
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 22 APRIL 2025

The Board of Directors (the “**Board**”) of ValueMax Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) refers to the following substantial and relevant questions from shareholders regarding the Group’s annual report for the financial year ended 31 December 2024 and would like to provide the following responses:

QUESTION 1

*For 2024, Pawnbroking & Retail businesses contributed about 41M
This is the first time it exceeded the Moneylending business contribution(31M) by almost 10M!*

- (a) Is this due more to rising gold price during the year?
(b) Is this uptrend sustainable for 2025?*

RESPONSE

Both the pawnbroking and the retail and trading businesses have benefited from the rising gold price during the year. For the pawnbroking business, the additional outlet acquired during the year also contributed to the increase in revenue.

Since the end of the last financial year, gold price has increased from around USD2,600 per ounce to above USD3,100 per ounce on 2 April 2025 before falling to below USD3,000 per ounce on 8 April 2025. Given the current geopolitical and economic conditions, gold price may continue to be volatile.

QUESTION 2

*Moneylending business
What percentage of this is unsecured? Still the same as last year?*

RESPONSE

The percentage of unsecured moneylending was around 4.7% as of 31 December 2024 which is similar to the previous year.

QUESTION 3

*Page 2 - As per Chairman, there are now 48 establishments in Singapore and 27 in Malaysia - mainly doing the same businesses - pawnbroking & retail & trading.
It is mentioned in the Notes(page 92) that you don't report geographical disclosure because it is not*

material.

- (a) Not material meaning in terms of income contribution? or asset holding? or both?*
- (b) Notwithstanding (a), can I ask what is the income contribution from Malaysia in % now? (It can't be negligible since Chairman is ramping up outlets in Malaysia constantly every year)*
- (c) Any plan to expand in Indonesia?*

RESPONSE

The Malaysian pawnbroking, and retail and trading businesses are operated by the Malaysian associated companies. As such, it does not contribute to the revenue of the Group. Both the share of results of associates, which was mainly contributed by the Malaysian associated companies and the investment in associates accounted for 6.4% of the profit before tax and 3.9% of the total assets of the Group, respectively.

The Group established PT VM Investments Indonesia in 2023 to explore potential opportunities in Indonesia.

QUESTION 4

Page 83 - Loans and Borrowing

From the financing cost in page 65, cost for Commercial Papers is 4M while the cost for Bank Borrowing is 27M- i.e. it costs >6X more to use Bank Borrowings. From the Loan & Borrowing, the Bank Loan is 519M and CP is 109M.

Why don't we use more CP funding?

RESPONSE

The Group maintains a mix of both commercial papers and bank borrowings to finance its businesses. Commercial papers are short-term debt instruments issued by the Group as an alternative funding source to bank borrowings. However, the subscription level for commercial papers may depend on investor sentiment, which can be unpredictable.

The Group obtains most of its financing from bank borrowings as the Group maintains good relationships with its bankers who have supported the Group in its business growth over the years.

QUESTION 5

Page 103 - Gearing

The gearing ratio is around 58% vs 59% previously.

- (a) Is the ratio consistent with the pawnbroking/jewelleries sale & trading industry?*
- (b) Can you also share the effective interest rate vis-a-vis the slight dip in gearing ratio? Is it also on a down trend?*

RESPONSE

The primary objective of the Group's capital management is to ensure it maintains a strong credit rating and healthy capital ratio, and makes adjustments in light of changes in economic conditions.

Gearing ratio as computed based on net debt over equity, the Group's gearing ratio of 1.3 times as at 31 Dec 2024 is much lower than its two Singapore listed close competitors, which stood at 2.45 times and 3.29 times respectively.

The effective interest cost is expected to be lower this year compared to last year, in line with the general decline in SORA rates.

QUESTION 6

Page 75-76: Investment in Associate - Well Chip Group

From the restructuring exercise, our original ownership of the entities under the Well Chip dropped from 49.35% to 37.03%.

(a) Is there a strategic reason to reduce ownership?

(b) Is it to comply with Bursa Malaysia regulations i.e. need to have a public float?

(c) How is the 37.03% determined and agreed? Is this recommended by the banker/broker/professional advisor for the listing in Bursa Malaysia?

(d) Is the gain of 10M(from the restructuring) realised?

(e) With a lower holding of 37.03%, it would mean we receive lower dividend income if declared compared to 49.35% ownership previously?

RESPONSE

The reduction in ownership is due to the 25% new shares issued by Well Chip Group during its initial public offering on Bursa Malaysia. This is the minimum public float required for the listing on the Main Market of Bursa Malaysia, which resulted in the dilution of the Group's effective interest in Well Chip Group from 49.35% to 37.03%.

The gain on dilution of interest in Well Chip Group arose from the increase in the value of the Group's share in the net asset value of Well Chip Group from the issuance of new shares at during its initial public offering.

The level of dividend the Group can receive from Well Chip Group in future would depend on the growth of its profitability.

QUESTION 7

Management fee of associates

There is a drop in management fee from 195K to 97K, > than half.

This is due to the restructuring of ownership of associates under Well Chip?

RESPONSE

Well Chip Group has built up its management team and capabilities over the years and no longer require most of the support services provided by the Group in FY2024.

QUESTION 8

Within a fortnight from 30th Oct 2024 to 15th Nov 2024, gold declined rapidly & sharply from US\$2,800/oz to US\$2,570/oz. In the unfortunate event the world experiences a sudden liquidity crisis, and all asset classes (including gold) drops rapidly & significantly (such that gold price falls below the loan amounts of pledged gold for pawnbroking, or Net Realisable Value < Cost), has the Board of Directors do a worst-case scenario planning to minimise losses?

For example, if need to sell unredeemed pledges (i.e. gold and gold jewellery pledges) and/or gold inventories for cash capital during a period of significant decline in the gold prices, how to prevent/minimise loss upon the sales of these unredeemed pledges and gold inventories?

RESPONSE

Pledge loans are granted and redeemed over time. As such, we do not have a concentration of pledge loans granted at a particular time when gold price is high. In addition, pledge loans are granted at a discount to the value of the pledged item, providing a buffer against fluctuations in collateral value.

QUESTION 9

What safeguards do ValueMax have in place to prevent Hin Leong type of incident from similarly happening at the Group? Does the Audit Committee regularly review whether anyone 'speculates' on gold or other precious metal contracts?

RESPONSE

We generally hedge our gold trading positions on a daily basis. This is part of the Group's risk management policy.

Our Audit Committee also reviews the daily position of the gold trading business on a quarterly basis to ensure that the Group adheres to its policy.

QUESTION 10

With reference to ValueMax's company announcement titled "Cybersecurity incident" on 15 Oct 2024. It was stated that "the Group has recently experienced a cybersecurity incident involving a malware attach to certain IT servers of the Group by a threat actor." What have the ongoing investigations yielded so far?

RESPONSE

The Group has since reviewed its IT security protocols and have implemented a suite of remedial measures to enhance its IT security.

By Order of the Board

Lotus Isabella Lim Mei Hua
Company Secretary
15 April 2025