

JCG INVESTMENT HOLDINGS LTD.

(formerly known as China Medical (International) Group Limited)

(Company Registration No. 200505118M)

RESPONSES TO ADDITIONAL LISTING APPLICATION QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED RECEIVED ON 18 MARCH 2019 AND 25 MARCH 2019 REGARDING ACQUISITION OF BRAND X LAB PTE. LTD.

The board of directors (the “**Board**”) of JCG Investment Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement (the “**Announcement**”) made on 12 March 2019 in relation to the proposed acquisition of 100% entity interest in Brand X Lab Pte. Ltd. and a request for further information from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 18 March 2019 and 25 March 2019 relating to the Additional Listing Application submitted in connection with the said proposed acquisition. All capitalised terms used and not defined herein shall have the same meanings as ascribed to them in the Announcement.

Additional Listing Application Queries (18 March 2019)

Queries	Responses by Company
1. The Target’s principal activities are event organization and promotion, as well as business and management consultancy services. Does the Group have any experience in this industry?	The Group has been seeking additional revenue streams (particular those that may be complementary to the existing business of the Group). The acquisition of the Target is a clear step towards that. The Board views the concierge and referral businesses of the Target as naturally complementary to the current medical aesthetics business of the Group. Whilst the Group does not currently have employees who are experienced in the businesses carried out by the Target, the nature of such businesses are not difficult or complex especially since the personnel involved in the businesses of the Target will continue post-acquisition. In particular, the Vendor, who has been managing the operations of the Target for over five (5) years, will remain as a director of the Target and will continue to manage the Target. The additional commercial activities brought in through the acquisition of the Target would increase the revenue income of the Group as a whole.
2. While the Group’s business activities currently do not include the type of business activities under the Target, we understand that the Company is currently not intending to seek shareholders’ approval given the size	Yes confirmed. Additionally, the Company confirms that it will continue to comply with Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual

of the Proposed Acquisition, and will only seek shareholders' approval subsequently, when required. Please confirm this.	Section B: Rules of Catalist in respect of any future acquisitions of assets.
3. Following the completion of the Proposed Acquisition, is the intention for the Vendor to remain as the sole director of the Target?	The Vendor will remain as the Executive Director of the Target post-acquisition. In addition, Mr Ang Kok Huan, our interim Chairman, Executive Director and CEO will also be appointed as Director of the Target post-acquisition.

Additional Listing Application Queries (25 March 2019)

Queries	Responses by Company
1. Following up on the Company's response to Q1, the Company stated that the Vendor will remain as a director of the Target and will continue to manage the Target post-acquisition. However, noted from the announcement that no service agreements have been entered into with any person to be appointed as director or executive officer in connection with the Proposed Acquisition. Given that the Group currently does not have employees who are experienced in the business carried out by the Target, how does the Group intend to manage the risk of not having someone experienced to oversee and run the Target post-acquisition?	<p>The Company is in discussion with the Vendor on the terms of her engagement and in light of the concern raised by the Exchange, will enter into a service agreement to appoint the Vendor as an executive officer of the Group post-acquisition.</p> <p>To emphasise, the intention has always been to have the Vendor remain as a director of the Target and to continue to manage the business of the Target. As Mr Ang Kok Huan, our interim Chairman, Executive Director and CEO also sits on the Board of the Target, Mr Ang will be able to ensure that reserved matters are raised to the Board of the Company for approval first.</p>
2. Is the business of the Target covered under the Group's existing mandate? If not, will the Company be seeking shareholders' approval for diversification of the mandate? Pls note that, even if the Company has obtained shareholders' approval to diversify into the new business, the first major acquisition (or aggregation of acquisitions) under the new business will need to be subject to specific shareholders' approval.	<p>Referring to paragraph 7(c) of Practice Note 10A of the Catalist Rules, as none of the relevant figures under Rule 1006 crosses the major acquisition threshold of 75% (Rule 1006(c) is 17.5% and Rule 1006(d) is 20.4%), the Company is of the view that the acquisition will not result in a significant increase in scale of operations. Further, the acquisition would not result in a change in control, nor is it expected to have a significant adverse impact to the Company's earnings, working capital or gearing.</p> <p>In light of the abovementioned, the Company believes that the acquisition would not result in a change in risk profile of the Company, and that the business of the Target are synergistic with</p>

	<p>and complimentary to the medical aesthetics and healthcare business.</p> <p>The Company notes the requirement that even if shareholders' approval has been obtained for a diversification into a new business, the first major acquisition (or aggregation of acquisitions) under the new business will need to be subject to specific shareholders' approval.</p>
<p>3. How was the consideration of \$3.35m arrived at, vis-à-vis the Target's NAV of \$510k? Was a valuation conducted on the Target? What did the Board consider in agreeing to the purchase consideration?</p>	<p>A financial due diligence was conducted on the Target, and the consideration of \$3.35m was arrived by applying 6.5 times to NAV of the Target. No external valuation was conducted on the Target as the acquisition is not significant. The Board, having considered the historical financials and earnings potential of the Target, deemed the consideration to be appropriate for such service companies as the valuation is in line with other similar businesses of the same scale.</p>
<p>4. The purchase consideration is to be satisfied by the issuance of Consideration Shares (\$3.35m) as well as unlisted Consideration Warrants. Effectively, the total consideration is more than \$3.35m. This should be stated clearly, as para 2.4.2(a) of the announcement suggests that the purchase consideration is \$3.35m; and para 2.4.2(b) further states that the purchase consideration is to be satisfied by issuance of Consideration Shares and Consideration Warrants. Pls explain.</p>	<p>The unlisted Consideration Warrants are to be issued to the Vendor free of charge.</p> <p>The intent for the issuance of Consideration Warrants was to provide an opportunity for the Company to raise additional funds.</p> <p>Should the Consideration Warrants be exercised by the Vendor, cash would be paid by the warrant holder to the Company instead. This offsets the total consideration value. Since both the Issue Price and Consideration Warrants Exercise Price are at S\$0.0018, which represents a discount of 10.0% to the VWAP of S\$0.002 for each share, the effective price per new share to be issued as consideration and under the Consideration Warrants would still be S\$0.0018.</p> <p>In addition, assuming that the 310,185,185 Consideration Warrants are issued separately and free of charge, the theoretical value of these Consideration Warrants on the day of the SPA was signed will be \$62,037, calculated based on the difference between fair market value of \$0.002 and exercise price of \$0.0018, multiplied by the number of Consideration Warrants. By including the theoretical value of the Consideration Warrants to the consideration value, the theoretical total consideration value would be S\$3.41 million. The relevant figures in</p>

	<p>this situation under Rule 1006(c) is 17.8% and Rule 1006(d) is 20.4%.</p> <p>The Company would like to highlight that the theoretical value of the Consideration Warrants is immaterial relative to the purchase consideration of \$3.35m.</p>
<p>5. Does computation of relative figures under Rule 1006(c) – aggregate consideration against market capitalization – include both Consideration Shares and Consideration Warrants?</p>	<p>The unlisted Consideration Warrants will be issued to the Vendor free of charge. Accordingly, they have not been included in the computation of the relative figure under Rule 1006(c).</p> <p>However, assuming that the theoretical value of these Consideration Warrants is included in the computation of the relative figure under Rule 1006(c), there will not be a change in percentage level of the relative figure previously announced.</p>
<p>6. It is stated in the announcement that “... the number of Consideration Shares and the Issue Price may be adjusted to take into consideration any share consolidation.” Are there plans for share consolidation? Will this be undertaken prior to completion of the Proposed Acquisition? If not, why is there a need to adjust the Consideration Shares?</p>	<p>No, there is at present no intention to undertake any share consolidation. It is a general statement merely included for shareholders to take note that share consolidation may affect the number of Consideration Shares and Issue Price.</p>

BY ORDER OF THE BOARD

3 April 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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