Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: MoneyMax Financial Services Ltd.

Stock code: 5WJ

Meeting details:
Date: 27 April 2021
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.

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Q1. The group registered higher revenues of $197.1 million in FY2020, an increase of 8.2% from $182.2 million for the financial year ended 31 December 2020.

Profit attributable to owners of the parent increased significantly from $8.5 million to $20.4 million in FY2020. The board has proposed a final one-tier tax exempt dividend of $0.0118 per share for the approval of shareholders at the forthcoming AGM.

As seen in Note 5 (page 75 – Revenue), the increase in revenue was mainly due to Retail and trading of luxury items which increased from $147.2 million to $160.7 million. Segment profit increased from $2.9 million to $10.1 million based on disclosure in Note 4 (pages 72 to 75 – Financial information by operating segments).

(i) **What are the reasons for the significant increase in revenue in the retail and trading of luxury items segment?**

(ii) **Can management help shareholders understand the main factors that contributed to the significant improvement in profit margin?**

On page 75, the company disclosed that the top 1 customer accounted for $60.4 million in revenue while the second largest customer accounted for $24.7 million. The major customers are from wholesale trading of pre-owned jewellery and watches segment. The consolidated statement of cash flows is shown on page 57 of the annual report.

For FY2020, net cash used in the group's operating activities amounted to $12.49 million. This was mainly due to the cash outflow attributable to trade and other receivables amounting to $42.9 million (FY2019: $27.3 million) (page 57). In the statements of financial position (page 54), the carrying value of the non-current trade and other receivables increased from $14.9 million to $56.4 million.

(iii) **Can management help shareholders understand the reasons for the increase in trade and other receivables, especially in the non-current portion?**

(iv) **Has the board reviewed the group's credit risks given that the pandemic has severely disrupted businesses and livelihoods?**

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Q2. As shown in Note 23 (page 90 – Share capital), the group has net debt of $233.6 million and total equity of $104.2 million. The current debt-to-capital ratio is 225% as at 31 December 2020.

The management monitors the capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	2020 $'000	2019 $'000
Group:		
Net debt:		
All current and non-current borrowings including lease liabilities	248,969	194,403
Less: cash and cash equivalents (Note 22)	(15,328)	(11,963)
Net debt	233,641	182,440
Capital:		
Total equity	104,159	83,530
Less: amounts accumulated in equity relating to cash flow hedges (Note 24B)	(306)	(470)
Adjusted capital	103,853	83,060
Debt-to-capital ratio	225%	219%

(Source: company annual report)

(i) **What guidance has the board given to management on the group's capital management, especially given the risks in the business, the group's strategic growth plans and the negative impact of COVID? Has the board set a limit to the group's gearing?**

As disclosed in Note 25A (page 92 – Other financial liabilities), the group has current secured bank loans amounting to $165.3 million as at 31 December 2020. These bank loans comprise money market loans and revolving loans with maturities between one month to six months or any other period agreed by the banks.

(ii) **Has the board reviewed if there is a significant duration mismatch between the group's sources of funding and the use of capital?**

Q3. The board comprises five directors, including three who are deemed independent. The independent directors are Mr. Ng Cher Yan (also lead independent director), Mr. Khua Kian Kheng Ivan and Mr. Foo Say Tun.

All three directors were appointed on 27 June 2013. The profiles of the directors can be found on pages 22 and 23 of the annual report.

(i) **Can the board help shareholders recall if it has appointed any independent directors to the board since its listing?**

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(ii) **Would the board/nominating committee (NC) elaborate further on the search and nominating process for new directors, especially new independent directors?** In the corporate governance report, the NC stated that it considers various sources when looking for new suitable director candidate(s), including recommendations from directors, business associates and advisers.

(iii) **Has the NC considered the benefits of using a professional search firm?** Doing so would allow the board to cast its net wider and possibly improve the diversity of the candidate pool.

(iv) **Given that the independent directors were all appointed in June 2013, what are the board's progressive renewal plans for directors?** A well-planned board renewal would avoid undue disruption to the board and help to maintain institutional knowledge and continuity in the board.

^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 (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)