

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

**DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR
FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “**Board**” or “**Directors**”) of Beverly JCG Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, RT LLP (the “**Auditors**”), has issued a disclaimer of opinion in respect of its Independent Auditor’s Report for the financial statements of the Group for the financial year ended 31 December 2021 (the “**Auditors Report**”).

Pursuant to Rule 704(4) and paragraph 3A of Appendix 7C of the Catalist Listing Rules, the Board wishes to update the shareholders on its responses to the key bases for the disclaimer of opinion and the efforts being taken to resolve each outstanding audit issue, as the case may be:

1. Going concern

Auditors’ Disclaimer Opinion

As per the Auditor’s disclaimer opinion, the following circumstances give rise to material uncertainties on the Group’s and the Company’s abilities to continue as going concerns and whether the use of the going concern assumption in the preparation of the financial statements of the Group and the Company is appropriate for the current financial year:

As disclosed in Note 4 to the financial statements, the Group and the Company incurred a total loss of S\$2,856,000 (2020: S\$5,254,000) and S\$1,903,000 (2020: S\$2,653,000) respectively and the Group also incurred net operating cash outflows of S\$683,000 (2020: S\$670,000) for the financial year ended 31 December 2021. As at 31 December 2021, the Group’s current liabilities exceeded its current assets by S\$3,841,000 (2020: S\$520,000).

Board’s Responses

The Board of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2021 is appropriate after taking into consideration the following assumptions and measures:

- (a) Better financial performance from aesthetic medical and healthcare segments in Malaysia which is expected to continue
 - (i) The Beverly Wilshire group of companies in Malaysia which contributed about 98% of the Group’s revenue has turned around despite challenges of operating under Covid-19 restrictions, with its best financial performance since inception of business operations in 2012. The Group’s revenue for aesthetic medical and healthcare segments have increased by 66% from S\$5,315,000 for the financial year ended 31 December 2020 (“**FY2020**”) to S\$8,801,000 for the financial year ended 31 December 2021 (“**FY2021**”).
 - (ii) The Beverly Wilshire group of companies’ earnings before interests, tax, depreciation and amortisation (“**EBITDA**”) is positive at S\$454,000 for FY2021 as compared to negative S\$1,664,000 for FY2020. The legacy Beverly Wilshire clinics comprising Beverly Wilshire Medical Centre Sdn Bhd (“**BWMC**”), 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\$595,000 for FY2021 as compared to negative S\$1,428,000 for FY2020.
 - (iii) The newly incorporated entities in FY2020 and FY2021, namely Natasha Beverly Sdn Bhd, Beverly Ipoh Sdn Bhd, Natasha Beverly Aesthetics Sdn Bhd, Natasha Beverly Dental Sdn Bhd, Beverly Dentistree Sdn Bhd and Natasha Beverly Mizu Sdn Bhd had contributed S\$951,000 of revenue to the Group in FY2021 as compared to S\$53,000 for FY2020.

The above is achieved with the domestic market alone due to the border closure measures undertaken by the Malaysia government during the Covid-19 pandemic. The historical track records have shown that the Beverly Wilshire group of companies' overseas business contribution to be approximately 45% to 50% of its total revenue. With Malaysia allowing interstate travel from 11 October 2021, the opening of the vaccinated travel lane between Singapore and Kuala Lumpur from 29 November 2021, the opening of land borders between Singapore and Malaysia from 1 April 2022 as well as Malaysia's plans to reopen borders to foreign tourists in 2022, the Group is cautiously optimistic that the influx of interstate and foreign customers will further increase its revenue and improve its financial results going forward.

(b) Continuing fund-raising efforts

- (i) BWMC had on 28 May 2020 entered into a letter of offer with a Malaysian bank in relation to the granting of banking facilities of up to RM7 million (approximately S\$2,333,000) to BWMC. BWMC had on 18 August 2020 entered into a banking facilities agreement with the Malaysian bank. As at 31 December 2021, BWMC has drawn down the loan facility of RM3 million (approximately S\$1 million) and the loan balance as at 31 December 2021 is S\$726,000. In addition, as at December 2021, the invoice financing balance is S\$552,000. The loan facilities available to BWMC as at 31 December 2021 is S\$781,000.
- (ii) On 2 June 2021, the Company completed the allotment and issuance of 2,112,779,425 shares at an issue price of S\$0.001 per share and 2,112,779,425 warrants pursuant to a deed poll executed by the Company on 28 April 2021, each convertible into one share at an exercise price of S\$0.001 per W240531 Warrant, for an aggregate amount of S\$2,112,779 under a rights issue exercise (the "**2021 Rights Cum Warrants Issue**").
- (iii) In July 2021, the Company signed a subscription agreement for private placement amount of S\$105,000 which will be used to fund future expansions through mergers and acquisitions and for the Group's working capital.
- (iv) 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 for subscription of shares in the Company. As at the date of this Annual Report, Astramina has successfully assisted the Company in signing 6 subscription agreements for total private placement amounts of S\$630,000, of which the proceeds will be used to fund growth, development and expansion of its existing aesthetic medical and healthcare business and for the Group's working capital.
- (v) In January 2022, the Company had engaged Chadway Management Services Pte Ltd ("**Chadway**"), an exempt financial institution under the Securities and Futures Act to refer or introduce investors for subscription of shares in the Company. As at the date of this Annual Report, Chadway had successfully assisted the Company in signing 11 subscription agreements for total private placement amounts of S\$1,365,000, of which the proceeds 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 general mandate as approved by the shareholders during the Company's annual general meeting held on 29 June 2021 allows for the Company to issue and allot up to 8,963,857,794 new shares on a non-pro rata basis. The Company intends to raise new funds of S\$6,000,000 by June 2022 (of which S\$3,477,000 (S\$2,847,000 in 2021 and S\$630,000 in the first quarter of 2022) has been raised by way of the rights cum warrants issue completed in June 2021 and the private placements completed in December 2021 and March 2022 and a further S\$735,000 will be raised on completion of the subscriptions announced on 5 April 2022) for additional working capital and to fund growth and development. The Group then intends to raise a further S\$18,000,000 by December 2023 to acquire profitable beauty and healthcare medical clinics as part of the Group's strategic plan to turn around the Company.

2. Opening balances and comparative figures - Assets, liabilities and results of the Group's aesthetic business in Taiwan

Auditors' Disclaimer Opinion

The audit opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2020, which form the basis for the comparative figures presented in the current year's consolidated financial statements, was disclaimed by the predecessor auditor, and one of the basis for disclaimer of opinion was the assets, liabilities and results of the Group's aesthetic business in Taiwan.

Notwithstanding that the disposal of the Group's aesthetic business in Taiwan had been completed during the current financial year, the matters which resulted in the disclaimer of opinion remain unresolved with respect to the opening balances of the Group as at 1 January 2021. In view of that, the Auditors were unable to determine whether adjustments to the opening balances of the Group as at 1 January 2021 might have been necessary. In addition, since opening balances enter into the determination of the financial performance, changes in equity and cash flows for the current financial year, the Auditors were unable to determine whether adjustments might have been necessary in respect of the loss, changes in equity and cash flows of the Group for the financial year ended 31 December 2021.

The Auditor's opinion on the current year's financial statements is also disclaimed because of the possible effects of this matter on the comparability of the current year's figures and the comparative figures.

Board's Responses

On 13 May 2020, the Company entered into a deed of settlement with Dr Chung Yih-Chen in relation to the termination of the joint venture in respect of iMyth Taiwan Limited ("**iMyth Taiwan**"). Accordingly, the net assets and liabilities of iMyth Taiwan were reclassified as disposal group held-for-sale in accordance with SFRS(I) 5 Non-current Asset Held for Sale and Discontinued Operations and the carrying amounts were written down to US\$1, being the consideration for the disposal. The results of iMyth Taiwan during the financial year ended 31 December 2020 was also presented as discontinued operations. Pursuant to the deed of settlement, China iMyth had on 26 March 2021, completed the disposal of its 100% shareholding interest in iMyth Taiwan to Lin Hongtu, a nominee of Dr Chung Yih-Chen.

The Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue; and (iii) confirmed that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

A copy of the aforesaid Auditors' Report is annexed to this announcement for further information. The Auditors' Report and a complete set of the Audited Financial Statements will also be found in the Company's Annual Report 2021 ("**FY2021 Annual Report**"), which will be released on SGXNET. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

BY ORDER OF THE BOARD

Dato' Ng Tian Sang @ Ng Kek Chuan
Executive Chairman and Chief Executive Officer

13 April 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).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Beverly JCG Ltd. (the "**Company**") and its subsidiary corporations (the "**Group**"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Going concern

The following circumstances give rise to material uncertainties on the Group's and the Company's ability to continue as going concerns and whether the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company is appropriate for the current financial year:

As disclosed in Note 4 to the financial statements, the Group and the Company incurred a total loss of S\$2,856,000 (2020: S\$5,254,000) and S\$1,903,000 (2020: S\$2,653,000) respectively and the Group also incurred net operating cash outflows of S\$683,000 (2020: S\$670,000) for the financial year ended 31 December 2021. As at 31 December 2021, the Group's current liabilities exceeded its current assets by S\$3,841,000 (2020: S\$520,000).

Nevertheless, the Board of Directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2021 is appropriate after taking into consideration the assumptions and measures elaborated in Note 4.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent on the positive outcome of the actions and measures undertaken as disclosed in Note 4. Therefore, we are unable to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

**INDEPENDENT AUDITOR'S REPORT – cont'd
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Basis for Disclaimer of Opinion (cont'd)

2. Opening balances and comparative figures - Assets, liabilities and results of the Group's aesthetic business in Taiwan

The audit opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2020, which form the basis for the comparative figures presented in the current year's consolidated financial statements, was disclaimed by the predecessor auditor, and one of the basis for disclaimer of opinion was the assets, liabilities and results of the Group's aesthetic business in Taiwan.

Notwithstanding that the disposal of the Group's aesthetic business in Taiwan had been completed during the current financial year, the matters which resulted in the disclaimer of opinion remain unresolved with respect to the opening balances of the Group as at 1 January 2021. In view of that, we were unable to determine whether adjustments to the opening balances of the Group as at 1 January 2021 might have been necessary. In addition, since opening balances enter into the determination of the financial performance, changes in equity and cash flows for the current financial year, we were unable to determine whether adjustments might have been necessary in respect of the loss, changes in equity and cash flows of the Group for the financial year ended 31 December 2021.

Our opinion on the current year's financial statements is also disclaimed because of the possible effects of this matter on the comparability of the current year's figures and the comparative figures.

Other Matter

The financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed a disclaimer of opinion on those statements on 14 June 2021.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REPORT – *cont'd*
TO THE MEMBERS OF BEVERLY JCG LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ravintran Arumugam FCA.

RT LLP

Public Accountants and
Chartered Accountants
Singapore, 13 April 2022