

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 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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 first quarter unaudited financial statements and dividend announcement for the financial period ended 31 March 2021 (“**1Q2021**”) dated 7 May 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 19 May 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\$4.77 million when the Group recorded a cash and cash equivalents of S\$585K as at 31 March 2021.

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\$4.768 million as at 31 March 2021 is mainly due to non-trade payables of S\$1.724 million, deposits from customers of S\$1.104 million and accruals for operating expenses of S\$1.627 million. Although the Group had recorded cash and cash equivalents of only S\$585,000 as at 31 March 2021, 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, on 13 April 2021, obtained the approval-in-principle (the “**AIP**”) from the SGX-ST in respect of the listing and quotation of up to 5,871,183,766 new ordinary shares (the “**Rights Shares**”) at an issue price of S\$0.001 for each Rights Share; up to

5,871,183,766 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one new share (the “**Warrant Shares**”) at an exercise price of S\$0.001 for each Warrant Share; and up to 5,871,183,766 Warrant Shares to be issued credited as fully-paid upon exercise of the Warrants (the “**Rights Cum Warrants Issue**”); 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 the SGX and shareholders in due course and at the appropriate juncture.

The breakdown of the Group’s trade and other payables as at 31 March 2021 is as follows:

	S\$’000	Note
Trade payables		
- Non-related parties	246	
- Related party	15	(i)
Other payables		
- Non-related parties	1,724	(ii)
- Related parties	52	(iii)
- Deposits from customers	1,104	(iv)
- Accruals for operating expenses	1,627	(v)
Total trade and other payables	4,768	

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\$695,000, doctors’ fees payables amounting to S\$440,000, rental payables amounting to S\$352,000 and payables for other operating expenses amounting to S\$237,000.

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
1,724	547	788	389

- (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\$12,000, of which S\$4,000 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\$454,000, accrued directors fees of S\$251,000, accrued salaries of S\$657,000, accrued doctors’ fees of \$77,000, accrued commission of S\$25,000 and accruals for other operating expenses of S\$163,000.

SGX Query (2)

In view of the Group’s negative working capital of S\$1.23 million and cash and bank balance of only S\$585K and noting that the Company incurred losses of S\$5.4 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);*
- (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; and*
- (iv) *Please disclose the pro-active actions which management plans to take to ensure that the Group’s financial position remains strong.*

Company’s response to SGX Query (2)

The Board’s assessment are as follows:

- (i) The Group had negative working capital of S\$1.230 million mainly due to the current portion of lease liabilities (office and medical centre) amounting to S\$0.726 million as at 31 March 2021. The Group had adopted SFRS(I) 16 from 1 January 2019 whereby non-cancellable operating lease payments were recognized as liabilities on the balance sheet. Notwithstanding this, the Board is of the view that after taking into consideration the Group’s present bank facilities and the funds from the Rights Cum Warrants Issue, the working capital available to the group is sufficient to meet its short-term liabilities;
- (ii) The Group has bank loan, bank overdraft and invoice financing facilities drawn down from a Malaysian bank which do not contain any financial covenants;
- (iii) The Company intends to fulfil its payment obligations in the next 12 months as follows:
- The Group’s bank overdraft facility with the Malaysia bank as mentioned in (ii) above amounts to S\$500,000 of which only S\$191,000 has been utilized as at 31 March 2021.

So far, 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 may further draw down on its bank overdraft facility when necessary.

- Since the financial year ended 3 December 2020, the Group has put in place the following debt repayment plans to fulfil some of its debt obligations and the Group has been on track to fulfil these obligations:
 - for rental payables for the Group's medical centre in Malaysia amounting to S\$315,000, 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 doctors' fees payables amounting to S\$440,000, the Group has agreed to pay the arrears owing to them over the next ten months.

- (iv) The Group has incorporated several new subsidiaries/joint ventures companies in recent months. The Group will continue to seek for growth opportunities and all other possibilities to complement the existing businesses of the Group. The Group will use the funds from the Rights cum Warrants Issue to fund the working capital and growth of the Group and concurrently, it will continue to look for other fund-raising exercises such as the issuance of further convertible instruments such as convertible and/or exchangeable bonds and warrants. Barring any unforeseen circumstances, the Group expects these new subsidiary corporations/joint venture companies and fund-raising exercises to contribute positively to the Group's financial position. The Company will update shareholders at the appropriate juncture.

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 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. 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

21 May 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).