

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

ENTRY INTO DEFINITIVE AGREEMENT FOR JOINT VENTURE

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Beverly JCG Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that JCG-Beverly Pte Ltd (“**JCGB**”), a subsidiary of the Company, had on 15 April 2021 entered into a definitive agreement (the “**Agreement**”) with Arlena Philip Lee (“**Dr. Arlena**”) and Klinik Pergigian Dentistree (“**Dentistree**”) (JCGB, Dr. Arlena and Dentistree collectively, the “**Parties**”) to, *inter alia*, establish a joint venture company in Malaysia to be known as “Beverly Dentistree” (the “**JVCo**”) for the purposes of providing aesthetic dental services (the “**Products and Services**”) (the “**Proposed Transaction**”).

In this announcement, unless otherwise stated, the exchange rate applied by the Group for conversions of RM into S\$ is RM3 : S\$1. The exchange rate is for reference only. No representation is made by the Company that any amounts in S\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

2. INFORMATION ON DR. ARLENA AND DENTISTREE

Dr. Arlena

Dr. Arlena has served in Hospital Kuala Lumpur as a dental officer prior to joining the private sector in 2014. She has been awarded with a life membership in the Malaysian Prosthodontic Association, is a member of the Malaysian Dental Association, the Malaysian Aesthetic Dentistry Association and has been awarded the title Fellow of the International College of Dentist since 2015. Dr. Arlena specialises in full mouth rehabilitation and smile design and is a gold provider for Invisalign.

Dentistree

Dentistree is a sole proprietor business owned by Dr. Arlena and has been operating in Malaysia since April 2017 with Dr Arlena as the Principal Aesthetic Dentist. The clinic is fully digitalised and equipped with state of art 2D imaging and 2 dental chairs. The clinic’s core business is general dentistry and cosmetic dentistry with special interest in full mouth rehabilitation and deals mainly with dental tourists, in particular those from Australia, Canada and the USA.

Each of Dr. Arlena and Dentistree is not related to the Directors, substantial shareholders of the Company, or their respective associates. As of the date of this announcement, each of Dr. Arlena and Dentistree does not hold any shares in the share capital of the Company or any other shareholding interest (direct or indirect) in the Company.

3. MATERIAL TERMS OF THE AGREEMENT

3.1 Purpose of the JVCo

- (a) It is intended that the principal business activities of the JVCo shall be the provision of aesthetic dental services at A-1-5, Sunway Nexis, No. 1 Jalan PJU 5/1, Kota Damansara, 47810, Petaling Jaya, Selangor (the "**Premise**").
- (b) The Parties intend for the JVCo to commence business on 1 May 2021, or such other date as may be mutually agreed upon in writing (the "**Commencement Date**").

3.2 JVCo Capital Structure

- (a) The JVCo shall have an initial paid-up capital of RM350,000 divided into 350,000 ordinary shares.
- (b) It is the intent of the Parties that the shares of the JVCo shall eventually and finally be held by the following Parties, in the equity structure below:

<u>Party</u>	<u>Number of Shares</u>	<u>Percentage of Shareholding</u>
JCGB	245,000	70%
Dr. Arlena	105,000	30%

- (c) The shares shall be subscribed for by the Parties in the following manner:
 - (i) Dr. Arlena: Dr Arlena shall subscribe for 105,000 shares in the JVCo at the total sum of RM105,000 only. It is the intention of the Parties that the amount of RM105,000 paid by Dr. Arlena shall be for the purpose of the Proposed Acquisition (as defined below).
 - (ii) JCGB: JCGB shall subscribe for 245,000 shares in the JVCo at the total sum of RM245,000 only. It is the intention of the Parties that the amount of RM245,000 paid by JCGB shall be for the purpose of the Proposed Acquisition (as defined below).

3.3 Working Capital

- (a) It is the intention of the Parties that an additional amount of RM50,000 paid by both JCGB and Dr. Arlena, in proportion to each Party's respective shareholding percentage, into the account of the JVCo shall be utilised as working capital of the JVCo.
- (b) The Parties agree, subject to procedures prescribed in the Agreement, to advance further amounts to the JVCo as and where necessary according to the percentage of their respective shareholding in the JVCo.

3.4 Proposed Acquisition

- (a) Pursuant to the Agreement, the JVCo shall acquire Dentistree's assets and equipment (as set out in the Agreement) free from encumbrances, liens or charges together with the database of all clients and the operating business free from obligations, liabilities, encumbrances, liens and charges (the "**Assets**") (the "**Proposed Acquisition**").
- (b) The aggregate consideration payable by the JVCo to Dentistree for the Proposed Acquisition is RM350,000 (the "**Consideration**"), and will be satisfied fully in cash.
- (c) The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things, the following factors: i) the sum spent in the renovation and refurbishment of the Premise; and (ii) the existing equipment installed at the Premises.
- (d) Based on the listing of the Assets provided by Dentistree, the book value of the Assets was approximately RM350,000 as at the date of the Agreement. No valuation has been carried out on the Assets.

3.5 The Option

The Parties agree that, subject to the relevant shareholders' approval (if necessary) of the Company:

- (a) Dr. Arlena shall be granted an option to require the Company to purchase all (and not only some) of her shares in the JVCo (the "**Option**") for an aggregate consideration based on the latest twelve-month audited accounts of the JVCo using a price-to-earnings multiple of up to five times the JVCo's audited net profit for the last financial year, or such other multiple as may be agreed between the Parties (the "**Option Consideration**").
- (b) For the purposes of paragraph (a) above, an acquisition price-to-earnings multiple of five times the JVCo's audited net profit shall automatically be granted to Dr. Arlena in the event the revenue of the JVCo exceeds RM 1,100,000 in any financial year before the expiry of the Option Period (as defined below).
- (c) The Option Consideration shall be fully satisfied by new ordinary shares to be allotted and issued out of the share capital of the Company (the "**Option Consideration Shares**").
- (d) The Option Consideration Shares shall, subject to the relevant shareholders' approval of the Company (if necessary), be issued at an issue price to be determined based on the based on the volume weighted average price of the Company's traded shares on a trading day to be designated and agreed by the Parties.
- (e) The Option may be exercised during the period commencing on the date falling three years from the Commencement Date or any other date to be mutually agreed upon by the Parties (the "**Option Period**"). For the avoidance of doubt, the Option shall automatically lapse and cease to be valid, binding and exercisable if not exercised on or before the expiry of the Option Period.

- (f) The Company will make further announcement(s) in relation to the Option as and when there are any subsequent developments on the same.

3.6 Board of Directors of the JVCo

- (a) There shall be two representatives of JCGB on the JVCo's board of directors, which includes the chairman.
- (b) There shall be one representative of Dr. Arlena on the JVCo's board of directors.
- (c) The appointment of the Dental Director shall be at the discretion of JCGB.

3.7 Operational Management

- (a) The Dental Director, in consultation with JCGB, shall oversee the day-to-day management and administration of the JVCo in the provision of the Products and Services, including but not limited to, obtaining all licenses and certifications necessary to legally offer the Products and Services.
- (b) The Parties shall ensure that the JVCo in carrying out its provision of the Products and Services shall act in good faith and in full disclosure of the operations, management and account to each Party as and when is necessary and required to do so.

3.8 Non-Compete

Dr. Arlena covenants with JCGB that Dr. Arlena shall not (whether jointly or separately, or with any other person and whether directly or indirectly, and whether as participators, partners, promoters, directors, officers, agents, managers or consultants of, in or to any other person) at any time during and after the executive of the Agreement, be in competition with the JVCo as set out below:

- (a) Non-Compete Period: Dr. Arlena shall be restricted from competing with the JVCo for a period of five years upon termination of her relationship with JCGB through a dissolution of partnership or by any other means.
- (b) Non-Compete Territory: Dr. Arlena shall be restricted from competing with the JVCo within a ten-kilometre radius from the JVCo's business location.
- (c) Non-Compete Restrictions: During the Non-Compete Period and within the Non-Compete Territory, Dr. Arlena shall not directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, or consultant of any entity engaged in competition with the JVCo through the offering of similar or related Products and Services.
- (d) Non-Solicitation: Dr. Arlena further agrees not to solicit, either direct or indirectly, any employee of the JVCo to leave their employ within the JVCo, and Dr. Arlena agrees not to solicit, either directly or indirectly, the business of any client and/or customer of the JVCo.

3.9 The Call Option and the Put Option in Event of Termination of the Agreement

Pursuant to the Agreement, the counterparty (the “**Non-Terminating Party**”) that initiated the termination of the Agreement to the other Party (the “**Terminating Party**”) in accordance with the terms of the Agreement shall have the following options:

- (a) The Call Option: The Non-Terminating Party shall be entitled to call upon the Terminating Party to sell its entire shares to the Non-Terminating Party for the consideration of RM1.00 per share; or
- (b) The Put Option: The Non-Terminating Party shall be entitled to put onto the Terminating Party its right to sell its entire shares to the Terminating Party for the consideration of RM1.00 per share.
- (c) The Call Option and the Put Option are subject to the relevant shareholders’ approval of the Company (if necessary).

4. **RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION AND THE PROPOSED ACQUISITION**

JCGB’s entry into the Proposed Transaction and the Proposed Acquisition is in line with the Group’s strategic plans to grow and expand its existing medical aesthetics and healthcare business, in particular its dental aesthetics business, bringing additional value to the Company and its shareholders.

Accordingly, the Directors are of the view that the Proposed Transaction and the Proposed Acquisition are in the best interests of the Group.

5. **RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES**

Based on the latest announced consolidated financial statements of the Group for the financial year ended 31 December 2020 (“**FY2020**”), the relative figures of the Proposed Transaction as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006 Bases of calculation	Relative figure %
(a) The net asset value of the assets to be disposed of, as compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b) The net profits attributable to the assets acquired, compared with the Group’s net loss	Not applicable ⁽²⁾
(c) The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	0.52% ⁽³⁾

- | | | |
|-----|--|-------------------------------|
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable ⁽⁴⁾ |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves | Not applicable ⁽⁵⁾ |

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Not applicable as the JVCo has not commenced operations.
- (3) Based on the initial capital contribution of RM245,000 (or equivalent to approximately S\$82,000) compared to the Company's market capitalisation of approximately S\$15,815,000. The market capitalisation of the Company was computed based on its existing share capital of 15,814,936,164 Shares (excluding treasury shares) and the volume weighted average price of S\$0.001 per Share on 14 April 2021 (being the last market day on which the Shares were traded preceding the date of the Agreement).
- (4) Not applicable as there are no equity securities issued as consideration for the JVCo shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As none of the relative figures computed on the bases pursuant to Rule 1006 of the Catalist Rules exceeds 5%, the Proposed Transaction constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or controlling Shareholders of the Company and their respective associates has any interests, direct or indirect, in the Proposed Transaction and the Proposed Acquisition, other than through their respective shareholding interests in the Company, if any.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 600 North Bridge Road, Parkview Square, #06-02, Singapore 188778 for a period of three (3) months from the date of this announcement.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Transaction and the Proposed Acquisition as and when there are material developments.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to

the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Proposed Acquisition and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Transaction and/or the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Transaction and/or the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

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

5 May 2021

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

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

The contact person for the Sponsor is Ms Vanessa Ng (Telephone: +65 6389 3065 and Email: vanessa.ng@morganlewis.com).