



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Beverly JCG Ltd.

Stock code: VFP

Meeting details:

Date: 29 June 2021

Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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 clinic, 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?**
- (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?**
- (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?**
- (iv) What is the depth of its bench strength, especially its team of medical professionals?**
- (v) Is there a risk that the group has expanded too rapidly and spread itself too thinly?**

- (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 SGX¹.
- (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?**

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?**
- (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?**

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?**

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%.

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

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

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?**
- (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 re-evaluate its current business model and activities?**

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?**
- (ii) **When was the company/audit committee informed of Nexia TS's decision?**
- (iii) **How is the audit committee shortlisting and selecting a new auditor for the company in place of Nexia TS?**
- (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.

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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