Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Aspial Lifestyle Limited

Stock code: 5UF

Meeting details:
Date: 28 April 2023
Time: 10.00 a.m.
Venue: 55 Ubi Avenue 3 Level 1, Singapore 408864

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Q1. As noted in the message from the chairman and chief executive officer, the pawnbroking business experienced a 11.9% growth in its revenue, contributing $51.5 million to the group's consolidated revenue. This growth can be attributed to the increasing interest income resulting from a larger pledge book.

Finance costs for the pawnbroking segment increased by more than two-third to $8.7 million (page 101; Note 29 Segmental information).

(i) **What is the group's market share of the pawnbroking business in Singapore?**

(ii) **Can management elaborate further on the impact of high interest on the demand for pawnbroking services, and help shareholders understand how sensitive the demand is to interest rates?**

(iii) **Have there been any changes in the trend of pledge redemptions over the past three years?**

Q2. During the financial year ended 31 December 2022, the group acquired the jewellery business from its controlling shareholder as part of its strategy to transform the retail business into a consumer lifestyle group.

(i) **Can management elaborate further on the some of the expected synergies and when the synergies can be realised?**

Inventories have increased significantly from $90.9 million to $171.3 million. The increase can be attributable to finished goods.

(ii) **Can management help shareholders understand its strategy for managing inventory given the high and volatile gold prices?**

(iii) **Did the board carry out a risk assessment of the newly acquired business? Is the group exposed to significant market price risk, specifically gold commodity price risk?**

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Q3. As at 31 December, the group's total loans and borrowings amounted to $507.8 million. Note 23 (Interest-bearing loans) shows that the group has $348.1 million of current bank borrowings and term loans.

23. Interest-bearing loans

	Note	Group 2022	Group 2021	Company 2022	Company 2021
		$'000	$'000	$'000	$'000
Secured borrowings					
Current					
Short-term bank borrowings		338,052	243,887	–	–
Term loans		9,998	8,409	–	–
		348,050	252,296	–	–
Non-current					
Term loans		100,199	84,001	–	–
		448,249	336,297	–	–
Add:					
Medium-Term Notes	24	59,527	45,250	59,527	45,250
Total loans and borrowings		507,776	381,547	59,527	45,250

(Source: company annual report)

The weighted average effective annual interest rates of the short-term bank borrowings increased from 1.91% to 3.11%.

As disclosed in the group's financial risk management objectives and policies, a 50 basis point increase in interest rates would lead to a decrease of $1.79 million in the group's profit net of tax. At the end of the reporting period, term notes of $59,527,000 (2021: $45,250,000) and interest-bearing loans of $17,305,000 (2021: $24,049,000) are at fixed rates of interest.

(i) **What guidance has the board given to management regarding managing interest rate risks? Has management actively explored ways to better manage this risk?**

In addition, the company issued the Series 002 notes at 6.35% in July 2019 and the Series 003 at 6.05% in January 2022.

(ii) **Can management elaborate further on the factors that affect how it prices the medium-term notes?**

(iii) **Given the interest rate trends, is issuing medium-term notes still a viable source of funding for the group?**

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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