



Securities Investors Association (Singapore)

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Issuer: TLV Holdings Limited

Stock code: 42L

Meeting details:

Date: 23 October 2020

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. In the Letter to shareholders, it was stated that the group's revenue for FP2020 dipped 4% to \$114.1 million, compared to \$119.0 million in FY2019. The pawnbroking segment was the only segment to perform stronger.

However, once normalised to a 15-month comparison (since FP2020 covers a 15-month period from 1 April 2019 to 30 June 2020), the decrease in revenue is approximately 23.3% (without factoring in seasonality).

As at 30 June 2020						
\$'000	Exhibitions	Retail	Financial Services	Unallocated	Elimination	Total
Segment revenue:						
External sales	49,040	61,982	3,099	-	-	114,121
Intersegment sales	-	668	934	-	(1,602)	-
Total revenue	49,040	62,650	4,033	-	(1,602)	114,121

As at 31 March 2019						
\$'000	Exhibitions	Retail	Financial Services	Unallocated	Elimination	Total
Segment revenue:						
External sales	57,685	59,550	1,801	-	-	119,036
Intersegment sales	-	-	902	-	(902)	-
Total revenue	57,685	59,550	2,703	-	(902)	119,036

(Adapted from company annual report)

In particular, as seen in the segment breakdown, revenue from exhibitions decreased by 15% to \$49.0 million even though it was for a 15-month period. On page 2 of the annual report, it was disclosed that the group has promptly adopted electronic means such as e-commerce, social media and other digital platforms to reach out to the wholesale customers after the reopening of business in their respective countries.

- (i) **Can management elaborate further and quantify the success it has had using alternate platforms (instead of physical participation at international exhibitions) to reach out to its wholesale customers?**
- (ii) **Given that the exhibitions segment was by far the largest contributor to the group's results, what changes are being made to the group's business model and strategic growth objectives as a result of the pandemic?**

In addition, in February 2020, the group disposed of its 49% shareholding interest in Shimao Jewellery, its joint venture with a Chinese partner to allow the group to enter the Chinese market. The disposal was to avoid further capital commitment and to minimise losses.

- (iii) **What are the lessons gleaned by management from the joint venture in the past two years? Can the board update shareholders on the group's overseas expansion plans following the disposal of the joint venture?**

Q2. The group recognised impairment charges for expected credit loss on its trade receivables of \$2.99 million as at 30 June 2020 (Note 16 – Trade and other receivables). This was more than double the \$1.434 million in allowance recognised as at 31 March 2019.

On page 6, it was stated that the increase was due to a more cautious approach in assessing the credit risks and providing for the necessary impairments as part of the COVID-19 assessment of significant exposures.

Note 30(a) (page 89 – Financial risk management objectives and policies: Credit risk) shows that the group has receivables that have been outstanding for more than 3 years.

30. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables from the Group's jewellery business (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables from the group's jewellery business using provision matrix.

30.6.2020	Not past due \$'000	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	More than 3 years \$'000	Total \$'000
Gross carrying amount	576	11,230	9,909	3,828	5,137	30,680
Loss allowance	(7)	(211)	(587)	(1,743)	(5,122)	(7,670)

(Source: company annual report)

- (i) **Can management provide a breakdown of the \$2.99 million impairment allowance recognised for the financial period ending 30 June 2020 according to the provision matrix shown above?**
- (ii) **In particular, how much of the \$2.99 million impairment allowance was for trade receivables past due 2-3 years and past due by more than 3 years?**

- (iii) **Can management help shareholders understand the profiles of the customers with long outstanding debt?**
- (iv) **What are the efforts by management to collect on the long outstanding debt, especially as many firms are facing strong headwinds due to the pandemic?**

The company has further stated that there is a single debtor within the exhibitions segment whose trade receivables represented 23% (2019: 24%) of total trade receivables for the financial year ended 30 June 2020.

- (v) **Can management provide shareholders with better clarity on the financial strength of its major customers and debtors?** The group's major customer accounted for \$5.6 million and \$1.4 million of revenue in FY2019 and FP2020 respectively.
- (vi) **Is the major debtor up to date on its payment?**

Q3. In Note 19 (page 81 – Bullion loans), the company stated that it borrowed bullion loans to “*reduce the impact of fluctuation of bullion prices on bullion inventories*”. The bullion loans are designated as financial liabilities at fair value through profit or loss as they are managed and their performance are evaluated on a fair value basis.

In addition, the bullion loans are pegged to market bullion prices, have fixed interest rate ranging from 2.5% to 2.8% per annum and are due for repayment within 3 months.

The group recognised net fair value loss on bullion loans amounting to \$(2.96) million in FP2020.

- (i) **Would management elaborate further on the rationale to take up bullion loans? Please explain in greater detail on how the bullion loans help to reduce the impact of fluctuation of bullion prices on its inventories.**
- (ii) **What are the salient terms of its bullion loans, including the tenure?**
- (iii) **In particular, can the board clarify if the bullion loans are speculative in nature or are they only entered into after a firm order has been received to hedge the group's bullion costs?**
- (iv) **Does the group have a robust risk management framework related to its bullion loans? What is the approval process before the group enters into a bullion loan? What is the level of oversight by the board on the bullion loans?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

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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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)