

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

**RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN
RELATION TO THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2020**

The board of directors (the “**Board**” or “**Directors**”) of Beverly JCG Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to respond to questions raised by Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report (“**FY2020 Annual Report**”) for the financial year ended 31 December 2020 (“**FY2020**”) as follows:

SIAS Q1:

As noted in the chairman’s statement, despite the pandemic, the group kept its focus on growing its new core business in healthcare and beauty. The group leveraged the successful acquisition of a 51% stake in Beverly Wilshire Medical Centre Group of Companies in November 2019 and made further progress on its expansion. The company’s name was also changed from “JCG Investment Holdings Ltd.” to “Beverly JCG Ltd.” with effect from 2 July 2020.

Some of the other notable milestones by the group include its expansion to Ipoh; forming JVs to operate medical aesthetics clinics, other health maintenance procedures such as medi-spa, chiropractor and physiotherapy, and aesthetic dental services; being appointed as official Covid-19 vaccination centres in Malaysia; and the unwinding of the acquisition of Brand X Lab Pte. Ltd.

The executive directors are Dato’ Ng Tian Sang @ Ng Kek Chuan (executive chairman and chief executive officer), Mr Howard Ng How Er (executive director and deputy chief executive officer) and Mr Ang Kok Huan (executive director). The company has identified Ms Violet Seah Sin Yuen, chief financial officer, as the only key executive personnel other than the directors.

(i) Can the board help shareholders better understand its experience and track record in the healthcare and beauty industry?

Company’s Response

The Beverly Wilshire (“**BW**”) group of companies was established since 2012, growing from one hospital in Kuala Lumpur and now comprising two Malaysia Ministry of Health (“**MOH**”) certified hospitals and five clinics. Chairman and CEO Dato’ Ng Tian Sang is one of the founding investors since the establishment of the BW group of companies and prior to the injection of the BW group of companies into the Company. Deputy CEO, Mr Howard Ng How Er, has been managing the BW group of companies since 2017. The BW group of professional and experienced doctors have between five to more than thirty years of medical experience. Each hospital is headed by Medical Director and each clinic is headed by a Person-in-charge who possess such qualification, training and experience as may be prescribed and who is responsible for the management and control of

the private healthcare facility or service to which a licence or registration relates as required under the Malaysia MOH regulations.

- (ii) **As a healthcare service provider, is the board well equipped to deal with professional and medical/technical issues in the running of medical centres and clinics? Has the nominating committee (NC) evaluated the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

Company's Response

At each hospital or clinic, there is a Medical Director/Person-in-charge who is responsible for all professional and medical/technical matters in relation to the medical centres/clinics. At the Board level, Chairman and CEO Dato' Ng Tian Sang is one of the founding investors since the establishment of the BW group of companies and prior to the injection of the BW group of companies into the Company. Deputy CEO, Mr Howard Ng How Er, has been managing the BW group of companies since 2017. Lead Independent Director, Dr Lam Lee G, sits on the board of several other listed companies in the healthcare and medical sector, two of which operate full-fledged hospitals and clinics in multi-disciplinaries, including plastic surgery, aesthetic and dental services, which are similar to the Group's core business. The Board currently comprises Directors who as a group provide core competencies such as accounting or finance, business management, legal or corporate governance, relevant industry knowledge or experience, strategic planning experience, customer-based experience or knowledge as well as information technology. The Nominating Committee ("NC") is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective and is well equipped to deal with medical and technical issues in running the medical centres and clinics.

- (iii) **Can the NC help shareholders understand if the non-executive directors collectively as a group have the appropriate balance and mix of skills, knowledge, experience, especially in healthcare and medical aesthetics to engage in effective and constructive debate with the executive directors/management?**

Company's Response

The non-executive directors comprise Dr Lam Lee G, Mr Yap Siew Sin and Mr Raymond Cheung Wai Man. Lead Independent Director, Dr Lam Lee G, sits on the board of several other listed companies in the healthcare and medical sector, two of which operate full-fledged hospitals and clinics in multi-disciplinaries, including plastic surgery, aesthetic and dental services, which are similar to the Group's core business. The Board currently comprises Directors who as a group provide core competencies such as accounting or finance, business management, legal or corporate governance, relevant industry knowledge or experience, strategic planning experience, customer-based experience or knowledge as well as information technology. The Nominating Committee ("NC") is of the view that the current Board comprises persons who as a group provides capabilities required for the Board to be effective and the non-executive directors are able to engage in effective and constructive debate with the executive directors/management.

(iv) **What is the depth of its bench strength, especially its team of medical professionals?**

Company's Response

As at the date of this announcement, for our BW operating business in Malaysia, we have 28 doctors, including Plastic Surgeons, Aesthetic Doctors, Dental Doctors and Specialists, and approximately 100 staff, comprising registered nurses, medical technicians, sales personnel, front desk and backroom support staff.

(v) **Is there a risk that the group has expanded too rapidly and spread itself too thinly?**

Company's Response

Given the current Covid-19 situation and economic climate, we are comfortable with our current pace of expansion in accordance with the strategic review of our business in the financial year ended 31 December 2019.

(vi) **How does the board ensure that its acquisitions or joint ventures lead to sustainable value creation for shareholders?** The company had to write off its entire investment in iMyth Taiwan Limited which was made in prior years, under previous management. The executive summary of the independent review by BDO LLP on iMyth Taiwan can be found on SGX⁽¹⁾.

⁽¹⁾<https://links.sgx.com/FileOpen/Executive%20Summary%20of%20Independent%20Review%20Report%20-%20March%202020.ashx?App=Announcement&FileID=602889>

Company's Response

The investment in iMyth Taiwan Limited was done a few years ago with the previous management and board. The current Board has evaluated and decided that writing off this portfolio will benefit shareholders in the long run. As part of the strengthening of our corporate governance, the risk management committee which comprises all Board members ("**RMC**") was established to assess all new acquisitions and joint ventures. We are confident that these initiatives coupled with transparency and good corporate governance will lead to sustainable value creation for shareholders.

(vii) The group incurred a loss of \$(5.25) million for FY2020, of which \$(4.88) million could be attributed to the group's continuing operations. Total loss attributable to equity holders of the company was \$(4.25) million in FY2020. **Can the board help shareholders understand how it is balancing the group's growth and its profitability?**

Company's Response

The Group's business, like many other businesses, has been affected by the current Covid-19 pandemic; in particular, the absence of overseas clients due to border lockdowns in Malaysia has affected the Group's revenue for FY2020. However, our Malaysian businesses remain robust with a re-focus of a stronger digital marketing and promotions to the local clientele. In addition, the Group sees an opportunity for expansion by collaborating with or acquiring other medical aesthetics companies which are badly affected by the Covid-19 pandemic. The Board is cautiously confident of the positive impact to the Group's business once the borders are re-opened.

Revenue from the medical aesthetic segment increased by \$3.75 million from \$1.56 million in FY2019 to \$5.32 million in FY2020, primarily driven by the full year revenue contribution from Beverly Wilshire Medical Centre Group.

- (viii) **Can the group apprise shareholders of the impact of COVID-19 on the demand for discretionary aesthetics services? Also, how has the Movement Control Order (MCO) impacted the group's operations?**

Company's Response

The Group's business, like many other businesses, has been affected by the current Covid-19 pandemic; in particular, the absence of overseas clients due to border lockdowns in Malaysia has affected the Group's revenue for FY2020. While clinics and hospitals in Malaysia are allowed to operate during the MCO, the restriction of people's movement and the fear of Covid-19 infection has impacted our business, especially during strict MCO controls. However, the demand for discretionary aesthetic services remain robust with continuous exposure in social media by artiste and local online influencers.

- (ix) **Can management provide shareholders with greater clarity on the envisaged contribution from each sub-segment (e.g. aesthetic services, dental services, health maintenance procedures) under the now expanded aesthetic medical and healthcare segment?**

Company's Response

The FY2020 contribution of revenue from each sub-segment is as follows:

Sub-Segment	FY2020 (%)
Cosmetic Surgery	61%
Aesthetics	25%
Wellness/Anti-Aging	5%
Dental	3%
Others	6%
Total	100%

With the expansion of our aesthetic and dental business from FY2021 onwards, the Group expects the contribution of revenue from the Aesthetics and Dental sub-segments to increase going forward.

SIAS Q2:

In the operations and financial review (page 7), the company has stated that it will continue to look for other fund-raising exercises to fund the working capital and growth of the group going forward.

- (i) **What is the hurdle rate used by the board and management in the approval process for the group's major investments and acquisitions?**

Company's Response

Hurdle rate is not one of the criteria we currently use to assess our investment and acquisition. Instead, the Group looks for investment opportunities that are synergistic or strategically aligned with our existing healthcare and beauty business. For example, the Group is seeking out opportunities for collaboration or acquisition with—other medical aesthetics companies which are badly affected by the Covid-19 pandemic. This is also in line with our strategy to grow through mergers and acquisitions. As part of the strengthening of our corporate governance, the Board has established the RMC to assess all new acquisitions and joint ventures. The RMC will make their assessment based on qualitative and quantitative criteria such as historical performance, future prospects, business model and capex requirements.

As at 31 December 2020, the number of issued ordinary shares was 15.81 billion. In June 2021, the company completed the allotment and issuance of 2,112,779,425 shares at an issue price of \$0.001 per share and 2,112,779,425 warrants for an aggregate amount of \$2,112,779 (“2021 rights cum warrants issue”). The net proceeds were \$1,954,000. Based on the company’s announcement on 1 June 2021, valid acceptances by shareholders amounted to just 1,191,279,040 rights shares with warrants or 22.60%. Along with excess applications for 921,500,385 rights shares with warrants (or 17.48%), the 2021 rights cum warrants issue had valid acceptances and excess applications of just 40.08%.

- (ii) **Can the board help shareholders understand if it had evaluated (ex post) the low valid acceptance rate (and the low excess application rate) for the 2021 rights cum warrants issue? If so, what were the findings?**

Company's Response

The 2021 rights issue exercise was conducted in the midst of the Covid-19 pandemic. The Board deems the valid acceptances and excess applications of 40.08% to be acceptable in the light of the current economic climate during this Covid-19 pandemic.

- (iii) **With net proceeds of just \$1.954 million raised, how are the group's plans affected?**

Company's Response

As the net proceeds raised is lower than the maximum amount to be raised, the Company will suitably adjust our plans for usage of funds.

As disclosed on page 6 of the annual report, the group’s net asset value per ordinary share was 0.02 cents as at 31 December 2020.

- (iv) **Has the board evaluated its other options to raise the capital necessary to support its growth plans?**

Company's Response

The Group will continue to consider other fund-raising exercises, including the issuance of further convertible instruments such as convertible and/or exchangeable bonds and warrants, to fund the working capital and growth of the Group going forward. The Company will provide updates to shareholders at the appropriate juncture.

- (v) **Given the low subscription rate, does the board/management intend to provide the market with better clarity of its growth plans and also to reevaluate its current business model and activities?**

Company's Response

The Company will continue to seek for growth opportunities and all other possibilities to complement the existing core healthcare and beauty business of the Group. The Company will provide updates to shareholders at the appropriate juncture.

SIAS Q3:

As noted in the corporate governance report, the company's independent auditors, Nexia TS Public Accounting Corporation, will not be seeking their re-appointment as external auditors of the company at the forthcoming AGM. Nexia has been the auditors of the group since 6 November 2015. Ms Meriana Ang Mei Ling is the engagement director since the financial year ended 31 December 2020.

- (i) **Can the audit committee help shareholders understand why Nexia TS has not sought their re-appointment as auditors of the company?**

Company's Response

Nexia TS will not seek re-appointment as auditors of the Company at the forthcoming Annual General Meeting ("AGM"). The Audit Committee ("AC") had immediately arranged a meeting with Nexia TS for discussion and the AC respects the decision of Nexia TS not to seek re-appointment. The Board is in the process of selection of the incoming independent auditors to be appointed at the forthcoming Extraordinary General Meeting ("EGM") and will update the shareholders in due course.

- (ii) **When was the company/audit committee informed of Nexia TS's decision?**

Company's Response

In early June 2021, Nexia TS informed the Company that it will not seek re-appointment as auditors of the Company at the forthcoming AGM.

- (iii) **How is the audit committee shortlisting and selecting a new auditor for the company in place of Nexia TS?**

Company's Response

The Audit Committee will consider factors such as reputation and experience of the incoming auditors. Furthermore, in connection with the Company's efforts to manage its overall business costs in view of the current global economic climate, the Audit Committee will also consider the reasonableness and competitiveness of fee proposal from the incoming auditors.

- (iv) **What is the progress made in appointing a new auditor?** It is noted that Nexia TS shall stay on as the interim auditors of the company until the appointment of the incoming independent auditors at an EGM to be held in due course.

Company's Response

The Company is in the process of selection of the incoming independent auditors to be appointed at the forthcoming Extraordinary General Meeting (“**EGM**”) and will update the shareholders in due course.

BY ORDER OF THE BOARD

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

28 June 2021

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

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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