BEVERLY JCG LTD.

Company Registration No. 200505118M

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

The quarterly reporting of financial statements is mandatory for the Company pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist (the "Catalist Rules"). The foregoing statement is made pursuant to Rule 705(2C) of the Catalist Rules.

This announcement has been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**").

It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**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 E-mail: vanessa.ng@morganlewis.com).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Condensed Interim Consolidated Statement of Comprehensive Income

	Note	Group 3 months ended		
		S$'000	S$'000	
Revenue	4.2	**2,203**	1,870	18%
Cost of Sales		**(1,009)**	(989)	2%
Gross Profit		**1,194**	881	36%
Gross Profit Margin		**54%**	47%	
Other income		**39**	65	(40%)
Selling and distribution expenses		**(60)**	(109)	(45%)
Administrative expenses		**(1,954)**	(1,830)	7%
Finance expenses		**(35)**	(49)	(29%)
Loss for the financial period before income tax		**(816)**	(1,042)	(22%)
Income tax credit	7	**44**	69	(36%)
Loss for the financial period after income tax		**(772)**	(973)	(21%)
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation (loss)/ income		**3**	3	-
Other comprehensive (loss)/ income, net of tax		**3**	3	-
Total comprehensive loss		**(769)**	(970)	(21%)
Loss attributable to:				
Equity holders of the Company		**(635)**	(727)	(13%)
Non-controlling interests		**(137)**	(246)	(44%)
Net loss for the financial period		**(772)**	(973)	(21%)
Loss attributable to:				
Equity holders of the Company		**(632)**	(724)	(13%)
Non-controlling interests		**(137)**	(246)	(44%)
Total comprehensive loss for the financial period		**(769)**	(970)	(21%)
Loss per share for loss attributable to equity holders of the Company (cents per share)				
Basic and diluted loss per share		**(0.003)**	(0.005)	40%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Condensed Interim Balance Sheets

	Note	Group		Company	
		As at 31.03.2022 Unaudited S$'000	As at 31.12.2021 Audited S$'000	As at 31.03.2022 Unaudited S$'000	As at 31.12.2021 Audited S$'000
Current assets					
Cash and cash equivalents		834	913	265	192
Trade and other receivables	10	944	924	768	739
Inventories		441	407	-	-
Total current assets		2,219	2,244	1,033	931
Non-current assets					
Investment in subsidiary corporations	12	-	-	2,417	2,417
Property, plant and equipment	13	4,616	5,018	100	135
Intangible assets	14	958	1,054	-	-
Total non-current assets		5,574	6,072	2,517	2,552
Total assets		**7,793**	**8,316**	**3,550**	**3,483**
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	15	4,152	4,471	1,197	1,245
Income tax payable		18	18	-	-
Borrowings	16(b)	1,209	980	756	800
Lease liabilities	16(a)	471	616	91	124
Total current liabilities		5,850	6,085	2,044	2,169
Non-current liabilities					
Borrowings	16(b)	297	299	-	-
Lease liabilities	16(a)	1,570	1,643	-	-
Deferred income tax liabilities		198	242	-	-
Total non-current liabilities		2,065	2,184	-	-
Total liabilities		**7,915**	**8,269**	**2,044**	**2,169**
Net assets/(liabilities)		**(122)**	**47**	**1,506**	**1,314**
Capital and reserves attributable to equity holders of the Company					
Share capital	17	73,594	72,994	73,594	72,994
Settlement shares and warrants receivables	11	(3,557)	(3,557)	(3,557)	(3,557)
Other reserves		3,042	3,039	3,074	3,074
Accumulated losses		(73,326)	(72,691)	(71,605)	(71,197)
Share capital and reserves		(247)	(215)	1,506	1,314
Non-controlling interests		125	262	-	-
Total equity		**(122)**	**47**	**1,506**	**1,314**

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Condensed Interim Consolidated Statement of Cash Flows

	Group	
	3 months ended	
	31.03.2022	31.03.2021
	Unaudited	Unaudited
	S$'000	S$'000
Cash flows from operating activities		
Net loss	(772)	(973)
Adjustment for:		
Income tax credit	(44)	(69)
Amortisation of intangible assets	96	96
Depreciation of property, plant and equipment	389	499
Unrealised currency translation gain	30	17
Interest expense	35	49
Operating cash flows before movements in working capital	**(266)**	**(381)**
Trade and other receivables	(20)	(21)
Inventories	(34)	(25)
Trade and other payables	(319)	773
Net cash (used in)/ generated from operating activities	**(639)**	**346**
Cash flow from investing activities		
Purchase of property, plant and equipment	(15)	(238)
Net cash used in investing activities	**(15)**	**(238)**

	Group	
	3 months ended	
	31.03.2022	31.03.2021
	Unaudited	Unaudited
	S$'000	S$'000
Cash flows from financing activities		
Net proceeds from share subscription	600	-
Proceeds from borrowings	-	522
Repayment of lease liabilities	(252)	(256)
Repayment of borrowings	(8)	(81)
Interest paid	(1)	(15)
Net cash generated from financing activities	**339**	**170**
Net (decrease)/increase in cash and cash equivalents	(315)	278
Cash and cash equivalents at the beginning of the financial period	789	83
Effect of currency translation on cash and cash equivalents	-	-
End of the financial period	**474**	**361**

Represented by:

	3 months ended	
	31.03.2022	31.03.2021
	Unaudited	Unaudited
	S$'000	S$'000
Cash at bank and on hand	834	585
Less: bank deposits pledged	(124)	(33)
Less: bank overdrafts	(236)	(191)
Cash and cash equivalents per consolidated statement cash flows	**474**	**361**

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Condensed Interim Statement of Changes in Equity

Group	Share capital S$'000	Settlement shares and warrants receivables S$'000	Currency translation reserves S$'000	Accumulated losses S$'000	Share option reserve S$'000	Warrant reserve S$'000	Attributable to equity holders of company S$'000	Non-controlling interest S$'000	Total S$'000
Unaudited									
Balance as at 01.01.2021	**71,623**	**-**	**(38)**	**(70,191)**	**25**	**1,880**	**3,299**	**541**	**3,840**
Total comprehensive loss for the period	-	-	-	(727)	-	-	(727)	(246)	(973)
Other comprehensive loss	-	-	3	-	-	-	3	-	3
Balance as at 31.03.2021	**71,623**	**-**	**(35)**	**(70,918)**	**25**	**1,880**	**2,575**	**295**	**2,870**
Unaudited									
Balance as at 01.01.2022	**72,994**	**(3,557)**	**(35)**	**(72,691)**	**25**	**3,049**	**(215)**	**262**	**47**
Issuance of share capital, net of expenses	600	-	-	-	-	-	600	-	600
Total comprehensive loss for the period	-	-	-	(635)	-	-	(635)	(137)	(772)
Other comprehensive loss	-	-	3	-	-	-	3	-	3
Balance as at 31.03.2022	**73,594**	**(3,557)**	**(32)**	**(73,326)**	**25**	**3,049**	**(247)**	**125**	**(122)**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share capital S$'000	Settlement shares receivables S$'000	Accumulated losses S$'000	Share option reserves S$'000	Warrant reserve S$'000	Total S$'000
Audited						
Balance as at 01.01.2021	71,623	-	(69,294)	25	1,880	4,234
Total comprehensive loss for the period	-	-	(425)	-	-	(425)
Balance as at 31.03.2021	**71,623**	**-**	**(69,719)**	**25**	**1,880**	**3,809**
Unaudited						
Balance as at 01.01.2022	**72,994**	**(3,557)**	**(71,197)**	**25**	**3,049**	**1,314**
Issuance of share capital, net of expenses	600	-	-	-	-	600
Total comprehensive loss for the period	-	-	(408)	-	-	(408)
Balance as at 31.03.2022	**73,594**	**(3,557)**	**(71,605)**	**25**	**3,049**	**1,506**

Notes to the Condensed Interim Financial Statements

1. Corporate information

Beverly JCG Ltd. (the "**Company**") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (the "**Singapore Exchange**" or "**SGX-ST**") and incorporated and domiciled in Singapore. The principal place of business and registered office is located at 600 North Bridge Road, #06-02 Parkview Square, Singapore 188778.

The principal activities of the Group are:

- Aesthetic medical and healthcare
- Trading and distribution
- Investment and others

2. Basis of preparation

The condensed interim financial statements for the three months ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's balance sheet and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2021 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2021, except for the adoption of new or revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the financial year beginning on or after 1 January 2022. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

2.2 Critical accounting estimates, assumptions and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Critical accounting estimates, assumptions and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as below:

(a) Expected credit loss ("ECL") of trade receivables

The Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using an individual (debtor-by- debtor) basis. ECL is estimated based on historical credit loss experience based on the past due status of debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The forecast economic conditions and Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables as at 31 March 2022 is S$181,000 (31 December 2021: S$204,000).

(b) Expected Credit Loss ("ECL") of other receivables

The Group measures ECL for other receivables using general approach. Under the general approach, the loss allowance is measure at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The forecast economic conditions and Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The carrying amount of other receivables as at 31 March 2022 is S$139,000 (31 December 2021: S$115,000).

2.2 Critical accounting estimates, assumptions and judgements (cont'd)

(c) Valuation of intangible assets and tangible assets/liabilities through business combination

Business combination is accounted for by applying the acquisition method. Purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The fair value of such assets and liabilities are estimated by management and independent professional valuer where significant, or using the discounted cash flow method, which requires the Group to make an estimate of the expected future cash flows of the acquired business and choosing a suitable discount rate.

The carrying amount of goodwill as at 31 March 2022 is S$664,000 (31 December 2021: S$664,000).

(d) Estimated impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of cash-generating units ("CGUs") in which the goodwill, are determined using higher of value-in-use ("VIU") calculation and fair value less cost to disposal. The assessment process involves significant management's estimates and is based on assumptions that are affected by future market and economic conditions. It also involves the use of significant judgements such as the forecasted revenue and operating expenses, sales growth rates, gross profit margin and discount rates applied to the VIU calculation.

Management has assessed that the recoverable amounts of the CGUs are more than the carrying values of the CGUs, and accordingly no impairment charge was recognised.

Other non-financial assets

Property, plant and equipment, intangible assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each asset or CGU and an appropriate discount rate is required to be made. An impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Management has assessed that there is no objective evidence or indication that the carrying amount of the Group's property, plant and equipment, intangible assets and investments in subsidiary corporations may not be recoverable as at the reporting date and accordingly an impairment assessment is not required.

2.3 Going concern

The Group and the Company incurred a total loss of S$772,000 (31 March 2021: S$973,000) and S$408,000 (31 March 2021: S$425,000) respectively and the Group also incurred net operating cash outflows of S$639,000 (31 March 2021: net operating cash inflows of S$346,000) for the financial period ended 31 March 2022. As at 31 March 2022, the Group's current liabilities exceeded its current assets by S$3,631,000 (31 December 2021: S$3,841,000).

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 period ended 31 March 2022 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 96% 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 18% from S$1,870,000 for 1Q2021 to S$2,203,000 for 1Q2022.

(ii) 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$400,000 of revenue to the Group in 1Q2022 as compared to S$85,000 for 1Q2021.

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 March 2022, BWMC has drawn down the loan facility of RM3 million (approximately S$1 million) and the loan balance as at 31 March 2022 is S$722,000. In addition, as at March 2022, the invoice financing and overdraft balances are S$548,000 and S$236,000 respectively. The loan facilities available to BWMC as at 31 March 2022 is S$549,000.

(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**").Please refer to Section 15(i) for the use of proceeds and amounts utilized in relation to the 2021 Rights cum Warrants Issue.

2.3 Going concern (cont'd)

(b) Continuing fund-raising efforts

(iii) In July 2021, the Company signed a subscription agreement for private placement amount of S$105,000.

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 announcement, Astramina has successfully assisted the Company in signing 6 subscription agreements for total private placement amounts of S$630,000.

The above placements were completed on 9 December 2021 (the **"December 2021 Subscriptions**").

Please refer to Section 15(ii) for the use of proceeds and amounts utilized in relation to the December 2021 Subscriptions.

(iv) 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 announcement, Chadway had successfully assisted the Company in signing 11 subscription agreements for total private placement amounts of S$1,365,000. 6 of the placements were completed on 10 March 2022 to raise an aggregate amount of S$635,000 (the "**March 2022 Subscriptions**"), while the remaining 5 placements to raise an aggregate amount of S$735,000 have not been completed. Please refer to Section 15(iii) for the use of proceeds and amounts utilized in relation to the March 2022 Subscriptions**.**

The general mandate as approved by the shareholders during the Company's annual general meeting held on 28 April 2022 allows for the Company to issue and allot up to 9,840,705,794 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 2021 Rights Cum Warrants Issue completed in June 2021 and the December 2021 Subscriptions and March 2022 Subscriptions completed in December 2021 and March 2022 respectively 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 intends to raise S$18 million by December 2023 to acquire profitable beauty and healthcare medical clinics as part of the Group's strategic plan to turn around the Company.

(c) Change of allocation of use of proceeds in respect of the proposed April 2022 Subscriptions

The Company had announced on 5 April 2022 that it had entered into five subscriptions agreements dated 1 April 2022 for the issue and allotment by the Company to Chong Wan Ping, Yee Kok Leong, Choong Kai Soon, Pang Tee Chew and Yau Kok Seng of an aggregate of 735,000,000 new ordinary shares in the capital of the Company, together with an aggregate of 245,000,000 new warrants, on the terms and subject to the conditions of the April 2022 Subscription Agreements (the "**Proposed April 2022 Subscriptions**") for a total cash consideration of S$735,000 ("**April 2022 Net Proceeds**"). It had been stated that the April 2022 Net Proceeds would be allocated as follows:

(i) S$367,500 for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business; and
(ii) S$367,500 for working capital purposes mainly in relation to administrative and operating expenses.

As of the date of this announcement, the Proposed April 2022 Subscriptions have not been completed.

<u>Reasons for Change in Use of Proceeds for of the April 2022 Net Proceeds</u>

The Board wishes to announce a change in the allocation of the April 2022 Net Proceeds (assuming that the Proposed April 2022 Subscriptions will be completed).

2.3 Going concern (cont'd)

(c) Change of allocation of use of proceeds in respect of the proposed April 2022 Subscriptions (cont'd)

The Board has considered that in view of the reallocation as stated in Section 15 of this announcement for the 2021 Rights cum Warrants Issue, the December 2021 Subscriptions and the March 2022 Subscriptions, assuming that the Proposed April 2022 Subscriptions will be completed, and considering the current actual funds required for the respective categories as of the date of this announcement, 15% of the April 2022 Net Proceeds will be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses, 15% of the proceeds to be used for reduction of debts and liabilities; and 70% of the April 2022 Net Proceeds will be used for working capital purposes instead.

Revised Allocation of the April 2022 Net Proceeds

A breakdown of the original and revised allocation of the April 2022 Net Proceeds is as follows (assuming that the Proposed April 2022 Subscriptions will be completed):

Intended use of proceeds	Original Percentage (%) allocation	Original Allocation of net proceeds raised (S$'000)	Revised Percentage (%) allocation	Revised Allocation of net proceeds raised (S$'000)
For the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses	50	368	15	110
Reduction of debts and liabilities	-	-	15	110
Working capital purposes	50	367	70	515
Total (approximately)	100	735	100	735

Warrants

Assuming the 245,000,000 warrants are fully exercised for aggregate exercise proceeds of S$245,000 (assuming that the Proposed April 2022 Subscriptions will be completed), originally, 50% of the proceeds were intended to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses and the remaining 50% of the proceeds were intended to be used for working capital purposes.

In view of the reallocation as stated in Section 15 of this announcement for the proceeds from the exercise of warrants from the 2021 Rights cum Warrants Issue, the December 2021 Subscriptions and the March 2022 Subscriptions, assuming that the Proposed April 2022 Subscriptions will be completed, the Board has reassessed and determined the use of proceeds from the exercise of warrants shall be as follows: 50% of the proceeds to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses; 10% of the proceeds to be used for reduction of debts and liabilities; and 40% of the proceeds to be used for working capital purposes. This is in line with more probable events namely:

- Firstly, the Company has reduced its total debt from S$1.5 million to S$0.500 million and the Company expects the average debt level to remain consistently approximating S$0.500 million going forward. As warrants conversion is a future and uncertain event, the Board is of the view that it is prudent to allocate 10% of the proceeds for reduction of debts and liabilities.
- Secondly, growth and mergers and acquisition are key factors which will add value and turnaround the Company; therefore, a bigger allocation of 50% is considered prudent.
- Thirdly, additional sums from warrants conversion will augment well and add additional cashflow to the Company's working capital.

2.3 Going concern (cont'd)

(d) Confirmation from Audit Committee

The Audit Committee has reviewed and confirmed, and is in agreement with the basis of, the revised allocation of net proceeds (including the net proceeds from the exercise of the warrants) in respect of the Rights cum Warrants Issue, the December 2021 Subscriptions and the March 2022 Subscriptions, including the rationale for the revised allocations, as described in Section 15.

The Audit Committee has also reviewed and confirmed, and is in agreement with the basis of, the revised allocation of net proceeds for the Proposed April 2022 Subscriptions (assuming that the Proposed April 2022 Subscriptions will be completed), including the rationale for the revised allocations, as described in Section 2.3(c) above.

(e) Confirmations from the Board

Notwithstanding the confirmations provided by the Board in the announcements dated 2 June 2020, 5 June 2020, 29 June 2020 and 18 March 2021, 21 July 2021, 29 October 2021 and 13 January 2022 in respect of the Rights cum Warrants Issue, the December 2021 Subscriptions and the March 2022 Subscriptions and (ii) the announcements dated 5 April 2022 in relation to the Proposed April 2022 Subscriptions (collectively, the "**Relevant Announcements**") in respect of the sufficiency of working capital requirements, the Board wishes to clarify that after taking into consideration the following factors:

- the shortfall in funds raised under the 2021 Rights Cum Warrants Issue as described in Section 15(i) (i.e. S$2.2 million was raised from the 2021 Rights Cum Warrants Issue instead of the S$5.8 million target amount);
- that approximately 49% of the 2021 Rights Cum Warrants Issue Net Proceeds amounting to $930,000 was utilized to pay off outstanding payables as described in Section 15(i); and
- potential M&As were stalled (and not entered into) for the reasons as described in Section 15(i) and therefore during this period, there were no new profitable business to contribute to the Group's cashflows as described in Section 15(i),

(i) the Board is of the opinion that the working capital available to the Group is not sufficient to meet its present requirements if the allocations of the use of proceeds in respect of the 2021 Rights Cum Warrants Issue, December 2021 Subscriptions, March 2022 Subscriptions and Proposed April 2022 Subscriptions are not revised in the manner set out in this announcement; and

(ii) the Board is of the opinion that the working capital available to the Group is not sufficient to meet its present requirements after taking into consideration the revised allocation of the use of proceeds in respect of the 2021 Rights Cum Warrants Issue, December 2021 Subscriptions and March 2022 Subscriptions and Proposed April 2022 Subscriptions.

2.3 Going concern (cont'd)

(e) Confirmations from the Board (cont'd)

In view of the above, the Board intends to rely on the following ongoing strategies to ensure there is sufficient working capital for the Group to meet its present requirements:

- potential new injections of capital, namely by raising S$1.5 million to $1.8 million within the next 4 months. The Group and the Company have bank balance of S$0.834 million and S$0.265 million respectively as at 31 March 2022. With the potential further injections of capital and fund, the Company can operate as a going concern;
- the Chairman and substantial shareholder of the Company undertaking to raise sufficient funds to enable the Group to meet its present working capital requirements;
- the ability of the Group to generate sufficient cashflow from the Malaysian operations and to contribute partially to the Group's operating expenses together with some expense reduction and cost-cutting exercise; and
- continued financial support from the Group's major shareholders, corporate and institutional lenders, individual and sophisticated investors.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into three reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Board of Directors reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Aesthetic medical and healthcare:	Provision of aesthetic medical services includes the provision of aesthetic medical, beauty and wellness services.
Trading and distribution:	Trading and distribution of steel raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminum smelters in the Asia-Pacific region and provision of ancillary services.
Investment and others:	Business of investment holding, provision of management services and provision of marketing, distribution and related services.

4.1 Reportable Segments

Segment Profits/Loss

	Aesthetic medical and healthcare S$'000	**Trading and distribution S$'000**	**Investment and others S$'000**	**Total S$'000**
1.1.2022 to 31.03.2022 Unaudited				
Segment revenue				
- External parties	2,105	98	-	2,203
- Related parties	-	-	-	-
Gross profit	1,190	4	-	1,194
Other income	39	-*	-*	39
Expenses				
- Distribution	(38)	(22)	-	(60)
- Administrative	(1,518)	(18)	(418)	(1,954)
- Finance	(33)	-	(2)	(35)
Loss before income tax	(360)	(36)	(420)	(816)
Income tax credit	44	-	-	44
Net loss for the financial period	(316)	(36)	(420)	(772)

* Less than S$1,000

4.1 Reportable Segments (cont'd)

1.1.2021 to 31.03.2021 Unaudited	Aesthetic medical and healthcare S$'000	Trading and distribution S$'000	Investment and others S$'000	Total S$'000
Segment revenue				
- External parties	1,795	75	-	1,870
- Related parties	-	-	-	-
Gross profit	876	5	-	881
Other income	48	8	9	65
Expenses				
- Distribution	(88)	(21)	-	(109)
- Administrative	(1,373)	(18)	(439)	(1,830)
- Finance	(46)	-*	(3)	(49)
Loss before income tax	(583)	(26)	(433)	(1,042)
Income tax credit	69	-	-	69
Net loss for the financial period	(514)	(26)	(433)	(973)

* Less than S$1,000

<u>Segment Assets/Liabilities</u>

31.03.2022 Unaudited	Aesthetic medical and healthcare S$'000	Trading and distribution S$'000	Investment and others S$'000	Total S$'000
Assets and liabilities				
Segment and consolidated total assets	7,208	107	478	7,793
Consolidated total assets				7,793
Segment and consolidated total liabilities	6,552	25	1,338	7,915
Consolidated total liabilities				7,915

4.1 Reportable Segments (cont'd)

	Aesthetic medical and healthcare	Trading and distribution	Investment and others	Total
31.12.2021 Audited	**S$'000**	**S$'000**	**S$'000**	**S$'000**
<u>Assets and liabilities</u>				
Segment and consolidated total assets	7,794	98	424	8,316
Consolidated total assets				8,316
Segment and consolidated total liabilities	6,821	24	1,424	8,269
Consolidated total liabilities				8,269

4.2 Disaggregation of revenue

	Group 3 months ended	
	31.03.2022 Unaudited S$'000	**31.03.2021 Unaudited S$'000**
At a point in time		
Aesthetic medical and healthcare		
- Malaysia	2,105	1,795
Trading and distribution		
- Singapore	98	75
	2,203	1,870

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 31 March 2022 and 31 December 2021:

	Group		Company	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Trade receivables	181	204	-	-
Other receivables	535	503	722	696
Cash and cash equivalents	834	913	265	192
Total financial assets measured at amortised cost	1,550	1,620	987	888
Trade payables	262	240	-	-
Other payables	3,890	4,231	1,197	1,245
Lease liabilities	2,041	2,259	91	124
Borrowings	1,506	1,279	756	800
Total financial liabilities measured at amortised cost	7,699	8,009	2,044	2,169

6. Profit before taxation

6.1 Significant items

	Group 3 months ended	
	31.03.2022 Unaudited S$'000	31.03.2021 Unaudited S$'000
Income		
Rental income	2	15
Fixed deposit interest income	-*	-
Shared services fee income – related party	5	4
Shared services fee income – third party	5	-
Vaccination fee income	16	-
Government grants	-*	38
Expenses		
Interest expense on borrowings	(1)	(15)
Interest expense on lease liabilities	(34)	(34)
Amortisation of intangible assets	(96)	(96)
Depreciation of property, plant and equipment	(389)	(499)
Foreign exchange loss	-*	-*

* Less than S$1,000

6.2 Related party transactions

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of goods and services*

	Group	
	3 months ended	
	31.03.2022	**31.03.2021**
	Unaudited	**Unaudited**
	S$'000	**S$'000**
Sales	16	17
Other income	5	4
Cost of sales	-	3
Administrative expenses	-	1
Finance expenses	-	1
	21	26

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	3 months ended	
	31.03.2022	**31.03.2021**
	Unaudited	**Unaudited**
	S$'000	**S$'000**
Deferred income tax	44	69
	44	69

8. Net Asset Value

	Group		**Company**	
	31.03.2022	**31.12.2021**	**31.03.2022**	**31.12.2021**
	Unaudited	**Audited**	**Unaudited**	**Audited**
Net asset value per ordinary share (Singapore cents)	-*	-*	01	01

* Less than S$0.01 cents

9. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3)

The following table presented the assets measured at fair value:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group 31.03.2022 Unaudited				
Financial liabilities				
Non-current borrowings	-	-	1,867	1,867
Group 31.12.2021 Audited				
Financial liabilities				
Non-current borrowings	-	-	1,942	1,942

10. Trade and other receivables

	Group		Company	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Trade receivables				
- Non-related parties	218	241	-	-
- Related parties	5	5	-	-
	223	246		
Less: Loss allowance	(42)	(42)	-	-
	181	204	-	-
Other receivables				
- Subsidiary corporations	-	-	657	643
- Related parties	21	20	-	-
- Non-related parties	118	95	29	17
	139	115	686	660
Deposits	396	388	36	36
Prepayments	228	217	46	43
	944	924	768	739

11. Settlement shares and warrants receivables

During the financial year ended 31 December 2020, the Directors of the Company approved the plan to unwind the acquisition of Brand X Lab Pte Ltd ("**Brand X**"). Subsequently, on 16 February 2021, the Company entered into an unwinding and settlement agreement (the "**Agreement**") with Tan Suying ("**TSY**") in respect of the mutual agreement by TSY and the Company to unwind the acquisition of Brand X.

On 18 January 2022, TSY and the Company entered into a supplemental agreement (the "**Supplemental Agreement**") to amend, modify and vary the terms and provisions of the Agreement. They key modifications to the Agreement are summarised below:

- TSY to refrain from exercising the voting rights and transfer of the consideration shares and warrants that she received from the acquisition;
- The methods for unwinding of the acquisition shall be by way of to capital reduction pursuant to Division 3A (Part IV) of the Companies Act, and subject always to due compliance with and observation of the applicable provisions of the Catalist Rules of the SGX-ST and the Constitution of the Company which shall result in the cancellation of the 1,583,333,333 ordinary shares of the Company held by TSY as part of the consideration for the disposal and transfer of the 100,000 ordinary shares of Brand X to TSY. Selective off-market share buy-back as a method of unwinding of the acquisition was removed;
- TSY and the Company shall endeavor to complete the unwinding of the acquisition by no later than 31 August 2022 and if this is not achieved, both parties shall provide assistance for completion as soon as possible without any limit in time;
- The mutual agreement to unwind the acquisition is irrevocable and neither TSY nor the Company shall be entitled or have the right to terminate the Agreement and the unwinding of the acquisition; and
- The date of effective transfer of any and all rights and entitlements as well as any and all obligations attached to the 100,000 ordinary shares of Brand X, being the sale shares, shall remain 1 January 2021 or such earliest date permissible under applicable laws and regulations as well as the financial reporting standards.

Accordingly, Brand X is de-consolidated from 1 January 2021. The fair value of the consideration receivable for the unwinding of Brand X amounting to S$3,557,000 is classified as "Settlement shares and warrants receivables" on the Company and Group's balance sheet on 1 January 2021 and as at 31 December 2021 and 31 March 2022.

12. Investment in subsidiaries

On the Company's balance sheet, the investment in subsidiary corporations amounting to S$2.417 million as at 31 March 2022 and 31 December 2021 comprise cost of investment in Albedo Corporation Pte Ltd and JCG-Beverly Pte Ltd, the holding company for the Beverly Wilshire Group of companies in Malaysia, amounting to S$0.352 million and S$2.065 million respectively.

13. Property, plant and equipment

During the financial period ended 31 March 2022, the Group acquired property, plant and equipment and right-of-use assets with an aggregate cost of S$15,000 (31 December 2021: S$675,000) of which S$Nil (31 December 2021: S$350,000) were acquired by means of leases. Cash payments of S$15,000 (31 December 2021: S$325,000) were made to purchase property, plant and equipment.

14. Intangible assets

	Group	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Composition:		
Goodwill arising on consolidation	664	664
Trademark/brand	294	390
	958	1,054

(a) Goodwill arising on consolidation

	Group	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Cost		
Beginning and end of financial year	664	664
Accumulated impairment		
Beginning and end of financial year	-	-
Net book value	664	664

(a) Trademark/brand

	Group	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Cost		
Beginning and end of financial year	1,160	1,160
Accumulated amortisation and impairment		
Beginning of financial year	770	385
Amortisation charge	96	385
End of financial year	866	770
Net book value	294	390

* Less than S$1,000

15. Trade and other payables

	Group		Company	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
Current				
Trade payables				
- Non-related parties	262	240	-	-
Other payables				
- Non-related parties	1,031	1,025	574	438
- Related parties	215	209	-	-
Advances received	1,413	1,641	-	-
Accruals for operating expenses	1,231	1,356	623	807
	4,152	4,471	1,197	1,245

16. Borrowings

	Group		Company	
	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000	31.03.2022 Unaudited S$'000	31.12.2021 Audited S$'000
(a) Lease liabilities				
Current	471	616	91	124
Non-current	1,570	1,643	-	-
	2,041	2,259	91	124
(b) Borrowings				
Current				
Borrowings				
- Loan 1	-	-	756	800
- Loan 2	425	428	-	-
Bank overdraft	236	-	-	-
Invoice financing	548	552	-	-
	1,209	980	756	800
Non-current				
Borrowings				
- Loan 2	297	299	-	-
	297	299	-	-
Total	1,506	1,279	756	800
Total borrowings	3,547	3,538	847	924

The Group and the Company are not exposed to significant changes in interest rates as the borrowings are at fixed interest rates.

(i) Loan 1 from subsidiary corporation, Albedo Corporation Pte Ltd, is unsecured, interest-free and repayable on demand.

(ii) Loan 2 is from UOB Malaysia. The bank facility is secured by a corporate guarantee from the Company and a personal guarantee by certain directors of the Company. The loan bears an interest rate of 1.50% per annum over the bank's prevailing 1-month effective cost of funds on monthly rests.

(iii) Bank overdraft from UOB Malaysia. The bank facility is secured by a corporate guarantee from the Company as well as personal guarantees by certain directors of the Company. The bank overdraft bears an interest rate of 0.75% per annum over the bank's base lending rate on daily rests.

(iv) Invoice financing from UOB Malaysia. The loan facility is secured by a corporate guarantee from the Company as well as personal guarantees by certain directors of the Company. The invoice financing bears an interest rate of 0.75% per annum over the bank's base lending rate.

17. Share capital

	31.03.2022 Unaudited		31.12.2021 Audited	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
	'000	S$'000	'000	S$'000
Group and Company				
Beginning of financial year	18,662,716	72,994	15,814,936	71,623
Shares issued pursuant to:-				
Share subscription	630,000	600	735,000	658
Rights issue	-	-	2,112,780	1,882
Warrants adjustments	-	-	-	(1,169)
End of financial year	19,292,716	73,594	18,662,716	72,994

18. Events occurring after balance sheet date

(i) On 1 April 2022, the Company signed five subscription agreements for total private placement amounts of S$735,000, 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.

(ii) On 4 April 2022, the Company completed the allotment and issuance of an aggregate of 388,696,000 ordinary shares at an issue price of S$0.001 to certain mid to high management level employees of the Company and its Singapore subsidiary, Albedo Corporation Pte Ltd, excluding directors of the Company, as part payment of salaries in shares in lieu of cash as well as to directors of the Company, as part payment of salaries/directors' fees in shares in lieu of cash.

(iii) On 21 April 2022, JCG-Beverly Pte Ltd ("**JCG-Beverly**") transferred 53,580 shares in Beverly Wilshire Aesthetic Dental Sdn Bhd ("**BWAD**"), representing 2% of the share capital of BWAD, to Howard Ng How Er. On the same day, JCG-Beverly entered into a trust deed with Howard Ng How Er, to hold the 53,580 shares on trust for JCG-Beverly. The transfer of shares and entry into the trust arrangement are interested person transactions as defined under Chapter 9 of the Catalist Rules. The consideration for the transfer of the 53,580 shares in BWAD from JCG-Beverly to Howard Ng How Er is RM1.00. The value at risk to the Company for the transaction, being the consideration amount, is RM1.00. There is no disposal of assets of BWAD to Howard Ng How Er and Howard Ng How Er has no rights over the relevant BWAD shares other than acting as a pure nominee. As such, the value at risk to the Company for the trust arrangement is nil.

(iv) On 28 April 2022, Beverly Wilshire Medical Centre (JB) Sdn Bhd (the "**Borrower**"), a subsidiary of the Company, entered into a hire purchase financing facility of RM341,076.70 (the "**Facility**") granted by PAC Lease BHD (the "**Hirer**") for an aesthetic medical equipment. In connection with the Facility, the Company executed a corporate guarantee in favour of the Hirer as security for the due performance and observance of all the Borrower's obligations as set out in the Facility on 28 April 2022. The facility bears an interest rate of 3.82% per annum. The amount repayable in 1 year or less and after 1 year are RM85,269.18 and RM255,807.53 respectively.

Other Information required by Listing Rule Appendix 7.2

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital S$'000
Balance as at 31 December 2021	18,662,715,589	72,994
Balance as at 31 March 2022	19,292,715,589	73,594

	Number of outstanding convertibles
Balance as at 31 March 2021	1,798,615,134
Balance as at 31 March 2022	4,366,394,559

On 10 March 2022, the Company completed the allotment and issuance of 630,000,000 shares at an issue price of S$0.001 per share SCand 210,000,000 warrants pursuant to a deed poll executed by the Company on 10 March 202, each convertible into one share at an exercise price of S$0.001 per warrant (the "**March 2022 Subscription**"). Accordingly, the total number of ordinary shares of the Company increased from 18,662,715,589 shares to 19,292,715,589 shares.

There were no treasury shares and subsidiary holdings as at 31 March 2022 and 31 March 2021.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 31.03.2022	Company 31.12.2021
Total number of issued shares excluding treasury shares	19,292,715,589	18,662,715,589

There were no treasury shares during and as at end of the financial period/year ended 31 March 2022 and 31 December 2021.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable as the Company did not have any treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable as the Company did not have any subsidiary holdings during and as at the end of the current financial period reporting on.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 March 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable. The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 March 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

4. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) updates on the efforts taken to resolve each outstanding audit issue; and
(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

The latest financial statements of the Group for the financial year ended 31 December 2021 was subject to a disclaimer opinion.

The board would like to update on the efforts to resolve the outstanding audit issue as follows:

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 consolidated financial statements for the financial year ended 31 December 2021, 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 financial year ended 31 December 2021, 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 financial year ended 31 December 2021, 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 financial statements for the financial year ended 31 December 2021 is also disclaimed because of the possible effects of this matter on the comparability of the figures for the financial year ended 31 December 2021 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 confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Para 6 below, the same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2021 ("**FY2021**").

6. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below.

Effective for the Group's annual periods beginning on or after 1 January 2022

• Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

• Amendments to SFRS(I) 1-8 Definition of Accounting Estimates

• Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

• Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

• Annual Improvements to SFRS(I) Standards 2018-2020

• Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use

• Amendments to SFRS(I) 3 Business Combinations: Reference to the Conceptual Framework

• Amendments to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021

• Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group does not expect any significant impact arising from the adoption of the above amendments to SFRS(I)s.

7. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Loss Per Share	Group	
	3 months ended	
	31.03.2022 Unaudited	31.03.2021 Unaudited
Basic (Singapore cents) [(1)]	(0.003)	(0.005)
Diluted (Singapore cents) [(2)]	(0.003)	(0.005)

Notes:

[(1)] The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of approximately S$635,000 for 3 months period ended 31 March 2022 (31 March 2021: S$727,000) divided by the weighted average number of shares of 18,816,715,589 shares (31 March 2021: 15,814,936,164 shares).

[(2)] The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been anti-dilutive.

8. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31.03.2022 Unaudited	31.12.2021 Audited	31.03.2022 Unaudited	31.12.2021 Audited
Net assets (S$'000)	(122)	47	1,506	1,314
Number of ordinary shares in issue ('000)	19,292,716	18,662,715	19,292,716	18,662,715
Net assets value per ordinary share (Singapore cents)	-*	-*	0.01	0.01

* Less than 0.01 cents

9. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Condensed Interim Statement of Comprehensive Income of the Group

i) Revenue

	1Q2022	1Q2021	Variance	
	S$'000	S$'000	S$'000	%
Aesthetics medical and healthcare	2,105	1,795	310	17%
Trading and distribution	98	75	23	31%
Total	2,203	1,870	333	18%

The aesthetics medical and healthcare segment recorded revenue of S$2.105 million for 1Q2022, an increase of 17% or S$0.310 million compared to 1Q2021 of S$1.795 million. The increase in revenue was mainly due to the new entities incorporated in 2020 and 2021, 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$0.400 million of revenue to the Group in 1Q2022 as compared to S$0.085 million for 1Q2021.

The Group's revenue from its trading and distribution business for 1Q2022 was S$0.098 million, an increase of 31% or S$0.023 million as compared to the revenue of S$0.075 million in the previous corresponding financial period ended 31 March 2021. The Group had completed one steel trading transaction with contract value of S$0.098 million in 1Q2022 and one steel trading transaction with contract value of S$0.075 million on 1Q2021.

ii) Cost of sales

The cost of sales is in respect to the trading and distribution and aesthetic medical and healthcare business. The increase in cost of sales is in line with the increase in revenue. The aesthetics medical and healthcare segment recorded cost of sales of S$0.915 million for 1Q2022, a decrease of 0.4% or S$0.04 million compared to 1Q2021 of S$0.919 million. The trading and distribution segment recorded cost of sales of S$0.094 million for 1Q2022, an increase of 34% or S$0.024 million compared to 1Q2021 of S$0.070 million.

iii) Gross profit

The Group's gross profit from operations increased by 36% or S$0.313 million from S$0.881 million in 1Q2021 to S$1.194 million in 1Q2022. The increase was mainly due to increase in revenue of the new entities incorporated in 2020 and 2021, 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 in the aesthetic medical and healthcare segment that resulted in increased gross profit.

iv) Other income

Other income decreased by 40% or S$0.026 million from S$0.065 million in 1Q2021 to S$0.039 million in 1Q2022 mainly due to decrease in rental income from sublet of office and medical centre in Malaysia and government grants of S$0.013 million (from S$0.015 million in Q12021 to S$0.002 millionQ12022) and S$0.038 million (from S$0.038 million in Q12021 to S$NilQ12022)respectively and partially offset by increase in vaccination service fee income and shared service fee income of S$0.016 million (from S$Nil in Q12021 to S$0.016 millionQ12022)and S$0.006 million (from S$0.004 millionin Q12021 to S$0.010 millionQ12022) respectively.

v) Selling and distribution expenses

Selling and distribution expenses decreased by 45% or S$0.049 million from S$0.109 million in 1Q2021 to S$0.060 million in 1Q2022. The decrease was mainly due to fewer marketing activities occurring in 1Q2022.

vi) Administrative expenses

Administrative expenses increased by 7% or S$0.124 million from S$1.830 million in 1Q2021 to S$1.954 million in 1Q2022. The administrative expenses incurred during the 1Q2022 are mainly operational costs, including staff costs, directors' remunerations and professional fees. The increase was mainly due to increase in employee compensation of S$0.119 million for new entities incorporated in 2020 and 2021, 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.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by S$0.110 million or 22% from S$0.499 million in 1Q2021 to S$0.389 million in 1Q2022 mainly due to decrease in the carrying amount of the right-of-use asset arising from lease modification as a result of partial termination of lease and adjustment in lease amounts of our medical centres, Beverly Wilshire Medical Centre Sdn Bhd and Beverly Wilshire Medical Centre (JB) Sdn Bhd in Malaysia. Accordingly, there is a decrease in amortization of right-of-use asset.

vii) Finance expenses

Finance expenses decreased by S$0.014 million or 29% from S$0.049 million in 1Q2021 to S$0.035 million in 1Q2022. The decrease is due to decrease in interest expense on borrowings of S$0.014 million.

viii) Income tax credit

Income tax credit decreased by 36% or S$0.025 million from S$0.069 million in 1Q2021 to S$0.044 million in 1Q2022. The decrease was mainly due to decrease in income tax credit arising from deferred tax liabilities from fair value adjustments to the intangible assets and property, plant and equipment of Beverly Wilshire Medical Centre Group in Malaysia.

Review of the Condensed Interim Balance Sheet of the Group

ix) Assets

(a) Total assets of the Group decreased by 6% or S$0.523 million from S$8.316 million as at 31 December 2021 to S$7.793 million as at 31 March 2022 mainly due to:

- decrease in property, plant and equipment of S$0.402 million mainly due to depreciation of S$0.389 million in 1Q2022 partially offset by additions of property, plant and equipment amounting to S$0.015 million; and

- decrease in intangible assets of S$0.096 million due to amortization of intangible assets of S$0.096 million in 1Q2022;

- decrease in cash and cash equivalents of S$0.079 million from S$0.913 million as at 31 December 2021 to S$0.834 million as at 31 March 2022 due to the net cash used in operating activities and investing activities and offset by proceeds from share placement of S$0.600 million. Refer to "Review of the Condensed Interim Consolidated Cash Flow Statements of the Group" in para 9(xii) for further details; and

- offset by increase in trade and other receivables and inventories of S$0.020 million and S$0.034 million respectively which is in line with the increase in level of sales activities in 1Q2022.

x) Liabilities

(a) Total liabilities decreased by 4% or S$0.354 million from S$8.269 million as at 31 December 2021 to S$7.915 million as at 31 March 2022 mainly due to:

- decrease in lease liabilities of S$0.218 million mainly due to repayment of lease liabilities for our offices and medical centres; and

- decrease in deferred income tax liabilities arising from fair value adjustments to the intangible assets and property, plant and equipment of Beverly Wilshire Medical Centre Group in Malaysia of S$0.044 million due to recognition as deferred tax credit in the income statement in 1Q2022;

- decrease in trade and other payables of S$0.319 million mainly due to decrease in advances from customers and accruals for operating expenses of S$0.228 million and S$0.125 million respectively and offset by increase in trade payables and other payables of S$0.022 million and S$0.012 million respectively; and

- offset by increase in borrowings of S$0.227 million mainly arising from increase in bank overdraft of S$0.236 million and offset by decrease in bank loan and invoice financing of S$0.005 million and of S$0.004 million respectively.

xi) Negative working capital

As at 31 March 2022, the Group's total liabilities exceeded its total assets by S$0.122 million and the Group had negative working capital of S$3.631 million. Notwithstanding this, the Board and Management is of the view that the Group is able to continue as a going concern. Refer to Section 2.3 of this announcement for further details.

Review of the Condensed Interim Consolidated Statement of Cash Flows of the Group

xii) Cash flow

Net cash used in operating activities in 1Q2022 amounted to S$0.639 million. The operating cash outflows before movement in working capital was S$0.266 million. The net cash outflows from the changes in working capital of approximately S$0.373 million was mainly due to decrease in trade and other payables of S$0.319 million. The decrease in net cash used in operating activities in 1Q2022 was mainly due to total loss which has been explained under "review of the income statement of the Group".

Net cash used in investing activities for FY2021 amounted to S$0.015 million due to the purchase of property, plant and equipment; in particular, Beverly Wilshire Dental Centre Sdn Bhd , Natasha Beverly Mizu Sdn Bhd purchased dental equipment of S$0.009 million and medical equipment of S$0.003 million respectively during the 1Q2022.

Net cash generated from financing activities for 1Q2022 amounted to S$0.339 million due to proceeds from share subscription of S$0.600 million and offset by repayment of borrowings, lease liabilities of S$0.008 million and S$0.252 million respectively.

As a result of the above, cash and cash equivalents were S$0.474 million as at 31 March 2022 as compared to S$0.789 million as at 31 December 2021 representing a decrease of 40%.

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The following events are expected to positively impact the Group in the next reporting period and the next 12 months:

(a) The Beverly Wilshire group of companies in Malaysia which contributed about 96% of the Group's revenue for 1Q2022 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 18% from S$1,870,000 for 1Q2021 to S$2,203,000 for 1Q2022.

This was achieved with the domestic market alone due to the border closure measures undertaken by the Malaysia government during the Covid-19 pandemic. Please refer to Section 2.3 of this announcement for further details.

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) The Group had successfully raised S$2,112,779 from the 2021 Rights Cum Warrants Issue, S$1,365,000 in aggregate from private placements exercises in FY2021 and S$630,000 in aggregate from private placements exercises in 1Q2022. Please refer to Section 2.3 of this announcement for further details.

Concurrently, the Company will continue to look for other fund-raising exercises to fund the working capital and growth of the Group going forward.

12. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period.

(b)(i) Amount per share (cents)

Not applicable

(b)(ii) Previous corresponding period (cents)

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.

Not applicable

13. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended as the Group is in loss making position for financial period ended 31 March 2022.

14. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

Beverly Bangsar Sdn Bhd ("**Beverly Bangsar**") is a company incorporated in Malaysia and its principal business is the operation of an aesthetic clinic. Our Executive Chairman and CEO, Dato' Ng Tian Sang @ Ng Kek Chuan, and his two sons, Executive Director, Howard Ng How Er, and Alexander Ng Zhonglie together hold 63% shareholding in Beverly Bangsar. Howard Ng How Er and Alexander Ng Zhonglie are also directors of Beverly Bangsar. Accordingly, Beverly Bangsar is an interested person as defined under Chapter 9 of the Catalist Rules and all transactions entered between the Group and Beverly Bangsar constitute interested person transactions ("**IPTs**") under Chapter 9 of the Catalist Rules.

Entity at Risk	**IPTs**		
	Sales[(1)]	**Support Services Income [(2)]**	**Total**
	S$'000	**S$'000**	**S$'000**
Beverly Wilshire Medical Centre Sdn. Bhd. ("**BWKL**")	16	3	19
Natasha Beverly Sdn. Bhd. ("**NBSB**")	-	2	2
Total	**16**	**5**	**21**

[(1)] Sales – BWKL had sold aesthetic medical products to Beverly Bangsar at cost price. The reason for the arrangement to resell to Beverly Bangsar at cost price is to capitalize on the cost savings when purchasing the products from external suppliers in bulk as well as better inventory management by purchasing from BWKL which has the existing stock on hand.

[(2)] Support Services Income – BWKL and NBSB had provided support services including accounting and marketing services to Beverly Bangsar as Beverly Bangsar does not have an in-house accounting or marketing team. The costs incurred are charged out at a mutually agreed fixed rate on a cost-plus basis.

Four sales transactions (including transactions that are less than S$100,000) entered into between the Group and Beverly Bangsar for the financial period ended 31 March 2022 amounted to approximately $4,000, $3,000, $2,000 and $2,000, representing 8.5%, 6.4%, 4.3% and 4.3% of the Group's latest audited net tangible assets as at 31 December 2021 of S$47,000 respectively, which is above the relevant threshold of 3.0% under Rule 905(1) of the Catalist Rules.

The aggregate value of all transactions (including transactions that are less than S$100,000) entered into between the Group and Beverly Bangsar for the financial period ended 31 March 2022 amounted to approximately S$21,000. This represents 44.7% of the Group's latest audited net tangible assets as at 31 December 2021 of S$47,000, which is above the relevant threshold of 3.0% under Rule 905(2) of the Catalist Rules.

However, as the transactions on an individual or aggregated basis are below S$100,000, Rule 905(1) and Rule 905(2) do not apply.

Other than the above, the Group did not enter into any IPT of S$100,000 or more in value per transaction or in aggregate for 1Q2022.

15. Use of Proceeds

(i) 2021 Rights Cum Warrants Issue

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 (the "**W240531 Warrants**"), 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 (the "**2021 Rights Cum Warrants Issue"**).

The Company had announced on 2 June 2020, 5 June 2020, 29 June 2020 and 18 March 2021 that the net proceeds of the 2021 Rights Cum Warrants Issue (the "**2021 Rights Cum Warrants Issue Net Proceeds**") amounting to approximately S$1,882,000 were allocated as follows:

(a) S$941,000 for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business; and

(b) S$941,000 for working capital purposes mainly in relation to administrative and operating expenses.

<u>Reasons for Deviation in Use of Proceeds for the 2021 Rights Cum Warrants Issue</u>

Deviations from the stated use of proceeds in respect of the 2021 Rights cum Warrants Issue had taken place on 21 June 2021.

The Company had originally intended to raise a total sum of up to $5.8 million under Rights Cum Warrants Issue. Due to the weak market conditions during the Covid-19 pandemic, the Company had successfully raised only gross proceeds of $2.1 million with net proceeds of $1.8 million. Of the $1.8 million raised:

(a) $558,000 was used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business including (i) capital injections into new joint venture companies in Malaysia, namely, Beverly Ipoh Sdn Bhd, Natasha Beverly Dental Sdn Bhd, Beverly Dentistree Sdn Bhd and Natasha Beverly Mizu Sdn Bhd amounting to $142,000 which had generated revenue for the Group amounting to $661,000 in FY2021; (ii) legal fees amounting to $187,000; (iii) other consultants and professional fees amounting to $130,000; (iv) Sponsor fees amounting to $62,000; and (v) other miscellaneous fees amounting to $65,000;

(b) $930,000 was used for reduction of the Company's debts and liabilities, being the outstanding payables for working capital of approximately $1.5 million at that point in time. Subsequent to this one-time settlement, the Company's payables have been consistently maintained at approximately $500,000;

(c) a balance of $394,000 was utilized for working capital.

The Board acknowledged that there was a classification error in the intended use of proceeds and there should be a separate category for settlement of outstanding payables for working capital.

Additionally, during that period of time, the Chairman of the Company, in conjunction with the Board, was negotiating with several groups of vendors in Singapore for potential mergers and acquisition deals ("**M&As**") to add value to the Company if the M&As were materialized promptly after the fund-raising. However, due to vast difference of vendors' asking price, all upfront cash payments and other terms and conditions demanded by the vendors versus the Company willing-to-pay price and other terms and conditions, the M&As were stalled (and not entered into) and therefore over a period of months, only $558,000 was used on M&As while the balance of the funds from the $941,000 which were originally to be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business were used for working capital including reduction of debts and liabilities.

Revised Allocation of the 2021 Rights Cum Warrants Issue Net Proceeds

A breakdown of the original and revised allocation and the status of the use of the 2021 Rights Cum Warrants Issue Net Proceeds as at the date of this Announcement is as follows:

Intended use of proceeds	**Original Percentage (%) allocation**	**Original Allocation of net proceeds raised (S$'000)**	**Revised Percentage (%) allocation**	**Revised Allocation of net proceeds raised (S$'000)**	**Amount utilized as at 14 May 2022 (S$'000)**	**Balance (S$'000)**
For the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses	50	941	30	558	558	-
Reduction of debts and liabilities	-	-	49	930	930	-
Working capital purposes	50	941	21	394	394	-
Total (approximately)	100	1,882	100	1,882	1,882	-

The amount utilized for reduction of debts and liabilities was for repayment of outstanding payables for working capital amounting to S$930,000 which comprised (i) salaries amounting to S$503,000, (ii) audit fees for FY2019 amounting to S$122,000, (iii) directors' fees for FY2020 amounting to S$121,000, (iv) rental expenses amounting to S$57,000; (v) Sponsor fees amounting to S$74,000; and (vi) secretarial fees amounting to S$53,000.

The amount utilized for working capital was S$394,000 and was used to pay for (i) salaries for 3 months amounting to S$191,000, (ii) FY2020 audit fees amounting to S$173,000, (iii) rental expenses for 2 months amounting to S$25,000; and (iv) other operating expenses amounting to S$5,000.

Warrants

Assuming the 2,112,779,425 warrants are fully exercised for aggregate exercise proceeds of S$2,112,779, originally, 50% of the proceeds were intended to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses and the remaining 50% of the proceeds were intended to be used for working capital purposes.

In view of the deviation as stated above, the Board has reassessed and determined the use of proceeds from the exercise of warrants shall be as follows: 50% of the proceeds to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses; 10% of the proceeds to be used for reduction of debts and liabilities; and 40% of the proceeds to be used for working capital purposes. This is in line with more probable events: ie

- Firstly, the Company has reduced its total debt from S$1.5 million to S$0.500 million and the Company expects the average debt level to remain consistently approximating S$0.500 million going forward. As warrants conversion is a future and uncertain event, the Board is of the view that it is prudent to allocate 10% of the proceeds for reduction of debts and liabilities.

- Secondly, growth and mergers and acquisition are key factors which will add value and turnaround the Company; therefore, a bigger allocation of 50% is considered prudent.
- Thirdly, additional sums from warrants conversion will augment well and add additional cashflow to the Company's working capital.

None of the 2,112,779,425 warrants have been exercised.

No further proceeds from the 2021 Rights Cum Warrants Issue have been raised as the warrants have not been exercised.

(ii) **December 2021 Subscriptions**

On 9 December 2021, the Company completed the placement of an aggregate of 735,000,000 new Shares, at an issue price of S$0.001 for each new subscription share, and 245,000,000 free warrants, each convertible into one Share at an exercise price of S$0.001, for a total cash consideration of S$735,000 to certain subscribers (the "**December 2021 Subscriptions**").

The Company had announced on 21 July 2021 and 29 October 2021 that the net proceeds of the December 2021 Subscriptions (the "**December 2021 Net Proceeds**") amounting to approximately S$658,000 were allocated as follows:

(a) S$329,000 for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business; and

(b) S$329,000 for working capital purposes mainly in relation to administrative and operating expenses.

<u>Reasons for Deviation in Use of Proceeds for the December 2021 Subscriptions</u>

Deviations from the stated use of proceeds in respect of the December 2021 Subscriptions had taken place on 31 January 2022.

In view of the reasons as stated in Section 15(i), the Company had used the S$329,000 originally allocated for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business for reduction of debts and liabilities and working capital instead.

<u>Revised Allocation of the December 2021 Net Proceeds</u>

A breakdown of the original and revised allocation and the status of the use of the December 2021 Net Proceeds as at the date of this Announcement is as follows:

Intended use of proceeds	Original Percentage (%) allocation	Original Allocation of net proceeds raised (S$'000)	Revised Percentage (%) allocation	Revised Allocation of net proceeds raised (S$'000)	Amount utilized as at 14 May 2022 (S$'000)	Balance (S$'000)
For the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses	50	329	-	-	-	-
Reduction of debts and liabilities	-	-	11	74	74	-
Working capital purposes	50	329	89	584	584	-
Total (approximately)	100	658	100	658	658	-

The amount utilized for reduction of debts and liabilities was for repayment of outstanding payables for working capital amounting to S$74,000 which comprised (i) Sponsor fees amounting to $30,000; (ii) share registrar fees amounting to $28,000; and (iii) secretarial fees amounting to $16,000.
The amount utilized for working capital was S$584,000 and was used to pay for (i) salaries for 6 months amounting to $406,000; (ii) rental expenses for 6 months amounting to $75,000; (iii) partial FY2021 audit fees amounting to $36,000; (iv) SGX half-annual listing fees amounting to $16,000; (v) staff insurance amounting to S$12,000; (vi) CDP retainer fees amounting to $12,000; (vii) EGM expenses amounting to $11,000; and (viii) other operating expenses amounting to $16,000.

<u>Warrants</u>

Assuming the 245,000,000 warrants are fully exercised for aggregate exercise proceeds of S$245,000, originally, 50% of the proceeds were intended to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses and the remaining 50% of the proceeds were intended to be used for working capital purposes.

In view of the deviation as stated above, the Board has reassessed and determined the use of proceeds from the exercise of warrants shall be as follows: 50% of the proceeds to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses; 10% of the proceeds to be used for reduction of debts and liabilities; and 40% of the proceeds to be used for working capital purposes. This is in line with more probable events: ie

- Firstly, the Company has reduced its total debt from S$1.5 million to S$0.500 million and the Company expects the average debt level to remain consistently approximating S$0.500 million going forward. As warrants conversion is a future and uncertain event, the Board is of the view that it is prudent to allocate 10% of the proceeds for reduction of debts and liabilities.
- Secondly, growth and mergers and acquisition are key factors which will add value and turnaround the Company; therefore, a bigger allocation of 50% is considered prudent.
- Thirdly, additional sums from warrants conversion will augment well and add additional cashflow to the Company's working capital.

None of the 245,000,000 warrants have been exercised.

No further proceeds from the December 2021 Subscriptions have been raised as the warrants have not been exercised.

(iii) **March 2022 Subscriptions**

On 10 March 2022, the Company completed the placement of an aggregate of 630,000,000 new Shares, at an issue price of S$0.001 for each new subscription share, and 210,000,000 free warrants, each convertible into one Share at an exercise price of S$0.001, for a total cash consideration of S$630,000 to certain subscribers (the "**March 2022 Subscriptions**").

The Company had announced on 13 January 2022 that the net proceeds of approximately S$600,000 of the March 2022 Subscriptions (the "**March 2022 Net Proceeds**") were allocated as follows:

(a) S$300,000 for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business; and

(b) S$300,000 for working capital purposes mainly in relation to administrative and operating expenses.

Reasons for Deviation in Use of Proceeds for the March 2022 Subscriptions

Deviations from the stated use of proceeds in respect of the December 2021 Subscriptions had taken place on 21 April 2022.

Of the $300,000 allocated for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business, an amount of $52,000 has been utilized for reduction of debts and liabilities/working capital as at the date of this announcement. Taking into consideration that the Company currently requires more funds for working capital, the Company has decided to reallocate a higher percentage of the March 2022 Net Proceeds to reduction of debts and liabilities and working capital instead.

Revised Allocation of the March 2022 Net Proceeds

A breakdown of the original and revised allocation and the status of the use of the March 2022 Net Proceeds as at the date of this Announcement is as follows:

Intended use of proceeds	**Original Percentage (%) allocation**	**Original Allocation of net proceeds raised (S$'000)**	**Revised Percentage (%) allocation**	**Revised Allocation of net proceeds raised (S$'000)**	**Amount utilized as at 14 May 2022 (S$'000)**	**Balance (S$'000)**
For the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses	50	300	10	60	38	22
Reduction of debts and liabilities	-	-	33	195	195	-
Working capital purposes	50	300	57	345	157	188
Total (approximately)	100	600	100	600	390	210

The amount utilized for reduction of debts and liabilities was for repayment of outstanding payables for working capital amounting to S$195,000 which comprised (i) partial FY2021 audit fees amounting to $125,000; and (ii) outstanding directors' fees for the financial year ended 31 December 2021 amounting to $70,000.

The amount utilized for working capital was S$157,000 and was used to pay for (i) salaries for 2 months amounting to $110,000; (ii) rental expenses for 2 months amounting to $25,000; (iii) additional listing fees to SGX amounting to $9,000; and (iv) other operating expenses amounting to $13,000.

Warrants

Assuming the 210,000,000 warrants are fully exercised for aggregate exercise proceeds of S$210,000, originally, 50% of the proceeds were intended to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses and the remaining 50% of the proceeds were intended to be used for working capital purposes.

In view of the deviation as stated above, the Board has reassessed and determined the use of proceeds from the exercise of warrants shall be as follows: 50% of the proceeds to be used for the future expansion of the Group, including but not limited to mergers with and acquisitions of similar businesses; 10% of the proceeds to be used for reduction of debts and liabilities; and 40% of the proceeds to be used for working capital purposes. This is in line with more probable events: ie

- Firstly, the Company has reduced its total debt from S$1.5 million to S$0.500 million and the Company expects the average debt level to remain consistently approximating S$0.500 million going forward. As warrants conversion is a future and uncertain event, the Board is of the view that it is prudent to allocate 10% of the proceeds for reduction of debts and liabilities.
- Secondly, growth and mergers and acquisition are key factors which will add value and turnaround the Company; therefore, a bigger allocation of 50% is considered prudent.
- Thirdly, additional sums from warrants conversion will augment well and add additional cashflow to the Company's working capital.

None of the 210,000,000 warrants have been exercised.

No further proceeds from the March 2022 Subscriptions have been raised as the warrants have not been exercised.

(iv) In relation to the abovementioned deviations from the stated use of proceeds for the 2021 Rights cum Warrants Issue, the December 2021 Subscriptions and the March 2022 Subscriptions, the AC has (i) proposed to strengthen the internal controls procedures by requiring the management to submit a quarterly report on the usage of funds so that any material deviation from the stated use of proceeds may be identified promptly in order to prevent future occurrence and to ensure compliance with Catalist Rule 704(30), (ii) reminded management on the need to ensure compliance with ongoing obligations under the Catalist Rules and (iii) reminded management on the need to exercise greater care and caution in identifying and classifying the categories in respect of the intended use of proceeds in order to prevent future occurrences of such classification errors.

16. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material respect.

17. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured all the required undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

By Order of the Board

17 May 2022