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Issuer: Beverly JCG Ltd.

Stock code: 9QX

Meeting details:

Date: 29 Apr 2024

Time: 2.30 p.m.

Venue: Anson 1, Level 2, M Hotel, 81 Anson Road, Singapore 079908

Q1. On 20 February 2024, the company announced that, as at the close of the Rights cum Warrants issue on 15 February 2024, it received valid acceptances and valid excess applications for a total of 5.29 million Rights Shares with 5.29 million Warrants, representing approximately 2.44% (which includes 0.39% excess application)¹.

The company further stated that the proceeds amounted to \$185,300 but costs and expenses were approximately \$300,000. As a result of the rights cum warrants issue, the company incurred cash outflow and a net loss of \$114,700.

An earlier rights cum warrants issue in 2021 received just 22.6% of valid acceptances along with 17.48% of valid excess applications.

- (i) **Did the board learn from the challenges encountered during the 2021 rights cum warrants issue, indicating potential difficulties in raising funds through similar means? Did the board specifically structure the latest rights cum warrants issue to address these potential challenges?**
- (ii) **Is the board going to consider the market's response to the corporate action and refine its growth strategy, as well as improve stakeholder engagement?**
- (iii) **In hindsight, does the board believe it is prudent to pursue any future rights issues solely on an underwritten basis?**
- (iv) **Has the board held itself, the senior management team, and the Rights Cum Warrants issue manager (Evolve Capital Advisory) accountable for the outcome of the rights cum warrants issue? As mentioned earlier, the proceeds of \$185,300 were lower than the costs and expenses of \$300,000.**

In addition, in the Offer Information Statement (OIS) dated 29 January 2024, Dato' Ng Tian Sang @ Ng Kek Chuan, deputy chairman and chief executive officer and a controlling shareholder of the company, disclosed that he will *"support and subscribe to the Rights Cum Warrants Issue in a financially meaningful manner to the best of his financial ability to the extent that Dato' Ng Tian Sang @ Ng Kek Chuan and his Associates do not trigger any mandatory general offer obligation under the Code."*

- (v) **In preparing the OIS, did the board clarify what Dato' Ng Tian Sang @ Ng Kek Chuan meant by "in a financially meaningful manner"?**
- (vi) **Did Dato' Ng Tian Sang @ Ng Kek Chuan support and subscribe to the rights cum warrants issue as disclosed in the OIS?**

¹ <https://links.sgx.com/FileOpen/BJCG%20-%20Announcement%20on%20Results%20of%20Rights%20Cum%20Warrants%20Issue.ashx?App=Announcement&FileID=787140>



- (vii) **Was the commitment to show of support and confidence by the director legally binding?**

- (viii) **Are there any outstanding matters related to the rights cum warrants that the board is looking into?**

Q2. In his statement, the CEO said the following:

In September 2023, we announced a share consolidation exercise, consolidating 50 ordinary shares into one ordinary share, to enhance market interest and liquidity in our stock. This exercise has achieved the volatility and improved our liquidity as envisaged.

- (i) **Why does the company/CEO seek to increase volatility in its share price?**
- (ii) **How does the company measure “liquidity” and what changes have occurred in the liquidity of the shares? Can the board help shareholders better understand if it prioritises volatility and liquidity over value creation for shareholders?**

Specifically, the share consolidation was completed on 16 January 2024. Every fifty existing shares then registered in the name of each shareholder has been consolidated into one. The share price of the company in 2024 is shown below:



Consensus ⓘ

No data to display ⓘ

Overview	Valuation	Financials	Dividends	Ownership
Previous Open Price	SGD 0.011	Previous Day High/Low	SGD 0.012 - 0.011	
Previous Day Volume	865K	Previous Close	SGD 0.012	
Previous Close Date	18 Apr 2024	52 Week High/Low	0.050 - 0.009	
5-Year Beta ⓘ	0.96	Shares Outstanding ⓘ	589.53M	
Average 3-month Volume ⓘ	52.99M	Normalised Diluted EPS ⓘ	-0.00	
Sector	Financial and Insurance Activities		Total Market Cap ⓘ	6.48M

(Source: <https://investors.sgx.com/securities/stocks?security=9QX>)

- (iii) **Are the independent directors concerned that the share consolidation may have resulted in additional value loss?**
- (iv) **What alternative option is the group considering to raise funds?**

Q3. In the corporate governance report, the company disclosed that management monitors the effectiveness of the internal control system and procedures and has engaged Messers BDO Advisory Pte Ltd (“BDO”) (the “Internal Auditors”) as its outsourced internal auditor.

Provision 9.1 of the Code

On 10 January 2020, the RMC was established to assist the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The effectiveness of the internal control systems and procedures are monitored by Management. The Company had engaged Messers BDO Advisory Pte Ltd (“**BDO**”) (the “**Internal Auditors**”) as its outsourced internal auditor. **There was no internal audit work performed in FY2023.**

(Source: company annual report; emphasis added)

The audit committee (AC) comprises Mr Kong Sin Seng (chairman), Mr Yap Siew Sin and Mr Cheung Wai Man, Raymond.

- (i) **What are the reasons why no internal audit work was performed in FY2023?**
- (ii) **Was this approved by the AC, and does it comply with SGX Listing rules?**

On the same page, the company said the following:

Provision 9.1 of the Code

The AC, on behalf of the Board, reviews the Group’s system of internal controls, including financial, operational, compliance and information technology, and risk management policies and systems established by management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks and risk management systems. **In addition, the Group has, based on the internal audit performed for FY2023, made improvements to the internal controls and systems to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.** The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against loss or misstatement. The Company had in place an Enterprise Risk Management framework during FY2023.

(Source: company annual report; emphasis added)

- (iii) **Can the AC explain how it had made improvements to the internal controls and systems based on the internal audit performed for FY2023 when the company stated that no internal audit work was performed in FY2023? Can the AC clarify the discrepancy surrounding internal audit activities for FY2023?**

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

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