

# Maxi-Cash soars as it makes pawnbroking as good as new

Newly-listed Maxi-Cash Financial Services seems to have convinced the market that its business of pawnbroking and trading pre-owned jewellery is set to grow over time.

Shares in the company began trading on June 22 and quickly soared well above its IPO price of 30 cents. On June 26, the stock hit a closing high of 47.5 cents, with more than 220 million shares having been traded over the three trading days. The stock ended June 28 at 44 cents. Even at that level, Maxi-Cash would be the second best performing IPO in the past year, after construction and heavy engineering company Cimtec Ltd.

Why is Maxi-Cash so hot? Perhaps it's because the market can see how quickly it is widening the appeal of the age-old service of pawnbroking. Walking into a Maxi-Cash store, located five minutes from a major shopping hub in the heartlands, feels not much different from strolling into a regular jewellery store. However, within the display cases festooned with gold necklaces and Rolex watches are signs proclaiming all the items to be "As Good as New". And at the far end of the store is a counter, not unlike one you would find in a bank, where customers can pawn their jewellery or watches.

Maxi-Cash's pawnbroking business enables people to obtain access to short-term loans by providing just about any form of jewellery or branded timepiece as collateral. Every pledge transaction has a redemption period of six months, during which time customers can reclaim their items by repaying the loan and the interest incurred of up to 1.5% per month. Customers can also choose to partially redeem their item, renew their loans, or partially repay their loans. Items which are not redeemed or renewed after the redemption period are auctioned off.

Maxi-Cash was formed in 2008 by its parent company, Aspial Corp, the Mainboard-listed jeweller and property developer that owns jewellery chains like Lee Hwa, Goldheart and Citigems. It opened its first pawn shop at Ang Mo Kio Central in February 2009 and subsequently added another nine within the year. By May 2012, the chain was operating 24 outlets throughout the country, the largest number of outlets among its peers.

At its IPO, Maxi-Cash sold 56 million new shares at 30 cents each, with 2.25 million for public subscription and the rest for private placement. Out of the net proceeds of \$15.1 million, \$6 million will go toward the opening of four more retail outlets in Tampines, Pasir Ris, Hougang and Redhill. The rest of the proceeds would go toward general working capital, branding and marketing activities, and the expansion of the company's range of pre-owned jewellery and watches for sale.

Moving forward, Aspial said the financial-service business is expected to perform better in 2012 than in 2011.

By broadening the appeal of a business that has always served a need in society, perhaps Maxi-Cash is on its way to becoming a household name. **E**

**Maxi-Cash operates the largest chain of pawn shops, with 24 outlets located throughout the country**

