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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 2022**

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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 13 March 2023 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 2022, as follows:

### **Query 1**

It is noted that the Company has a net cash outflow from operating activities of \$163.4 million. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial year.

### **Response**

The Group has 3 segments of business:

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

*(See pages 11 to 14 of the Condensed Interim Finance Statements for Second Half and the Financial Year ended 31 December 2022 for Reportable Segments)*

The moneylending and the pawnbroking business segments generate interest income from loan granted to customers. As the business for the two segments continue to grow, the trade receivables will also increase resulting in an outflow of working capital. The funding of these trade receivables is reflected in the cash flow from financing activities. As a result, the Company will have net cash outflow from operating activities. However, the Group generated a cashflow from operations before working capital of \$74.2 million and \$62.4 million in FY2022 and FY2021 respectively.



**Query 2**

Given the Group's cash and cash equivalents of \$6.3 million only, please disclose the Board's assessment on how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

**Response**

To minimize financing costs, the Group only maintain sufficient cash and cash equivalents to meet its daily cash management needs. The Group has banking facilities to meet its payment obligations. In addition, the Group has a S\$100 million multi-tranche unsecured commercial paper facility program as well as a S\$300 million multicurrency medium term note programme to tap on if necessary.

**Query 3**

Please provide the reason(s) for the significant loans and borrowings of \$610.5 million by the Group and the significant increase in loans and borrowings of \$167.9 million from FY2021 to FY2022.

**Response**

The significant loans and borrowings were taken by the Group to mainly finance its pawning and moneylending businesses. Both the pawnbroking and moneylending loan books increased significantly in FY2022 from FY2021 as reflected in the increases in segment assets of \$45.6 million and \$146.5 million respectively.

By Order of the Board

Lotus Isabella Lim Mei Hua  
Company Secretary  
15 March 2023