



**Securities Investors Association (Singapore)**

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**Issuer:** Valuemax Group Limited

**Stock code:** T6I

**Meeting details:**

Date: 27 April 2021

Time: 10.00 a.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.** Despite the challenging environment due to the COVID-19 pandemic, the group reported a profit before tax of \$40.4 million for the financial year ended 31 December 2020, an increase of 29% over last year. The positive performance was attributed mainly to the group's gold trading business.

The group plans to open more pawnbroking outlets through acquisition and setting up new shops at suitable locations in Singapore and Malaysia. It also aims to grow the moneylending business.

- (i) **What is the group's digital strategy?**
- (ii) **Does the group have an online-to-offline (O2O) strategy to leverage its physical network of shops as consumers spend increasingly more time online?**
- (iii) **How has the group leveraged technology to reduce operating costs and to reach out to new/potential customers who are younger?**
- (iv) Separately, the group's licensed moneylending business grants both secured and unsecured term loans, primarily to businessmen and corporates that have urgent cash needs. **How does the group look to differentiate its services and compete in an increasingly competitive space, against banking incumbents, online peer-to-peer platforms and newer digital banking entrants?**

**Q2.** As seen in the consolidated statement of comprehensive income (page 33), other operating expenses increased from \$839,000 in FY2019 to \$2.699 million in FY2020. This was due to allowance for inventories in the Retail and trading of jewellery and gold segment (Note 7 – page 58).

## 7. Other operating expenses

	Note	Group	
		2020 \$'000	2019 \$'000
Allowance for inventories	18	2,699	575
Allowance for expected credit losses	19	–	232
Loss on liquidation of subsidiaries	15	–	32
		2,699	839

(Source: company annual report)

- (i) **Can management help shareholders understand the reasons for the significant increase in allowance for inventories in FY2020?**

Gold prices have been volatile in 2020 and in 2021. In January 2020, gold price hovered around USD1,500/oz and increased to over USD2,000/oz in August 2020. In 2021, gold price slipped from over USD1,900/oz to around USD1,750/oz.

- (ii) **Can management elaborate further on its strategy to manage the volatility in the price of gold?**
- (iii) **What is the inventory stocking policy?** As at 31 December 2020, commodity inventories at fair value increased from \$7.6 million to \$11.9 million (page 74).

**Q3.** On 9 April 2021, the company proposed a non-renounceable non-underwritten rights issue of up to 116,401,122 new ordinary shares in the capital of the company at an issue price of \$0.36 for each Rights Share, on the basis of one Rights Share for every five existing ordinary shares in the capital of the company held by the shareholders of the company.

As noted in the announcement, the company is presently exploring alternative means of fundraising in addition to external borrowings and issuing debt instruments, and is undertaking the rights issue to strengthen the financial position and capital base of the group.

As shown on page 106 (Note 33 – Capital management), the group's gearing ratio (as defined as net debt divided by total capital plus net debt) improved from 60% to 55%. Series 002 Notes issued by the company under the MTN Programme amounting to \$50 million would mature on 26 April 2021 while the group has current bank loans that are payable on demand amounting to \$214.5 million as at 31 December 2020.

- (i) **Can the board/management help shareholders understand the capital required to support the group's growth plans for the next 3-5 years?**
- (ii) **With the current low-interest rate environment, how is the group optimising its borrowings, loans and notes to reduce the group's finance costs?**
- (iii) **Did the board consider making the rights issue renounceable? Why did the company decide on a non-renounceable rights issue?**

<sup>^</sup>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.

<sup>^</sup> 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](http://www.sias.org.sg)

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