

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 Natasha Beverly Sdn Bhd (“**NBSB**”) and Beverly Wilshire Aesthetic Dental Centre Sdn Bhd (“**BWAD**”), subsidiaries of the Company, had on 15 April 2021 entered into a definitive agreement (the “**Agreement**”) with Arlena Philip Lee (“**Dr. Arlena**”) and Rajinderpal Singh A/L Nantam Singh (“**Dr. Ryan**”) (NBSB, BWAD, Dr. Arlena and Dr. Ryan collectively, the “**Parties**”) to establish a joint venture company in Malaysia to be known as “Natasha Beverly Dental” (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 DR. RYAN

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.

Dr. Ryan

Dr. Ryan has served as a dental officer under the Ministry of Health, Malaysia, before taking on the position of associate private dental practitioner at Ong Dental Ipoh and Kampar, Perak. He later joined the Dental Department at Penang Adventist Hospital before furthering his postgraduate studies in orthodontics at the Eastman Dental Institute in London. Upon completion of his orthodontics specialist training, Dr. Ryan returned to Penang Adventist Hospital to serve as a resident orthodontic specialist. Dr. Ryan’s main interest is in providing Invisalign aligner treatment as well as conventional braces treatment.

Each of Dr. Arlena and Dr. Ryan 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 Dr. Ryan 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 No. 96, Jalan Maarof, Bukit Bandaraya, Bangsar, 59100 Kuala Lumpur (the “**Premise**”).
- (b) The Parties intend for the JVCo to commence business on 1 June 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 RM500,000 divided into 500,000 ordinary shares.

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>
NBSB	255,000	51%
Dr. Arlena	150,000	30%
BWAD	70,000	14%
Dr. Ryan	25,000	5%

- (b) The shares shall be subscribed for by the Parties in the following manner:
 - (i) NBSB: The Premise which has been fully renovated, fitted and furnished by NBSB, including but not limited to, all assets, equipment, machinery and client database located at the Premise shall be injected into the JVCo at the agreed sum of RM255,000. In exchange thereof, the JVCo shall issue 255,000 shares in the JVCo to NBSB to be credited as fully paid-up.
 - (ii) Dr. Arlena: Dr. Arlena shall subscribe for 150,000 shares in the JVCo at the total sum of RM150,000.
 - (iii) BWAD: BWAD shall subscribe for 70,000 shares in the JVCo by transferring ownership of a Planmeca dental chair from BWAD to the JVCo valued at an agreed sum of RM50,000, in addition to bearing the RM20,000 cost of repairing and reinstating the Planmeca dental chair into a fully operational condition. In exchange thereof, the JVCo shall issue 70,000 shares in the JVCo to BWAD to be credited as fully paid-up.
 - (iv) Dr. Ryan: Dr. Ryan shall subscribe for 25,000 shares in the JVCo at the total sum of RM25,000.

3.3 Working Capital

- (a) It is the intention of the Parties that the amount of RM150,000 paid by Dr. Arlena into the account of the JVCo shall be utilised as working capital of the JVCo.
- (b) It is the intention of the Parties that the amount of RM25,000 paid by Dr. Ryan into the account of the JVCo shall be utilised as working capital of the JVCo.
- (c) 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 The Option

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

- (a) Dr. Arlena and Dr. Ryan shall each be granted an option to require the Company to purchase all (and not only some) of the JVCo shares held by them respectively (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) 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**").
- (c) 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.
- (d) 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.
- (e) The Company will make further announcement(s) in relation to the Option as and when there are any subsequent developments on the same.

3.5 Board of Directors of the JVCo

- (a) There shall be three representatives of NBSB 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) There shall be one representative of BWAD on the JVCo's board of directors.

- (d) There shall be one representative of Dr. Ryan on the JVCo's board of directors.
- (e) The appointment of the Dental Director shall be at the discretion of NBSB.

3.6 Operational Management

- (a) The Dental Director, in consultation with NBSB and BWAD, 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.

3.7 Tenancy of the Premise

- (a) NBSB shall sub-let the Premise (which is fully fitted and furnished by NBSB and includes all assets, equipment, machinery and client database as set out in Paragraph 3.2(c)(i) above) to the JVCo until 14 March 2024 (and subject to further extension(s) by mutual agreement between NBSB and the JVCo) for an agreed rental amount of RM8,000 per month.
- (b) Any renovations to be carried out by the JVCo on the Premise must be notified to NBSB in writing who upon receipt of such information shall inform and update the landlord wherein such renovations and/or alterations and/or additions must comply with the rules and regulations of the relevant building and licensing authorities.
- (c) Any cost incurred for renovation and/or alteration and/or addition works to the Premise shall remain the responsibility of the JVCo.

3.8 Non-Compete

Dr. Arlena and Dr. Ryan covenant with NBSB that Dr. Arlena and Dr. Ryan 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 execution of the Agreement, be in competition with the JVCo as set out below:

- (a) Non-Compete Period: Dr. Arlena and Dr. Ryan shall be restricted from competing with the JVCo for a period of five years upon termination of their relationship with NBSB through a dissolution of partnership or by any other means.
- (b) Non-Compete Territory: Dr. Arlena and Dr. Ryan 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 and Dr. Ryan 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 and Dr. Ryan further agree not to solicit, either directly or indirectly, any employee of the JVCo to leave their employ within the JVCo, and Dr. Arlena and Dr. Ryan agree 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 counterparties (the “**Non-Terminating Parties**”) 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 Parties shall be entitled to call upon the Terminating Party to sell its entire shares (the “**Terminating Shares**”) to the Non-Terminating Parties for the consideration of RM1.00 per share, whereby the shares sold by the Terminating Party shall be proportioned and allocated according to the remaining shareholding percentages of the Non-Terminating Parties or any other way as mutually agreed by the Non-Terminating Parties; or
- (b) The Put Option: The Non-Terminating Parties shall be entitled to put onto the Terminating Party their right to sell their 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).
- (d) The Non-Terminating Parties shall vote on which option shall be exercised; the Call or Put option which has the majority vote by the Non-Terminating Parties shall be the option that is exercised.

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

NBSB’s and BWAD’s entry into the Proposed Transaction 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 is 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	0.62% ⁽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 been incorporated.
- (3) Based on the initial capital contribution of RM295,000 (or equivalent to approximately S\$98,000) 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 VWAP 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, 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 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 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 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. 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.

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