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Issuer: Aspial Corporation Limited

Stock code: A30

Meeting details:

Date: 30 April 2021

Time: 3.00 p.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. As noted in the message by the CEO, the company announced the proposed acquisition of World Class Global Limited (WCG) on 12 March 2021 by way of a scheme of arrangement (page 2).

It was disclosed that this is consistent with group's strategy to simplify and optimise the group's structure and reduce organisational complexity. It will allow the group to enhance its flexibility, enabling it to mobilise and optimise resources across its businesses.

Under the proposed scheme, the company will pay \$0.21 for each WCG share which will be satisfied entirely via the allotment and issuance of 1.1052 new ordinary shares in the capital of the company at an issue price of \$0.19 per share.

- (i) **Can the board help shareholders understand how it had decided on the exchange ratio, i.e. \$0.21 per WCG share to be acquired and \$0.19 per new share to be issued?**
- (ii) **What are the estimated professional fees that will be incurred?**
- (iii) **With the proposed scheme, will the board be focusing more on its core businesses and carry out fewer corporate actions that do not seem to have created long term value for shareholders?**

In addition, the company holds approximately 65% of Maxi-Cash Financial Services Corporation Ltd and the free float of Maxi-Cash is just 16.7%.

- (iv) **With the board's strategy to simplify and optimise the group's structure, does the board see any benefit to acquire Maxi-Cash to further simplify the group structure and to reduce the group's overall compliance efforts (including time and costs)?**

Q2. The retail and trading of jewellery was impacted by the volatile gold price, supply chain disruption and various movement control measures (page 3). Despite revenue decreasing by 28% to \$99.4 million, the segment recorded a pre-tax profit of \$10.4 million against a pre-tax loss of \$0.4 million in FY2019.

- (i) **Can management help shareholders understand the main factors that contributed to the higher earnings?**
- (ii) **Can management elaborate further on its strategy to manage the volatility in the price of gold?**

In addition, on page 82 (Note 4 - Revenue: Disaggregation of revenue), income from secured lending dropped from \$7.94 million to \$2.88 million in FY2020.

- (iii) **What is the LTV for the group's secured lending business? Is the secured lending business deliberately managed down for prudence in view of the uncertainties in the market?**

Q3. In Note 35 (page 142 – Financial risk management objectives and policies: Foreign currency risk), the sensitivity analysis for foreign currency risk is shown in the table (reproduced below):

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, HKD, MYR and AUD exchange rates (against SGD), with all other variables held constant.

	Profit before tax 2020 \$'000 (lower)/higher	Profit before tax 2019 \$'000 (lower)/higher
USD – strengthened 5% (2019: 5%)	(143)	(108)
– weakened 5% (2019: 5%)	143	108
HKD – strengthened 5% (2019: 5%)	(50)	(54)
– weakened 5% (2019: 5%)	50	54
MYR – strengthened 5% (2019: 5%)	5,003	6,416
– weakened 5% (2019: 5%)	(5,003)	(6,416)
AUD – strengthened 5% (2019: 5%)	948	7,005
– weakened 5% (2019: 5%)	(948)	(7,005)

(Source: company annual report)

The group is most exposed to currency fluctuation in the Malaysian Ringgit.

This is due to the currency translation risk arising from its net investments in foreign operations, including Malaysia (and Australia). As disclosed in Note 22, the group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on AUD. The group's net investments in Malaysia are not hedged as currency positions in MYR are considered to be long-term in nature.

- (i) **Can management confirm that fluctuations in AUD will not have a significant impact on the group as there are derivatives in place to hedge the group's exposure? If so, how effective are the currency derivatives?**
- (ii) **What is the reason that the board deems its investments in Malaysia as "long-term"? By not hedging the group's net investments in Malaysia, is the board also taking a view on the SGD/MYR exchange rate?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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](#)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
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