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## **REPLY TO SGX QUERIES REGARDING THE GROUP'S ANNOUNCEMENT OF UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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The Board of Directors (the "Board") of ValueMax Group Limited (the "Company" together with its subsidiaries, the "Group") refers to the following query raised by the Singapore Exchange Securities Trading Limited on 2 March 2022 and would like to provide additional information in relation to the Group's announcement of unaudited full year condensed interim financial statements for the financial year ended 31 December 2021, as follows:

### **Query 1**

We refer to the Company's full year financial results for the year ended 31 December 2021. We note that the Group's current receivables of \$377.7 million is higher than its full year revenue of \$275.5 million. Please clarify the reasons for the Group's significant current receivables when compared to its revenue.

### **Response**

The current receivables are significant compared to revenue of the Group due to the nature of the business segments of the Group and how revenue, inventories and assets of these business segments are accounted for.

The Group has 3 segments of business:

- (a) Moneylending
- (b) Pawnbroking
- (c) Retail and trading of jewellery and gold

*(See pages 11 to 13 of the Condensed Interim Finance Statements for Second Half and the Financial Year ended 31 December 2021 for Reportable Segments)*

Revenue for retail and trading of jewellery and gold is derived from sale of jewellery and gold. As the retail and trading of jewellery and gold segment trades on cash terms, the segment assets shown on page 13 relates mainly to inventories held by the business segment.

The revenue for moneylending and pawnbroking is derived from interest income earned on loans granted. The segment assets for these two business segments shown on page 13 comprised mainly of trade receivables.

## Query 2

We note that the Group's non-current trade and other receivables has significantly increased from \$131.1 million as at 31 December 2020 to \$263.9 million as at 31 December 2021.

- (a) How much of it is attributable to the non-current loan book of the money lending business segment?
- (b) Please disclose the breakdown and nature of the remaining non-current trade and other receivables and elaborate on the recoverability of these non-current trade and other receivables.
- (c) We note a similar increase in the Group's interest-bearing loans and borrowings from \$267.0 million as at 31 December 2020 to \$403.5 million as at 31 December 2021. Please clarify whether the Group is currently borrowing from banks to loan money for its money lending business segment and whether there are any issues with repaying these loans.

## Response

	FY2021 \$'000	FY2020 \$'000
Non-current trade receivables	262,717	103,078
Deposits	1,191	1,070
	<u>263,908</u>	<u>131,148</u>

Non-current trade receivables comprise the non-current portion of loan book of the moneylending business segment and represents the major component of the Group's non-current trade and other receivables.

The Group assesses estimated lifetime credit loss on trade receivables of its moneylending business on an overall loan basis. If a specific loan is identified to be non-performing, the entire loan will be classified as current trade receivable and loan recovery action would be taken against the borrower.

The increase in interest-bearing loans and borrowings is in line with increase in the moneylending and pawnbroking loan book, as the Group expands its moneylending and pawnbroking businesses. The Group has banking facilities to support both the moneylending and the pawnbroking businesses. In addition, the Group raised \$20 million in November 2021 through its S\$100 million multi-tranche unsecured commercial paper facility program. The Group also has in place a S\$300 million multicurrency medium term note programme to tap on if necessary.

Overall, the Group balances its moneylending and pawnbroking business expansion and loan book exposure prudently, and does not foresee any issues with repaying these loans as and when they fall due.

By Order of the Board

Lotus Isabella Lim Mei Hua  
 Company Secretary  
 4 March 2022