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**Issuer:** Accrelist Ltd.

**Stock code:** QZG

**Meeting details:**

Date: 31 Jul 2024

Time: 1.00 p.m.

Venue: 10 Ubi Crescent, #02-07, Ubi Techpark Lobby A, Singapore 408564

**Q1.** With the acquisition of SJY Medical’s four Singapore-based clinics in April 2023, the total number of clinics operated by the group expanded to 14. The group acquired a 51% equity interest in SJY Medical Pte Ltd for an aggregate consideration of \$550,000, consisting of \$275,000 in cash and the issuance of new ordinary shares in the company. \$157,000 in goodwill was recognised and fully impaired within the year.

The segment information on the aesthetic medical services (“AMS”) segment is shown below:

**30 Segment Information (cont’d)**

**Continuing operations**

	MBU		AMS	
	2024 S\$'000	2023 S\$'000	2024 S\$'000	2023 S\$'000
<b>Segment revenue</b>				
Sales of goods	3,333	4,992	-	-
Service income	-	-	13,323	14,118
Total revenue	3,333	4,992	13,323	14,118
Gross profit/(loss)	826	(880)	4,288	6,169
<b>Other gains/(losses) - net</b>				
- Impairment losses on trade and other	(383)	-	-	(526)
- Impairment loss on intangible assets and office equipment	-	-	-	(22)
- Others	125	533	246	587
<b>Expenses</b>				
- Marketing and distribution	(105)	(4)	(791)	(924)
- Administrative	(839)	(2,045)	(5,667)	(4,467)
- Finance	(41)	(20)	(181)	(172)
Share of results of associate	(243)	-	-	-
(Loss)/profit before income tax	(660)	(2,416)	(2,105)	645
Depreciation of property, plant and equipment	343	778	2,412	2,023
Amortisation of intangible assets	-	-	11	13
Impairment of intangible assets and office equipment	-	-	-	22

(Source: company annual report; emphasis added)

Despite the chairman's remarks on the AMS segment gaining greater recognition as one of the market leaders in Singapore, total revenue declined from \$14.1 million to \$13.3 million, even with the acquisition of four new clinics.

- (i) **Can management explain the factors contributing to the decline in revenue despite the acquisition of new clinics? In addition, can management provide the year-on-year same-store sales performance to give a clearer picture of underlying trends?**
- (ii) **Can management elaborate on the significant decrease in gross profit margin from 44% in FY2023 to 32% in FY2024? How does management plan to address these issues to restore and improve margins?**
- (iii) **Please provide a breakdown of the administrative costs and elaborate on management's key priorities to return the AMS segment to profit in FY2025.**
- (iv) **Can management elaborate on the rationale for acquiring SJY Medical, given that the clinics have since been rebranded under A.M Aesthetics? Has the rebranding led to a significant change in the revenue of the four acquired clinics?**
- (v) **Given the current losses in the aesthetics operations within Singapore, what specific strategies and market analyses have convinced management that this is the right time for expansion outside of Singapore? How does the company plan to mitigate risks associated with this expansion?**

**Q2.** Mr Chin Sek Peng<sup>1</sup> was appointed as independent director, chairman of the audit committee and member of the remuneration and nomination committees of the company on 26 March 2024.

Mr Chong Eng Wee<sup>2</sup> was appointed as independent director and member of the audit and remuneration committees of the company on 5 July 2024.

Date Of Appointment 26/03/2024	Date Of Appointment 05/07/2024
Name Of Person Chin Sek Peng	Name Of Person Chong Eng Wee
Age 67	Age 44
Country Of Principal Residence Singapore	Country Of Principal Residence Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) The Board of Directors, having considered the recommendation of the Nominating Committee and assessed Mr Chin Sek Peng ("Mr Chin") qualifications, credentials, experience in accounting and finance industry and independence, approved the appointment of Mr Chin as an Independent and Non-Executive Director of the Company with effect from 26 March 2024. Mr Chin shall also be appointed as the Chairman of the Audit Committee and member of the Remuneration and Nominating Committees of the Company.  The Board of Directors considers Mr Chin to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules").	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) The Board of Directors, having considered the recommendation of the Nominating Committee and having assessed Mr Chong Eng Wee ("Mr Chong")'s qualifications, experience and suitability, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent and Non-Executive Director of the Company. Mr Chong will also be appointed as a member of the Audit Committee and Remuneration Committee of the Company.  The Board of Directors considers Mr Chong to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility Non-Executive	Whether appointment is executive, and if so, the area of responsibility Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) Independent and Non-Executive Director, Chairman of the Audit Committee and member of the Remuneration and Nominating Committee.	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) Independent and Non-Executive Director, member of the Audit Committee and Remuneration Committee.

- (i) **Would the nominating committee (NC) elaborate further on the rationale, selection criteria, board diversity considerations and the search and nomination process, that led to the nominations and appointments of the independent directors, as required in the SGX template?**

<sup>1</sup> <https://links.sgx.com/1.0.0/corporate-announcements/MEY8W885WE2VC8F2/b24db692baf70e6abc21a7d2430bd6794878f512d53967e1bb20a1c4e8b32095>

<sup>2</sup> <https://links.sgx.com/1.0.0/corporate-announcements/3LT11U69854W4F5X/e63026e6623b95b385fdf505de5318b6101f7a4d826b9dfb7f60aa7b569e36cd>

As disclosed in the corporate governance report, the company adheres to a Board Diversity Policy which sets out guidelines in identifying nominees for directorship positions, focusing on a balanced mix of expertise, complementary skills, core competencies, and experiences. The company is dedicated to building a diverse, inclusive, and collaborative culture, recognising that differences in skills, experience, background, gender, age, ethnicity, and other factors are essential for achieving strategic objectives and sustainable development. All board appointments are made to ensure the board can effectively discharge its duties and support the company's core businesses and strategy.



(Source: directors' biography, company annual report)

The board recognises that gender diversity is a key recommendation under the Code to ensure an appropriate balance and diversity. The Board Diversity Policy emphasises that all candidates for Board and senior management positions must be duly qualified, with equal opportunities provided to both women and men during the selection process. The board will exercise its best endeavours to appoint at least one female director to the NC to safeguard against gender bias and support the advancement and development of female executives.

- (ii) **Can the NC provide details on the number of director candidates interviewed during the recent search and nomination process? Specifically, how many of these candidates were female, and what efforts were made to ensure gender diversity in the selection pool?**
- (iii) **Has the board assessed its diversity, considering factors such as gender, skills, experience, and background? How does the current composition align with the company's Board Diversity Policy and strategic objectives?**

**Q3.** The company holds a 53.31% controlling stake in Catalyst-list Jubilee Industries Holdings Ltd. and recently, in July 2024, invested in a 28.53% strategic stake in Bursa Malaysia-listed MClean Technologies Bhd, a precision cleaning and packaging services provider for various industries.

- (i) **Can the board/management clarify the strategic rationale behind the investment in MClean Technologies? How does this align with the group’s primary focus in the aesthetics sector, and what is the planned exit strategy for this stake?**

Separately, Jubilee, following the disposal of its Electronics business unit and other stakes, has declared its intention to return a portion of the sale proceeds to the fullest extent permissible under the laws in an effective and cost-efficient manner.

- (ii) **Can management detail the specific regulatory, legal, and financial challenges that have impeded Jubilee’s ability to return capital to shareholders? What steps are being taken to overcome these obstacles?**
- (iii) **How is management helping the subsidiary in navigating the relevant laws and regulations for capital return? How is management ensuring that the chosen method is the most effective and cost-efficient?**
- (iv) **What specific plans does the company have for utilising the proceeds from Jubilee’s distribution? Will these funds be returned to shareholders?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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