

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

RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S ANNOUNCEMENT RELEASED ON 25 NOVEMBER 2021

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of Beverly JCG Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to respond to queries received on 29 November 2021 from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Company's announcement released on 25 November 2021 on the part payment of salaries in lieu of cash of up to 57,120,000 Shares in the capital of the Company at an Issue Price of S\$0.001 per Share (the "**Previous Announcement**").

Capitalised terms used herein, unless otherwise defined, shall have the definitions ascribed to them in the Previous Announcement.

2. SGX-ST QUERIES

SGX-ST Query 1:

Please provide reasons why the salaries of the Employees are owed by the Company from October to date.

Company's Response

As per the resolution on September 2021, the Employees shall have 20% of their salaries from 1 October 2021 to 31 March 2022 paid in shares of the Company. This was a forward-looking strategy put into place prior to October 2021 in order for the Company to conserve cash for the next six months. Furthermore, the Company also wished to provide the Employees with the opportunity to participate in the equity of the Company and motivate them towards better performance through increased dedication and loyalty.

The cash component of the salaries of the Employees have been paid timely up to the month of November 2021. The shares component of the salaries shall be allotted to the Employees after the approval-in-principle for the listing and quotation of the Employee Shares has been obtained from the SGX-ST. As at the date of this announcement, there are no salaries owing to the Employees by the Company.

SGX-ST Query 2:

It was announced that “The Company has decided to place the Employee Shares to the Employees so as to conserve cash.”

- *Is the Company facing cash flow issues for its operations?*
- *Please provide the Board’s assessment of the Group’s ability to continue operating as a going concern and the bases for the said assessment.*
- *What are the Sponsor’s opinion on whether the Group is able to continue as a going concern. Please provide justifications.*
- *Please provide the Board of Directors’ confirmation as to whether sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner and the bases for its views.*

Company’s Response

(i) Is the Company facing cash flow issues for its operations?

The Group is not facing any cashflow issues due to the following reasons:

Positive cash inflow

The Group has positive cash inflows of S\$262,000 for the nine-months financial period ended 30 September 2021.

Availability of existing loan facilities

Beverly Wilshire Medical Centre Sdn Bhd (“**BWMC**”), a 51% owned subsidiary of the Company, had on 18 August 2020 entered into a banking facilities agreement with a Malaysian bank in relation to the grant of banking facilities of up to RM7 million (approximately S\$2,333,000) to BWMC. As of 30 September 2021, the remaining loan facilities available to BWMC is S\$648,000.

Continuous fund-raising efforts

In October 2021, the Company had engaged Astramina Advisory Sdn Bhd (“**Astramina**”), a corporate finance advisory firm licensed with the Securities Commission Malaysia to refer or introduce investors to the Company to raise up to S\$7.8 million. As at the date of this announcement, Astramina has successfully assisted the Company to raise an aggregate amount of S\$630,000. Please refer to the announcements dated 29 October 2021 for further information. The proceeds from this exercise will be used to fund growth, development and expansion of its existing aesthetic medical and healthcare business and for the Group’s working capital. The Company and Astramina are in the process of engaging with other potential investors and will provide updates to shareholders in due course. The Company will also continue to look for other fund-raising exercises to fund the working capital and growth of the Group going forward.

In light of the reasons set out above, the Board is of the view that as at the date of this announcement, the Group is not facing cash flow issues.

(ii) Please provide the Board's assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

The Board believes that the Group is able to continue operating as a going concern for the reasons set out below:

(a) Improved financial performance from our aesthetic medical and healthcare segment in Malaysia

The Beverly Wilshire group of companies in Malaysia, which contributed about 95% of the Group's revenue, has turned around even during the Covid-19 pandemic period, with its best financial performance since the inception of business operations in 2012. The Group's revenue from the aesthetic medical and healthcare segment has increased by 62% from S\$3,691,000 for the nine-months financial period ended 30 September 2020 to S\$5,962,000 for the corresponding nine-months financial period ended 30 September 2021.

The Beverly Wilshire group of companies' earnings before interests, tax, depreciation and amortisation ("**EBITDA**") is positive at S\$215,000 for the nine-month financial period ended 30 September 2021 as compared to negative S\$1,248,000 for the nine-month financial period ended 30 September 2020. The Beverly Wilshire clinics that the Group acquired 51% shareholding in November 2019, comprising, Beverly Wilshire Medical Centre Sdn Bhd, Beverly Wilshire Medical Centre (JB) Sdn Bhd, Beverly Wilshire Tropicana Mall Sdn Bhd, Beverly Wilshire Aesthetic Dental Sdn Bhd and Beverly Wilshire Medical Academy and Research Sdn Bhd contributed positive EBITDA of S\$420,000 for the nine-month financial period ended 30 September 2021 as compared to negative S\$1,148,000 for the nine-month financial period ended 30 September 2020.

It is worthwhile noting that the above has been achieved with just the domestic market alone due to the border closure measures undertaken by the Malaysia government during the Covid-19 pandemic.

With the recent news of Malaysia allowing interstate travel from 11 October 2021, the opening of the vaccinated travel lane between Singapore and Kuala Lumpur from 29 November 2021 onwards as well as Malaysia's plans to reopen borders to foreign tourists by 1 January 2022, the Group is cautiously optimistic that the influx of interstate and foreign customers will further increase our revenue and improve our financial results going forward.

(b) Ongoing fund raising exercises

As set out in our responses in Query 2(i) above under the paragraph titled "Continuous fund-raising efforts", the Company has successfully raised an aggregate amount of S\$630,000. The Company, together with Astramina, is in the process of engaging with other potential investors. Concurrently, the Company will continue to look for other fund-raising exercises to fund the working capital and growth of the Group going forward and the Company will also seek for growth opportunities and all other possibilities to complement the existing businesses of the Group.

(iii) What are the Sponsor's opinion on whether the Group is able to continue as a going concern. Please provide justifications.

The Sponsor is of the view that the Group is able to continue as a going concern after taking into account the following:

- (a) the Board's bases for its opinion that the Group is able to continue operating as a going concern as set out in Query 2(ii) above, namely, its improved financial performance from its aesthetics and healthcare segment in Malaysia and its ongoing fund raising exercises to further improve its financial position;
- (b) the Company's confirmation that the Group is not facing any cashflow issues for the reasons set out in Query 2(i) above, namely its positive cash inflows for the nine months financial period ended 30 September 2021, the availability of existing loan facilities, its successful placement in October 2021 which raised S\$630,000 and its continuous fund-raising efforts;
- (c) the confirmation from the Board and Audit Committee that they are confident of the fund raising process that has been proposed by Astramina and that the funds to be raised are sufficient to support the cash flow of the Group and its operations;
- (d) the Company does not fall under any of the circumstances set out in Rule 1303(3) of the Catalist Rules; and
- (e) the Group has an ongoing business in the aesthetics medical and healthcare segment in Malaysia, which has shown improved financial performance. As mentioned in Query 2(ii)(a) above, the Beverly Wilshire group of companies in Malaysia, which contributed to approximately 95% of the Group's revenue, has turned around during the Covid-19 pandemic period, with its best financial performance since the inception of business operations in 2012. Furthermore, the Group's revenue from the aesthetic medical and healthcare segment has increased by 62% from S\$3,691,000 for the nine-months financial period ended 30 September 2020 to S\$5,962,000 for the corresponding nine-months financial period ended 30 September 2021

(iv) Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

All information relating to the cashflow, fund-raising activities and business of the Group have been fully and properly disclosed to the shareholders where necessary and in compliance with the Catalist Rules in the announcements and financial statements of the Company. Accordingly, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

SGX-ST Query 3:

The Company announced its 3QFY2021 results (for 9 months ended 30 Sept 2021) on 14 Nov 2021. It is noted that the Group recorded negative working capital, and the Board was of the view that the Group can operate as a going concern, having considered, amongst others, improvements in its business operations, banking facilities available for drawdown, rights issue and placements.

- Please provide details if the confirmation in Q2 above differs from the Board's assessment when it released its 3QFY2021 results, setting out what had changed since then.

Company's Response

The confirmation in Query 2 does not differ from the Board's assessment when it released its 3QFY2021 results.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers 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

3 December 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).