has not commenced operations nor does it own any assets, the book value and net tangible asset value of the JVCo Shares is zero and the latest available open market value of the JVCo Shares is unavailable. No valuation of the JVCo or the JVCo Shares has been commissioned by JCGB.

4.3 Use of Subscription Monies

- (a) Pursuant to the SHA, the Consideration shall be utilised as working capital of the JVCo subject to the terms and conditions of the SHA.

- (b) Pursuant to the SHA, the amount of RM150,000 (or equivalent to approximately S\$50,000) from the subscription of the Doctor Shares shall be utilised as working capital of the JVCo subject to the terms and conditions of the SHA.
- (c) Pursuant to the SHA, the 585,000 JVCo Shares to be issued to NSC shall be credited as fully paid up in consideration of the Premises of the JVCo having been fully renovated, fitted and furnished by NSC, including but not limited to, all assets, equipment, machinery, client database etc. located at such premises being injected by NSC into the JVCo free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto at the agreed sum of RM585,000 (or equivalent to approximately S\$195,000).

4.4 Obligations of the Parties

Pursuant to the SHA, the Parties have agreed, among others, that their responsibilities in the Business shall be as follows:

- (a) the Parties shall ensure that the JVCo in carrying out the Business shall act in good faith and in full disclosure of the operations, management and account to each Party as and when required;
- (b) the Parties undertake to provide the JVCo, on request from time to time during the continuance of the SHA, with technical and/or professional services in respect of their obligations with regards to the business;
- (c) NSC shall ensure that the JVCo is appointed as the sole distributor in Malaysia and Singapore for products bearing the "Natasha" brand name and shall supply all such products requested by the JVCo on consignment basis; and
- (d) JCGB shall procure the JVCo and Beverly Wilshire Medical Centre Sdn Bhd ("**BWMC**") to enter into a referral agreement whereby BWMC will pay to the JVCo a referral commission (the "**Referral Commission**") for clients referred by the JVCo for services to be outlined in the said referral agreement. The Referral Commission shall be paid by BWMC directly to NSC which shall then pay the same to the JVCo.

4.5 Board of Directors of the JVCo

- (a) Pursuant to the SHA, the board of directors of the JVCo shall comprise three representatives of JCGB and two representatives of NSC. In this regard, one of the representatives of JCGB shall be the chairman of the JVCo.

4.6 Tenancy of the Premises

Pursuant to the SHA:

- (a) The Premises are currently being rented by NSC (the "**Tenancy**") and NSC shall continue to be responsible to pay the monthly rental for the Premises up to 30th June 2020.

- (b) NSC shall sub-let the Premises to the JVCo for the remainder of the term of the Tenancy i.e. up till 14th March 2024 (and subject to further extension(s) by mutual agreement between the landlord and NSC).
- (c) The JVCo shall be responsible to pay the monthly rental of RM40,000 (or equivalent to approximately S\$13,333) commencing from 1 July 2020 up to 14 March 2024. In the event the JVCo is financially incapable of paying the monthly rental for the Premises for any particular month(s), JCGB shall be responsible to pay the said monthly rental on the JVCo's behalf.
- (d) The reinstatement of the Premises to its original state and condition (fair wear and tear excepted) upon expiration of the Tenancy (including any extension of the Tenancy pursuant to paragraph (e) below) shall remain the responsibility of NSC which is estimated at an amount not exceeding RM700,000 (or equivalent to approximately S\$233,333), of which an amount of RM480,000 (or equivalent to approximately S\$160,000) has been deposited by NSC with the landlord of the Premises as a reinstatement deposit. The balance of the estimated reinstatement cost of RM 220,000 (or equivalent to approximately S\$73,333) shall be apportioned equally between JCGB and NSC, and JCGB shall deposit their portion of RM110,000 (or equivalent to approximately S\$36,667) with NSC.
- (e) Subject to discussions with the landlord, the Parties intend that the JVCo continue to further extend the Tenancy from 15 March 2024 to 14 March 2027 at the same monthly rental of RM40,000 (or equivalent to approximately S\$13,333), and thereafter at a monthly rental to be mutually agreed between the JVCo and the landlord, but which shall not exceed the current rental by more than 5%.

4.7 The Option

- (a) Pursuant to the SHA, the Parties agree that, subject to the relevant shareholders' approval of the Company (if necessary), NSC shall be granted an option to require JCGB to purchase all (and not only some) of its JVCo Shares (the "**Option**") for an aggregate consideration based on the latest twelve-month audited accounts of the JVCo at a Price/Earnings (PE) multiple of five times earnings 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 last day of trading of the Company's shares on a date to be designated and agreed by the Parties.
- (d) The Option may be exercised during the period commencing on the date falling 15 months from 1 July 2020 or any other date to be mutually agreed and ending on the date falling 60 months from 1 July 2020 (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.

5. RATIONAL FOR AND BENEFITS OF THE TRANSACTION

JCGB's entry into the Transaction is in line with the Group's strategic plans to grow and expand its existing medical aesthetics and healthcare business, bringing additional value to the Company and its shareholders. The Transaction will enable JCGB to leverage on NSC's vast Indonesia market network to enhance the Group's business revenue in Malaysia, particularly in the plastic surgery and anti-aging business.

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

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

Based on the latest announced consolidated financial statements of the Group for the 3 month period ended 30 September 2019 ("3Q2019"), the relative figures of the Proposed Acquisition 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	0.59% ⁽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 yet to be incorporated.
- (3) Based on the Consideration of RM840,000 (or equivalent to approximately S\$280,000) compared to the Company's market capitalisation of approximately S\$47,435,069. The market capitalisation of the Company was computed based on its existing

share capital of 15,811,689,664 Shares (excluding treasury shares) and the VWAP of S\$0.003 per Share on 18 February 2020 (being the last market day on which the Shares were traded preceding the date of the SHA).

- (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 Transaction constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company and their respective associates has any interests, direct or indirect, in the Transaction, other than through their respective shareholding interests in the Company, if any.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SHA 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.

9. FURTHER ANNOUNCEMENTS

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

10. 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 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.

11. 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 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 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

Ang Kok Huan
Chief Executive Officer

19 February 2020

*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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