



**Securities Investors Association (Singapore)**

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**Issuer:** TLV Holdings Limited

**Security:** TLV Holdings Limited

**Meeting details:**

Date: 27 July 2018

Time: 10.00 a.m.

Venue: 3, Kaki Bukit Place, Eunos Techpark, Singapore 416181

**Company Description**

TLV Holdings Limited, an investment holding company, engages in the wholesale and retail sale of jewelry in Singapore, the United States, Europe, the Middle East, East Asia, and Southeast Asia. The company retails pre-owned jewelry and watches under the Top Cash brand. It operates 14 jewelry outlets under the Taka Jewellery brand; and 2 pawnshops, as well as offers jewellery under Voi brand. TLV Holdings Limited was founded in 1997 is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=42L](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=42L))

1. As disclosed in the Corporate profile, the group sells to its wholesale customers who are based in the United States, Europe, Middle East, East Asia and Southeast Asia. The chairman has said in the Letter to shareholders that “the increasing popularity of e-commerce and online shopping has also opened another distribution channel for our wholesale jewellery business, which looks promising” (page 3 of the annual report).

- (i) Would management elaborate further on the potential of e-commerce/online shopping for its wholesale jewellery business? How would the business model for an online wholesale business look like?**
- (ii) How does management overcome all the issues related with selling high-value jewellery online?**
- (iii) How much will the group be investing in the online business to try to develop this new distribution channel?**

2. For the financial year, the company reported that the group successfully expanded into the China retail market through partnership with one of the biggest jewellery consortiums in Guangdong province, Maoming Liu Tao Zhubao Chuangyi Chanye Co. Ltd.

As at the end of the reporting period, the group operates three retail outlets under the brand Liutao-Taka Jewellery, in Maoming City.

- (i) Can management provide shareholders with an update on the performance of the new retail outlets in Maoming City?**
- (ii) Have the sales performance met management’s expectations?**
- (iii) Since the venturing into the partnership with Maoming Liu Tao, what experience has management gained about the Chinese consumers, the market and its Chinese partner?**
- (iv) Following the first three retail stores, can management update shareholders on the near/mid-term plans and growth strategy for the Chinese market?**

3. The “Allowance for impairment of trade receivables from the Group’s jewellery business” is a key audit matter (KAM) highlighted by the Independent Auditor in their Report on the Audit of the Financial Statements (page 31). Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, the group’s trade receivables (mainly relate to the group’s exhibition jewellery business) are significant to the group as they represent 32% of the group’s total assets as at year end. In addition, trade and other receivables of \$50.9 million account for approximately half of the group’s total equity of \$103.8 million (page 36).

The receivables that are past due but not impaired has dipped from \$20.1 million as at 31 March 2017 to \$17.9 million at the end of the reporting period. However, trade receivables past due over 3 months have increased by 13% to \$16.3 million (shown below):

16. Trade and other receivables (cont'd)

*Receivables that are past due but not impaired*

The Group has trade receivables amounting to \$17,896,000 (2017: \$20,063,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2018 \$'000	2017 \$'000
Past due within 1 month	590	3,363
Past due 2-3 months	1,045	2,283
Past due over 3 months	16,261	14,417
	17,896	20,063

(Source: Company annual report)

- (i) Can management help shareholders understand the specific reasons for the increase in trade receivables past due over 3 months but not impaired?
- (ii) What was the process by management to evaluate the collectability of these long outstanding debts?
- (iii) Can management provide a more meaningful analysis by providing an upper limit to the aging (with the appropriate breakdown)?
- (iv) What are the efforts by management to collect these long outstanding debt?

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

[https://sias.org.sg/index.php?option=com\\_qaannualreports&view=qareports&filter\\_company=251](https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=251)

The company's response could be found here: -----