

ANNUAL REPORT 2018



MONEY MAX

PAWNSHOP 當



அடகுக் கடை

LOVE
GOLD 珍金

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NOTICE OF ANNUAL GENERAL MEETING

This annual report has been prepared by MoneyMax Financial Services Ltd. (the "Company") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

COMPANY PROFILE

MoneyMax Financial Services Ltd. ("**MoneyMax**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a leading pawnbroker, retailer and trader of pre-owned luxury items. Since establishing its first store in 2008, the Group has evolved and expanded its network to 72 outlets, making it one of the largest pawnbroking chains with a presence in both Singapore and Malaysia.

As a customer-centric and innovative company, the Group is constantly exploring new opportunities to enhance customer experience and service standards in the pawnbroking industry. In 2015, the Group launched MoneyMax Online, making it Singapore's first pawnbroking chain to offer customers an online platform to shop, sell and appraise their valuables. Subsequently, in 2016, the Group introduced a new 916 Love Gold jewellery collection in all its outlets to offer customers a wider variety of jewellery in addition to pre-owned offerings. In 2018, the Group developed and rolled out the Peppa Pig jewellery collection, its first intellectual property (IP) jewellery series and the first-of-its-kind in ASEAN.

As part of its efforts to expand its markets and services, MoneyMax made its maiden foray into the People's Republic of China ("**PRC**") in 2016 via a joint venture to provide financial leasing services in Chongqing, PRC. In 2017, the Group entered into a joint venture collaboration with Tokyo Stock Exchange-listed Aucnet Inc. ("**Aucnet**"), to jointly develop Singapore's first online LIVE business-to-business ("**B2B**") auction platform, focusing on luxury branded merchandise, and gold and diamond goods. In 2018, the Group ventured into the automotive financial services industry with MoneyMax Leasing, a one-stop solutions provider for automotive ownership.

MoneyMax is proud to be awarded the CaseTrust Accredited Pawnbroker certification in Singapore for fair trading and transparency. MoneyMax has also won multiple awards from the coveted Singapore Prestige Brands Award (SPBA), including Overall Winner Award (Promising Brands - 2013) and The Most Popular Brand Award (Established Brands - 2015), and has been inducted into its prestigious Hall of Fame in 2015.





MESSAGE FROM EXECUTIVE CHAIRMAN AND CEO



We will continue to focus efforts on driving new service innovations and business offerings so as to generate new revenue streams and deliver sustainable growth.

Dato' Sri Dr. Lim Yong Guan

Dear Shareholders,

On behalf of the board of directors (“**Board**”) of MoneyMax, we are pleased to present to you our annual report for the financial year ended 31 December 2018 (“**FY2018**”).

Business Update

FY2018 marks a year of notable corporate milestones amidst challenges for MoneyMax. Brand building and market expansion remains high on our corporate agenda as we sought to entrench our leadership position within the industry. We completed our investment in 13 pawnshops in Malaysia, as announced in the last quarter of 2017; and acquired Ban Joo Pawnshop in Singapore in July 2018.

We were also proactive in introducing new products and services to complement our existing offerings. In November 2018, we developed and introduced our first IP jewellery series - the Peppa Pig jewellery collection to welcome the lunar new year of the pig. The first-of-its-kind in ASEAN, this series not only serves to strengthen our competitive advantage in the market, it also ensures that we stay relevant with consumer trends.

Our latest MoneyMax e-Renewal service, available both on desktop and also as a mobile app, seeks to enhance the customers’ user experience by providing them a convenient way to pay their interest online. This service enhancement has gained increasing popularity amongst our customers and we are confident of its contribution to our profitability over the longer term.

As for the Group’s initiatives in the region, we recently launched SG e-Auction in May 2018, South East Asia’s first online LIVE B2B auction platform for luxury goods. Together with Japan’s leading B2B internet auction company, Aucnet, this online platform serves as an avenue for ASEAN business buyers and sellers to transact and purchase new and pre-owned luxury branded merchandise, as well as gold and diamond products. This has expanded our existing customer base while opening new streams of revenue for the Group.

Collectively, these initiatives allow us to enhance the suite of services we offer to our customers and expand our business reach in existing as well as new markets.

Performance Review

FY2018, however, was also a year fraught with global economic uncertainties and weaker consumer sentiments particularly towards the last quarter of the year. There were increased wages, rental and other operating costs arising from the corporate acquisitions and investments as well as rising interest rates which led to increased financial expenses.

In the face of the above, the Group registered lower revenue of S\$146.5 million in FY2018, a decrease of S\$9.9 million or 6.3% from S\$156.4 million for the financial year ended 31 December 2017 (“**FY2017**”). This was mainly due to decrease in revenue in the retail and trading of pre-owned items segment partially offset by an increase in revenue from the pawnbroking segment. As a result of lower topline figures and higher expenses associated with the Group’s expansion plans in Singapore and Malaysia, profit attributable to owners of the Company was S\$5.0 million, a decrease of 26.5% from S\$6.8 million reported in FY2017.

Going Forward

As a forward-looking and progressive brand, MoneyMax continuously strive to innovate itself so as to stay relevant with rapid changes in consumers’ preferences. This is necessary not only for us to maintain our competitive edge, but also critical in ensuring that we continue to deliver sustainable growth.

In this regard, we ventured into the auto-finance industry with the launch of MoneyMax Leasing towards the end of 2018. We also incorporated MoneyMax Assurance Agency and MoneyMax Capital to ready ourselves for our next phase of business expansion. Through the provision of automotive financial services, we seek to be a one-stop solution provider for vehicle owners. These initiatives will allow us to diversify our revenue base and lay the foundation to contribute to the sustainability of our businesses for the future.

Geographically, Singapore continues to be our main revenue contributor. As at 28 February 2019, our Group has a total of 72 outlets in Singapore and Malaysia, of which 44 outlets are in Singapore.

As for our Malaysia market, revenue growth held steady, at a CAGR of 33.7% in the past 3 years. While the Group’s prior investments in pawnshops for the country remained largely in their initial stages, it is, barring unforeseen circumstances, expected to see increased contributions from 2019 onwards.

Collectively, our long-term strategy is to become a holistic financial services provider to our customers. Through a combination of all respective business segments, both new and old, and harnessing our core competencies, we seek to make them work together in unison so as to deliver better shareholder value. Additionally, we will be on the constant lookout for mergers and acquisitions, joint ventures as well as strategic partnerships to complement our business and scale our operations where applicable.

Enhancing Brand Equity and Giving Back to the Society

Giving back to society and contributing to the community has always been something which MoneyMax strongly believes in. We continued our support for the various charity organisations which we have affiliations with, donating generously towards their respective causes.

On the aspect of brand equity, we maintained our competitive advantage through the adoption of service innovation and customer centricity related activities in our day-to-day businesses. We believe that this will help us to strengthen our brand awareness amongst customers and secure our market leadership position within the industry.

Outlook and Acknowledgement

With the US-China trade dispute, Brexit, the slowing China economy, 2019 is projected to be another challenging year given the global uncertainties. Without a change in the global economic conditions, consumer sentiment is expected to remain lacklustre, a continuation of the trend from 2018. Faced with the uncertain outlook, we will continue to focus efforts on driving new service innovations and business offerings so as to generate new revenue streams and deliver sustainable growth. While many of the initiatives embarked upon are still in their gestation phase, with the synergies derived from our existing core strengths, we are optimistic of their eventual contribution towards a stronger foundation for our respective businesses.

On behalf of the Board, I would like to express my heartfelt appreciation to our business associates, partners, shareholders and customers for their continued support throughout the year. Additionally, I would also like to thank our management team and staff at MoneyMax for their continued dedication and contribution towards driving our business. As we progress into the new fiscal year, let us look forward to a better 2019.



Dato' Sri Dr. Lim Yong Guan
Executive Chairman and CEO



EXPANSION AND GROWTH BEYOND SINGAPORE

FINANCIAL LEASING

MoneyMax makes foray into China with joint venture to provide financial leasing services in Chongqing

MONEYMAX

One of the largest pawnbroking chain with a network of 72 outlets in Singapore and Malaysia

SG e-Auction

Singapore's first LIVE B2B online auction platform focusing on luxury branded merchandise, gold and diamond goods



PEOPLE'S REPUBLIC
OF CHINA



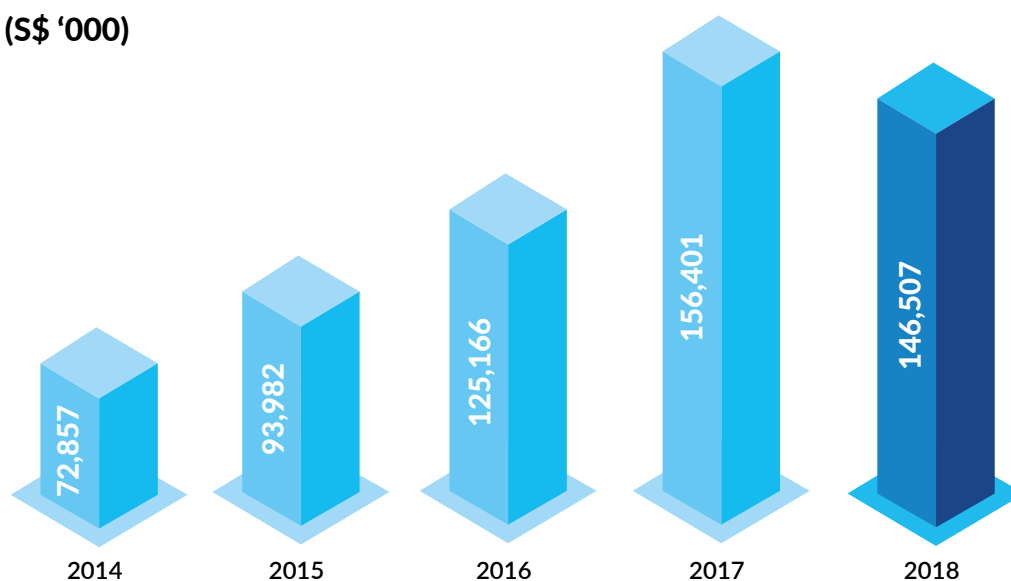
MALAYSIA



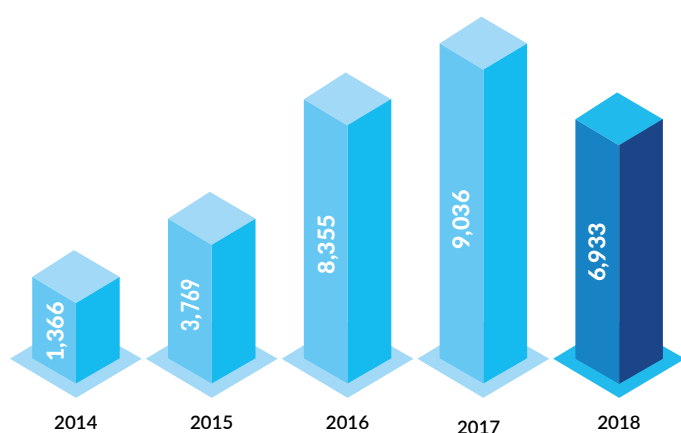
SINGAPORE

FINANCIAL HIGHLIGHTS

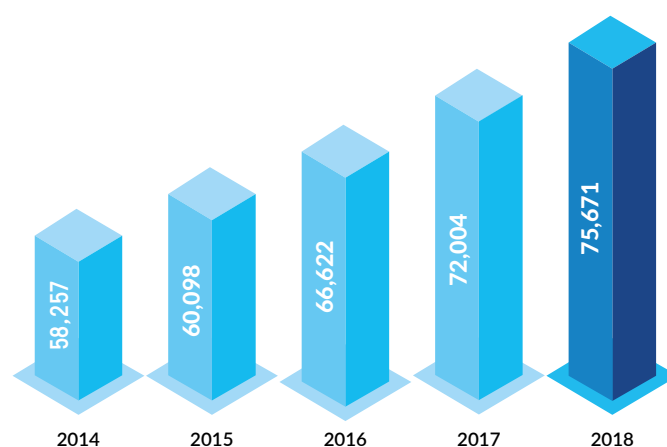
REVENUE (S\$ '000)



PROFIT BEFORE TAX (S\$ '000)



NET ASSET VALUE (S\$ '000)



Revenue

| | | | | |
|--------|--------|---------|---------|---------|
| 72,857 | 93,982 | 125,166 | 156,401 | 146,507 |
|--------|--------|---------|---------|---------|

Profit before tax

| | | | | |
|-------|-------|-------|-------|-------|
| 1,366 | 3,769 | 8,355 | 9,036 | 6,933 |
|-------|-------|-------|-------|-------|

Profit net of tax

| | | | | |
|-----|-------|-------|-------|-------|
| 771 | 3,098 | 6,506 | 7,288 | 5,490 |
|-----|-------|-------|-------|-------|

Net asset value

| | | | | |
|--------|--------|--------|--------|--------|
| 58,257 | 60,098 | 66,622 | 72,004 | 75,671 |
|--------|--------|--------|--------|--------|

Earnings per share

| | | | | |
|------|------|------|------|------|
| 0.25 | 0.88 | 1.76 | 1.93 | 1.41 |
|------|------|------|------|------|

| 2014 | 2015 | 2016 | 2017 | 2018 |
|------|------|------|------|------|
|------|------|------|------|------|

BOARD OF DIRECTORS

Dato' Sri Dr. Lim Yong Guan, Executive Chairman and CEO
Mr. Lim Yong Sheng, Non-Executive Director
Mr. Ng Cher Yan, Lead Independent Director
Mr. Khua Kian Kheng Ivan, Independent Director
Mr. Foo Say Tun, Independent Director

AUDIT COMMITTEE

Mr. Ng Cher Yan, Chairman
Mr. Khua Kian Kheng Ivan
Mr. Foo Say Tun

NOMINATING COMMITTEE

Mr. Khua Kian Kheng Ivan, Chairman
Mr. Ng Cher Yan
Mr. Foo Say Tun

REMUNERATION COMMITTEE

Mr. Foo Say Tun, Chairman
Mr. Ng Cher Yan
Mr. Khua Kian Kheng Ivan

COMPANY SECRETARY

Mr. Goh Hoi Lai, CA Singapore

COMPANY REGISTRATION NUMBER

200819689Z

REGISTERED OFFICE

7 Changi Business Park Vista
#01-01 SOOKEE HQ
Singapore 486042

AUDITORS

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

Audit Partner-in-Charge: Ms. Chong Cheng Yuan
(a member of the Institute of
Singapore Chartered Accountants)

Appointed since financial year ended
31 December 2017

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

CONTINUING SPONSOR

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#09-00 OCBC Centre
Singapore 049513

REVIEW OF THE GROUP'S PERFORMANCE

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated group revenue decreased by 6.3% from S\$156.4 million in FY2017 to S\$146.5 million in FY2018 due mainly to decrease in revenue in the retail and trading of pre-owned items segment, partially offset by an increase in revenue from the pawn broking segment.

Other gains decreased by 34.2% from S\$1.6 million in FY2017 to S\$1.0 million in FY2018 due mainly to the absence of (i) fair value gain on investment in other financial assets of S\$0.3 million, and (ii) foreign exchange gains of S\$0.3 million attributable to the strengthening of the Malaysian Ringgit in FY2017.

Material costs decreased by 10.9% from S\$111.9 million in FY2017 to S\$99.6 million in FY2018. The decrease in material costs was generally in line with the decrease in revenue from the retail and trading of pre-owned items segment in FY2018.

Employee benefits expense increased by 11.2% from S\$14.5 million in FY2017 to S\$16.1 million in FY2018. The increase in employee benefits expense was mainly due to the annual salary increments and increased headcount arising from the expansion of operations in Singapore and Malaysia.

Depreciation and amortisation expenses increased by 7.1% from S\$2.4 million in FY2017 to S\$2.6 million in FY2018 due mainly to the increase in plant and equipment in line with the expansion of our network of outlets.

Finance costs increased by 20.7% from S\$5.3 million in FY2017 to S\$6.3 million in FY2018. The increase was due to a general growth in interest rates alongside the increase in bank facilities utilised for funding of the Group's operational cash requirements as well as expansion of operations in Malaysia.

Other losses increased by approximately S\$0.1 million from S\$0.1 million in FY2017 to S\$0.2 million in FY2018 due mainly to an increase in loss on disposal of plant and equipment.

Other expenses increased by 6.0% from S\$14.8 million in FY2017 to S\$15.7 million in FY2018. This is due mainly to an increase in rental expenses for outlet premises, professional fees, and licensing fees for new outlets in Singapore and Malaysia.

As a result of the above, profit before tax decreased by 23.3% from S\$9.0 million in FY2017 to S\$6.9 million in FY2018.

Income tax expense decreased by 17.4% from S\$1.7 million in FY2017 to S\$1.4 million in FY2018. This is due to the decrease in taxable profits for the period and over adjustment of prior year tax expense.

Consolidated Statement of Financial Position

Non-current assets increased by 7.6% from S\$13.6 million as at 31 December 2017 to S\$14.6 million as at 31 December 2018. The increase was mainly attributable to (i) an increase in deferred tax assets of S\$0.1 million, (ii) an increase in intangible assets due to goodwill of S\$1.3 million arising from the investment in pawnshops in Malaysia and S\$0.4 million arising from assignment fees relating to the transfer of the lease for an outlet premise to our Group, and (iii) an increase in fixed assets, including the fixed assets arising from the Malaysia Investment¹, of S\$1.8 million. The above was partially offset by the depreciation and amortisation charge for the period of S\$2.6 million.

Current assets increased by 7.1% from S\$238.9 million as at 31 December 2017 to S\$255.9 million as at 31 December 2018. This was mainly due to an increase in trade and other receivables of S\$12.6 million mainly arising from an increase in pledged loans extended to customers (including the pledged loans from acquired entities during the year), an increase in inventories of S\$4.8 million mainly due to the buildup of inventory, an increase in other assets of S\$0.1 million and income tax recoverables of S\$0.2 million, partially offset by a decrease in cash and cash equivalents of S\$0.7 million.

Non-current liabilities decreased by 73.1% from S\$3.1 million as at 31 December 2017 to S\$0.8 million as at 31 December 2018. This was due to reclassification of a portion of term loans from non-current liabilities to current liabilities.

Current liabilities increased by 9.4% from S\$177.4 million as at 31 December 2017 to S\$194.0 million as at 31 December 2018. This was mainly due to (i) an increase in other financial liabilities, current of S\$8.1 million resulting from the derivative financial instrument of S\$0.6 million, an increase in drawdown of facilities and reclassification of a portion of term loans from non-current liabilities to current liabilities, (ii) an increase in other liabilities of S\$0.5 million due to provision for reinstatement of outlet premises and deposits received, (iii) an increase in trade and other payables of S\$8.0 million (inclusive of an increase in advances from directors amounting to S\$6.2 million).

¹ As announced on 14 November 2017, the Group had entered into sale and purchase agreements to invest in 13 entities in the pawnbroking business in Malaysia. On 28 March 2018, the Group announced the completion of the investments in the entities.

Equity attributable to owners of the Company increased by 3.9% from S\$69.3 million as at 31 December 2017 to S\$72.1 million as at 31 December 2018. The increase was mainly due to total comprehensive income attributable to owners of the Company of S\$4.5 million for FY2018, offset by dividends paid in relation to FY2017 of S\$1.8 million.

Consolidated Statement of Cash Flows

Net cash generated from operating activities before changes in working capital in FY2018 was S\$16.1 million. Net cash used in working capital amounted to S\$7.8 million. This was mainly due to (i) an increase in inventories of S\$4.8 million due to the buildup of inventory for the retail and trading of luxury items segment, (ii) an increase in trade and other receivables of S\$10.1 million, partially offset by (iii) an increase in trade and other payables of S\$6.6 million, and (iv) an increase in other liabilities of S\$0.4 million. Net cash generated from operating activities amounted to S\$6.6 million after deducting income tax paid of S\$1.7 million.

Net cash used in investing activities amounted to S\$4.8 million, mainly due to (i) purchase of plant and equipment in relation to our business expansion in Singapore and Malaysia of S\$1.6 million, (ii) assignment fees of S\$0.4 million in relation to the transfer of the lease for an outlet premise to our Group, and (iii) net cash paid for the purchase of shares in Ban Joo Pawnshop Pte. Ltd.², and the Malaysia Investment of S\$2.9 million.

Net cash used in financing activities of S\$1.1 million was mainly due to dividends paid, interest paid and repayment of bank borrowings of S\$1.8 million, S\$6.3 million and S\$7.6 million respectively, partially offset by an increase in new bank borrowings of S\$14.4 million and issue of shares to non-controlling interest of S\$0.3 million³.

As a result of the above, there was a net increase of S\$0.7 million in cash and cash equivalents from a net cash balance of S\$4.5 million as at 31 December 2017 to S\$5.2 million as at 31 December 2018.



² As announced on 18 June 2018, the Group had entered into a share purchase agreement in relation to the proposed acquisition of the entire issued and paid-up share capital of Ban Joo Pawnshop Pte. Ltd., which carries on a licensed pawn broking business in Singapore. The acquisition was completed on 26 July 2018.

³ As announced on 8 March 2018, the Group and Aucnet Inc. had increased their respective investments in SG e-Auction Pte Ltd by US\$204,000 and US\$196,000 respectively.

2018 HIGHLIGHTS

Technology & Innovation

LAUNCH OF SG E-AUCTION, SINGAPORE'S FIRST ONLINE LIVE B2B AUCTION PLATFORM

MoneyMax launched Singapore's first online LIVE B2B auction platform for luxury goods – SG e-Auction, together with Japan's leading B2B internet auction company, Aucnet. As Singapore's first-of-its-kind platform for the sale and purchase of luxury branded merchandise, gold and diamond goods, this initiative revolutionised the present trading environment between buyers and sellers by connecting them efficiently through an online auction platform.

SG e-Auction enables buyers and sellers to conduct cross border trades in a fair, transparent, efficient and cost-effective manner. Via the B2B online auction site, users can now easily consign their products for sale or bid for products through a live bidding process without having to be physically present at an auction location.



Enhanced Customer Experience



LOVE LUXURY BY MONEYMAX E-STORE

To better cater to our customers' requirement and needs, we revamped the MoneyMax e-Store and rebranded it as Love Luxury by MoneyMax. Designed to create a quality omni-channel experience for each individual shopper on the web, on mobile and in-store, search capabilities and information featured on the e-Store were optimised for each individual shopper's needs.

MONEYMAX E-RENEWAL SERVICE

To enhance customers' user experience, MoneyMax launched its e-Renewal payment service which offers customers the convenience and ease of paying their pawn interest anytime, anywhere. This digital service helped to increase business productivity and efficiency, and is now available in both desktop and mobile app versions.



New Product Development

SOUTH-EAST ASIA'S FIRST LAUNCH OF PEPPA PIG COLLECTION

MoneyMax Jewellery is thrilled to present the first Peppa Pig Jewellery Collection in South-East Asia, delighting fans and shoppers alike! Celebrating the importance of family, love, happiness and the spirit of giving, this collection surprises fans with Peppa Pig and her family in various local festive themes and styles. The collection features a wide range of adorable Peppa Pig charms, pendants, earrings as well as in gold bars and coins.



New Business Development & Acquisition

ACQUISITION OF BAN JOO PAWNSHOP

In June 2018, Moneymax Financial Services Ltd. further strengthened its position in the local pawnbroking industry through the acquisition of Ban Joo Pawnshop. Incorporated in 2011, Ban Joo carries on a licensed pawnbroking business at Tanjong Pagar Plaza.



LAUNCH OF MONEYMAX LEASING PTE LTD.

MoneyMax Leasing is the Company's first initiative in the auto-financing industry. This new business targets drivers who are looking for financial solutions. With its suite of financing products, MoneyMax Leasing aims to provide motorists with trusted, low-cost, flexible repayment and transparent financial solutions to meet their vehicle ownership needs.

BOARD OF DIRECTORS



(From left to right): Mr. Khua Kian Kheng Ivan, Mr. Lim Yong Sheng, Mr. Foo Say Tun, Dato' Sri Dr. Lim Yong Guan, Mr. Ng Cher Yan

DATO' SRI DR. LIM YONG GUAN

Executive Chairman and CEO, Co-Founder

Dato' Sri Dr. Lim Yong Guan is one of our founders and was appointed Executive Chairman and CEO on 9 October 2008. He was re-elected as Executive Chairman and CEO on 24 April 2018. Since the Group's establishment, Dr. Lim has been a critical contributor to the Group's growth and continued success. As the Executive Chairman and CEO, Dr. Lim is responsible for the overall management, operations, strategic planning, and business development of the Group. He is also responsible for, *inter alia*, driving the operational efficiency of the Group's work processes, monitoring the development and performance of the Group's business, and identifying new opportunities for the Group's expansion. Dr. Lim also presently holds the position of Non-Executive Chairman of SK Jewellery Group Limited (formerly known as Soo Kee Group Ltd.) which is listed on the Catalist board of the SGX-ST.

Dr. Lim serves as a committee member for the Singapore Jewellers Association and the Singapore Pawnbrokers' Association. In addition, he is actively involved in community and grassroots activities. Dr. Lim serves as the Chairman for Bukit Merah Community Centre Management Committee and Hua Yan Buddhist Society. He also serves as the Board Chairman for Bukit Timah Seu Teck Sean Tong Institution Limited, Chairman for Theng Hai Huay Kuan and Vice Chairman

for Radin Mas Citizens' Consultative Committee and Teochew Poit Ip Huay Kuan. He was also awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2015.

MR. LIM YONG SHENG

Non-Executive Director, Co-Founder

Mr. Lim Yong Sheng is one of our founders and was appointed Executive Director on 9 October 2008. He was re-designated as Non-Executive Director on 6 August 2015 and was last re-elected on 26 April 2017.

Having accumulated more than 20 years of experience in the jewellery industry, Mr. Lim currently serves as the Executive Director and Group CEO of SK Jewellery Group Limited which is listed on the Catalist board of the SGX-ST, and is responsible for its strategic planning, overall management, business development and marketing strategies. Prior to his appointment as the Executive Director and Group CEO of SK Jewellery Group Limited, Mr. Lim was the Head of Branding and Marketing and Executive Director of the Group, where he oversaw and spearheaded the marketing strategy and brand management for the Group.

Mr. Lim obtained a Bachelor of Science in Electrical Engineering from the National University of Singapore.

MR. NG CHER YAN

PBM, Lead Independent Director

Mr. Ng Cher Yan was appointed Lead Independent Director of MoneyMax on 27 June 2013. He was last re-elected as Independent Director on 26 April 2017. Mr. Ng has more than 30 years of experience in the areas of accounting and finance, and is currently the managing partner of an accounting practice, Plus LLP.

Mr. Ng currently also serves as an independent director on the boards of several SGX-listed companies, namely, Samko Timber Limited, Serial System Ltd. and Vicplas International Limited. He is also a non-executive director in Bull Will Co. Ltd., a company listed in Taiwan. In the preceding 3 years, Mr Ng was an independent director of Ecowise Holding Limited and Mermaid Maritime Public Co Ltd which are companies listed on the SGX-ST.

Mr. Ng holds a Bachelor of Accountancy from the National University of Singapore and is also qualified as a Chartered Accountant, Australia. He is a Fellow Member of the Institute of Singapore Chartered Accountants, as well as a member of the Institute of Chartered Accountants in Australia. Mr. Ng was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2007 and was awarded the Bintang Bakti Masyarakat or the Public Service Star Award in 2016 for his various community services.

MR. FOO SAY TUN

Independent Director

Mr. Foo Say Tun was appointed Independent Director of MoneyMax on 27 June 2013. He was last re-elected as Independent Director on 24 April 2018. Mr. Foo was called to the Singapore Bar in 1995 and the Malaysian Bar in 1992. Mr Foo was a lawyer practicing civil litigation, arbitration and corporate law.

Mr. Foo also serves as an independent director on the boards of several SGX-listed companies, namely, Fu Yu Corporation Limited, Qingmei Group Holdings Limited and Sino Techfibre Limited. He previously was an independent director of Jubilee Industries Holdings Ltd, a company listed on the SGX-ST, from 2010 to 2016.

Mr. Foo holds a Bachelor of Laws degree from the University of East Anglia (UK), and was admitted to Middle Temple (UK) as a Barrister-at-Law in 1991.

MR. KHUA KIAN KHENG, IVAN

PBM, Independent Director

Mr. Khua Kian Kheng, Ivan was appointed Independent Director of MoneyMax on 27 June 2013. He was last re-elected as Independent Director on 28 April 2016. Mr. Khua is currently the executive director of Hock Leong Enterprises Pte. Ltd. (HLE), where he oversees the financial, administrative, human resource and business development aspects of HLE's business and operations.

Prior to joining HLE, Mr. Khua worked with Rider Hunt Levett and Bailey, a consultancy firm, between 2000 and 2004. Mr. Khua also currently serves as an independent director of KSH Holdings Limited and No Signboard Holdings Ltd, which are both SGX-listed companies.

Mr. Khua holds a Diploma in Building (with Merit) from the Singapore Polytechnic, and a Bachelor's degree in Building Construction Management (First Class Honours) from the University of New South Wales, Australia. He is also a member of the Singapore Institute of Arbitrators, and an associate of the Singapore Institute of Building. He is a full member of the Singapore Institute of Directors. He was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2016.



Pictures shown are for illustrative purposes only, and are not a representation of the respective brands.

DATO' SRI DR. LIM YONG GUAN

Executive Chairman and CEO, Co-Founder

(Dato' Sri Dr. Lim Yong Guan's profile can be found on page 14 of this report.)

MDM. TAN YANG HONG

Chief Operating Officer

Mdm. Tan Yang Hong was appointed as Chief Operating Officer on 1 October 2010. Mdm. Tan oversees the Group's operations, including dealings with financial institutions, relevant government authorities, the Management Integrated Systems (MIS), human resources, management and general administration. She is also involved in determining and executing operational audit plans and schedules.

Mdm. Tan has more than 20 years of experience in the jewellery industry, and was responsible for human resource, operational and administrative matters for the Soo Kee Group from 1991 to 2012. She holds a Diploma in Electronics Engineering from the Ngee Ann Polytechnic.

MDM. LIM LIANG SOH

Head - Retail Operations

Mdm. Lim Liang Soh was appointed Head - Retail Operations on 1 October 2010. Since 2010, she has been managing the overall brand strategy and activities for the Group. She is currently responsible for, overseeing the Group's operations, day-to-day business processes, controls, talent management and recruitment.

Mdm. Lim has more than 20 years of experience in the jewellery industry, and was responsible for human resource, operational and administrative matters for the Soo Kee Group from 1991 to 2012. She holds a Diploma in Chemical Process Technology from the Singapore Polytechnic.

MR. WEE SUNG LENG

Chief Financial Officer

Mr. Wee Sung Leng was appointed as Chief Financial Officer on 2 May 2018 and is responsible for the Group's accounting, finance and tax functions.

Upon his graduation from the National University of Singapore, Mr. Wee worked as a regional accountant in Geco-Prakla, part of Schlumberger Limited, a Fortune Global 500 company in the oil and gas industry listed on the New York Stock Exchange. He left Geco-Prakla to establish a career in the finance and banking sector. With more than 18 years of experience in the finance and banking sector from credit and marketing, corporate banking and investment banking, he has been actively involved in origination, due diligence and execution of corporate transactions such as initial public offerings, reverse takeovers, share placement and rights issue and has been involved as an independent financial advisor to listed companies in interested persons, delisting and general offer transactions. He also advised on industry positioning of listed companies and investor relations marketing strategies. He is a member of the Singapore Institute of Directors and currently an independent director of Singapore Myanmar Investco Limited, a company listed on the Main Board of the SGX-ST.

Mr. Wee holds a Bachelor of Accountancy degree from the National University of Singapore.



CORPORATE GOVERNANCE REPORT

The Board of MoneyMax is committed to ensuring a high standard of corporate governance to protect the interests of shareholders of the Company (the “**Shareholders**”) and to ensure maximisation of long-term Shareholders’ value.

This report (“**Report**”) describes the Group’s corporate governance structures and practices currently in place with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”). The Company has made reference to the disclosure guide issued by the SGX-ST in January 2015 and incorporated answers to the questions set out in the disclosure guide in this Report.

On 6 August 2018, a revised Code of Corporate Governance Code 2018 (“**2018 Code**”) was issued which will supersede the Code and apply to the annual reports covering financial years commencing from 1 January 2019 onwards. The Group will review, and where applicable, set out and implement the revised corporate governance practices to comply with the 2018 Code in the next annual report.

The Board is pleased to report on the compliance of the Group with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

Principle 1: The Board’s Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board comprises:-

Dato’ Sri Dr. Lim Yong Guan, Executive Chairman and CEO
Mr. Lim Yong Sheng, Non-Executive Director
Mr. Ng Cher Yan, Lead Independent Director
Mr. Khua Kian Kheng Ivan, Independent Director
Mr. Foo Say Tun, Independent Director

The Board provides effective leadership and direction to enhance the long-term value of the Group to Shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the Group’s strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance and corporate governance practices.

The principal functions of the Board include:

- Approving the broad policies, strategies and financial objectives of the Group and ensuring that the necessary financial, human resources are in place for the Group to meet its objectives;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management systems, financial reporting and compliance to enable risks to be assessed and managed, including safeguarding of Shareholders’ interests and the assets of the Group;
- Reviewing the performance of the management and approving the nominations of Directors and appointment of key management personnel;
- Approving annual budgets, material funding, investment, divestment and capital expenditure proposals;
- Setting the Group’s values and principles (including ethical standards) and ensuring that the obligations to Shareholders and other stakeholders are met; and
- Assuming responsibility for corporate governance.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the management to make objective decisions in the interests of the Group.

The Board is supported by and has delegated certain responsibilities to the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”) which will assist it in the discharge of its responsibilities. These Board Committees operate under clearly defined terms of reference.

CORPORATE GOVERNANCE REPORT

The Board accepts that while the Board Committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least 4 times a year to review and approve, *inter alia*, the quarterly and full year financial results of the Group. The Board also meets as warranted by circumstances to supervise, direct and control the Group's business and affairs as well as deliberate on key matters when it arise. Apart from approvals obtained at Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing. As provided in the Company's constitution (the "**Constitution**"), the Board may convene telephonic and videoconferencing meetings to facilitate maximum participation by the Directors.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2018 is as follows:

| | Board and Board Committees | | | |
|--|----------------------------|-----------------|----------------------|------------------------|
| | Board | Audit Committee | Nominating Committee | Remuneration Committee |
| No. of meetings held | 4 | 4 | 1 | 1 |
| No. of meetings attended by the Directors | | | | |
| Dato' Sri Dr. Lim Yong Guan ⁽¹⁾ | 4* | - | - | - |
| Mr. Lim Yong Sheng ⁽¹⁾ | 4 | - | - | - |
| Mr. Ng Cher Yan | 4 | 4* | 1 | 1 |
| Mr. Khua Kian Kheng Ivan | 3 | 3 | 1* | 1 |
| Mr. Foo Say Tun | 4 | 4 | 1 | 1* |

* *Chairman*

Note: (1) Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng are siblings.

The Group has adopted guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval include:

- Strategies and objectives of the Group;
- Budgets/forecasts;
- Announcement of quarterly and full year results, and release of annual reports;
- Issuance of securities;
- Declaration of interim dividends and proposed final dividends;
- Convening of Shareholders' meetings;
- Material acquisition/investment, divestment or capital expenditure;
- Corporate or financial restructuring and major funding proposals;
- Diversification of business; and
- Interested person transactions.

The management keeps the Directors updated on pertinent developments in the business, financial reporting standards and industry-related matters periodically to facilitate the discharge of their duties. The Directors are also encouraged to keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. At each Board meeting, the Executive Chairman and CEO updates the Board on the business and strategic developments of the Group.

The Company has a policy that new incoming Directors are briefed on the Group's business, strategies, operations, organisation structures and governance practices to enable them to assimilate into their new roles. The new incoming Directors are also welcome to request further explanations, briefings or informal discussions on any aspects of the Group's operational or business issues from the management. The Company will make the necessary arrangements for site visits, briefings, informal discussions or explanations required by the new incoming Directors.

All first-time Directors who have no prior experience as a director of a company listed on the SGX-ST are required to attend the Mandatory Training as prescribed in the Catalyst Rules. Newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

There were no newly appointed Directors during FY2018.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises 5 Directors namely, 1 Executive Director, 1 Non-Executive Director, and 3 Independent Directors.

Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and Mr. Lim Yong Sheng (Non-Executive Director) are siblings. As our Executive Chairman and CEO is the same person, the Independent Directors make up at least half of the Board in accordance with recommendation of the Code.

The NC will be responsible for determining on an annual basis, and as and when circumstances require, whether or not a Director is independent as set out in the Code, considering whether a Director has any existing business or professional relationship of a material nature with the Group, other Directors and/or substantial Shareholders.

The Independent Directors have each confirmed that they do not have any relationship with the other Directors, the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group.

The NC, in its deliberations as to the independence of the Independent Directors, has reviewed, determined and confirmed the independence of the Independent Directors and the Board has concurred with the NC's confirmation.

There are no Independent Directors who have served on the Board beyond 9 years from the date of his first appointment.

The Board reviews the size and composition of the Board and Board Committees. While reviewing the composition of the Board and Board Committees, the Board takes into account the balance and diversity of the Directors' skills, competencies, experience, gender and knowledge of the Group, among other factors. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. As mentioned under Principle 5 below, the NC conducts an annual assessment of the performance of the Board as a whole with a view to achieve balance and diversity to maximise effectiveness.

Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng are co-founders of the Group who each has over 9 years of experience in the pawnbroking industry. Each Independent Director is qualified and experienced in various fields including accounting and finance, business, and management and legal practices.

The Board has reviewed and is satisfied that the current size and composition of the Board and Board Committees are appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations, the balance and diversity of the Directors' skills, competencies, experience, and knowledge of the Group, among other factors. The Board is also of the view that the Directors possess as a group the necessary competencies and knowledge to lead and govern the Group effectively.

The Independent Directors meet regularly on their own without the presence of the Executive Chairman and CEO, the Non-Executive Director and the management and provide feedback to the Executive Chairman and CEO and the Non-Executive Director after such meetings.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and CEO

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Dato' Sri Dr. Lim Yong Guan is the Chairman of the Board and CEO of the Group. He is also an Executive Director. Dato' Sri Dr. Lim Yong Guan brings with him a wealth of experience and leads the Board to ensure its effectiveness. As the Executive Chairman and CEO, he assumes responsibility for the smooth functioning of the Board and ensures the adequate and timely flow of information between the management and the Board, sets the agenda for Board meetings, ensures sufficient allocation of time for thorough discussion of each agenda item, promotes a culture of openness and debate at the Board, facilitates the effective contribution of non-executive directors, and promotes high standards of corporate governance. In addition, he also assumes the responsibility for running the day-to-day business of the Group, ensures the implementation of policies and strategies across the Group as set by the Board, manages the management team and leads the development of the Group's future strategies including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and the CEO is the same person, so as to ensure that the decision-making process of the Group could function expeditiously. Therefore, it has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the CEO.

All major proposals and decisions made by the Executive Chairman and CEO are discussed, reviewed and approved by the Board. As 3 out of 5 Directors are Independent Directors, the requirement of the Code that the Independent Directors must make up at least half of the Board, where the Chairman and the CEO is the same person, is satisfied. As the AC, the RC and the NC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and safeguards in place against an uneven concentration of power and authority in a single individual.

Independent Director, Mr. Ng Cher Yan has been appointed as the Lead Independent Director and he will be available to address the concerns of Shareholders and employees in the event that interactions with the Executive Chairman and CEO or the Chief Financial Officer ("CFO") cannot satisfactorily resolve their concerns or in instances where such channels of communications are considered inappropriate or inadequate. The Lead Independent Director also assures the effectiveness of corporate governance in managing the affairs of the Company.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises 3 members, all of whom, including the NC Chairman, are independent directors. The composition of the NC is as follows:-

| | |
|-----------|--------------------------|
| Chairman: | Mr. Khua Kian Kheng Ivan |
| Members: | Mr. Ng Cher Yan |
| | Mr. Foo Say Tun |

The NC is guided by its written terms of reference which stipulates that its principal roles include, *inter alia*, maintaining a formal and transparent process for the appointment of new Directors to the Board, determining the independence of the Directors and the appropriate size and composition of the Board and Board Committees, and reviewing and approving the appointment of key management personnel of the Group.

There is currently no succession plan put in place by the Executive Chairman and CEO. Going forward and at the relevant time, the Executive Chairman and CEO will look into formulating such a plan in close consultation with the NC.

CORPORATE GOVERNANCE REPORT

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for appointment or re-appointment of Directors and evaluating the performance of the Board, the Board Committees and each Director. It also ensures compliance with the requirements of the Constitution which stipulates that at each annual general meeting ("**AGM**"), one-third of the Board is required to retire and that every Director shall retire from office at least once every 3 years. In this respect, the NC has recommended, and the Board has agreed for the following Directors to retire at the forthcoming AGM:

- Mr. Lim Yong Sheng (Article 89); and
- Mr. Khua Kian Kheng Ivan (Article 89).

Mr. Lim Yong Sheng and Mr. Khua Kian Kheng Ivan will seek re-election as Directors at the forthcoming AGM. Information of the directors seeking re-election is set out in pages 33 and 37 of this Report.

Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination and re-election.

Guideline 2.4 of the Code is not applicable to the Board as none of the Independent Directors has served beyond 9 years from his date of appointment.

All Directors are required to declare their board representations. As at the date of this Report, none of the Directors hold more than 5 directorships in other listed companies. There is no maximum number of listed board representations currently prescribed by the Board as the Board is of the view the requirements for each board representation varies and having multiple directorships does not prevent the Directors from discharging their duties as a Director effectively. The NC, at the relevant time, will look into reviewing and making a recommendation to the Board on the maximum number of listed board representations which any Director may hold.

When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his duties as a Director, taking into consideration the Director's number of listed board representations, the Director's other principal commitments, the roles and scope of responsibilities of these principal commitments and involvement in any other activities outside of these principal commitments, among other factors. The NC has reviewed and is satisfied that each Director has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his duties as a Director, notwithstanding his other board representations.

As at the date of this Report, the Company does not have any alternate director and none of the Directors has appointed an alternate director during FY2018.

The Company has established the following process for the selection and appointment of new Directors:

- The NC determines a suitable size of the Board and evaluates the balance and diversity of skills, competencies, experience, gender, and knowledge of Directors required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the Group's operations;
- The NC considers various sources of seeking suitable candidate(s) or recommendations from, among others, Directors, business associates and advisors;
- Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail, among others, their qualification, working experience and employment history;
- The NC evaluates candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, his/her independence (if applicable) and other present and past directorships; and
- The NC makes recommendation to the Board for approval. The Board is to ensure that the candidate is aware of the expectations and the level of commitment required.

For the re-appointment of Directors, besides the above, the Company will also take into consideration the said Director(s) competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation).

Key information of the Directors such as the date of first appointment, date of last re-appointment, directorships and chairmanships, both present and those held over the preceding 3 years in other listed companies and other principal commitments can be found under pages 14 and 15 of this annual report.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the Board Committees on an annual basis. The objective of the annual review is to identify areas for improvement and to implement appropriate action.

All the Directors were requested to complete a Board assessment checklist designed to seek their views on the various performance criteria so as to assess the overall performance and effectiveness of the Board and the Board Committees. The checklists were completed and submitted to the company secretary (the “**Company Secretary**”) for collation and the consolidated responses were presented to the NC for review and discussion before making any recommendations to the Board. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the performance of the Board and Board Committees against short-term, long-term financial and non-financial performance indicators, identify areas for improvement and to implement appropriate action. The NC has reviewed the overall performance and effectiveness of the Board and the Board Committees for FY2018 and is of the view that the performance and effectiveness of the Board as a whole and the Board Committees have been satisfactory.

The NC will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of each Director to the performance and effectiveness of the Board and Board Committees. The NC is of the view that despite multiple board appointments held by the Directors, each Director has been able to devote sufficient time and attention in adequately carrying out his or her duties as a Director.

The NC may engage an external facilitator in conducting the assessment of the performance of the Board and the Board Committees. For FY2018, the NC did not engage any external facilitator.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The management recognises the importance of ensuring the flow of complete, adequate, and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance. Any additional material or information requested by the Directors is promptly furnished.

The management ensures that proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees and professional advisors who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group’s operations, the Directors are also updated on initiatives and developments on the Group’s business, financial performance, position and prospects, amongst others, in Board and Board Committee meetings, as well as on an ongoing basis as soon as practicable or possible. In order to ensure that the Board (including Independent Directors) is able to fulfill its responsibilities, quarterly reports on the operational, financial performance and financial position of the Group are promptly provided by the management.

To facilitate separate and independent access, the Directors have been provided with the phone numbers and email particulars of the following:

- key management personnel;
- the Company Secretary;
- the external auditor (the “**External Auditor**”);
- the internal auditor (the “**Internal Auditor**”); and
- other professional parties (where relevant).

The Independent Directors have also held separate sessions with the External Auditor and the Internal Auditor, without the presence of the management, to discuss any matters deemed appropriate to be discussed privately.

Should Directors, whether as a group or individually, need independent professional advice, the Board will appoint a professional advisor to render the advice. The cost of such professional advice will be borne by the Company. Directors are also updated on any changes or developments in laws, rules and/or regulations by the Company Secretary or other professional advisors at the Board and Board Committee meetings, as well as on an ongoing basis.

The Company Secretary is responsible for, among others, ensuring that the Board procedures are observed and that the Constitution, and relevant rules and regulations, including the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”), are complied with. The Company Secretary attends and prepares minutes for all Board and Board Committee meetings.

The Company Secretary assists (i) the Executive Chairman and CEO and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term Shareholders’ value; (ii) the Executive Chairman and CEO in ensuring good information flows within the Board and Board Committees and between the management and Independent Directors; (iii) in ensuring co-ordination and liaison between the Board, the Board Committees and the management; and (iv) the Executive Chairman and CEO, the Chairman of each Board Committee and the management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for the Board as a whole to approve.

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises 3 members all of whom, including the RC Chairman, are independent directors. The composition of the RC is as follows:-

| | |
|-----------|--------------------------|
| Chairman: | Mr. Foo Say Tun |
| Members: | Mr. Ng Cher Yan |
| | Mr. Khua Kian Kheng Ivan |

The principal responsibilities of the RC are to review and recommend, for the endorsement of the Board, the following:

- the framework of the remuneration packages for each Director and key management personnel. The framework covers all aspects of remuneration, including but not limited to, Directors’ fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- the specific remuneration packages for each Director and key management personnel so as to ensure that the packages are competitive and sufficient to attract, retain and motivate the Directors and key management personnel to ensure the long-term success of the Group;
- the remuneration of employees related to the Directors, CEO and/or controlling Shareholders to ensure that their remuneration packages are in line with the Group’s staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and
- the Group’s obligations arising in the event of termination of the Executive Director and key management personnel’s contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC is guided by its written terms of reference which clearly set out its authority and duties.

Each member of the RC shall abstain from voting on any resolution in respect of his own remuneration package.

The RC may seek expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. For FY2018, the RC did not engage any external remuneration consultant.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration structure for its Executive Director and key management personnel comprised both fixed and variable components. The fixed component is in the form of a monthly base salary. Any adjustment to the fixed monthly base salary takes into consideration the individual's performance against key performance indicators as well as the general economic conditions and prevailing inflation rates, among others. The variable component is in the form of a variable bonus that is linked to the Group's performance as well as the individual's performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long-term success of the Group.

The Executive Director has a service agreement with the Company valid for an initial period of 3 years with effect from 1 April 2016 which shall be renewed for a further 3 years on such terms and conditions as may be agreed by the RC unless terminated by either party giving 3 months' written notice of intention not to renew the employment.

All revisions to the remuneration packages for the Executive Director and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board.

Performance conditions such as the financial performance and operations of the Group, as well as any other business objectives such as quality of service and adherence to corporate values and principles which may from time to time be determined by the Board are used to determine the variable component of the Executive Chairman and CEO, the Directors and key management personnel.

All employees of the Group and the Directors are eligible to participate in the Company's performance share plan known as the "MoneyMax Performance Share Plan" ("**PSP**"). The PSP is employed as a long-term incentive in the remuneration of the Executive Chairman and CEO, the Directors and key management personnel, and forms an integral component of the Group's compensation scheme. It is designed to reward, retain and motivate employees and Directors to achieve superior performance to align the interests of employees and Directors with that of Shareholders. The PSP is administered by the RC. The performance conditions used to determine the entitlements of the Executive Chairman and CEO, the Directors and key management personnel under the PSP include specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the job scope and responsibilities of the employees and Directors; and (iii) the prevailing economic conditions. Please refer to the Company's offer document dated 25 July 2013 ("**Offer Document**") for details of the PSP.

As at the date of this annual report, no awards have been granted under the PSP.

For FY2018, the RC has reviewed the performance conditions for the Executive Chairman and CEO, the Directors and key management personnel and has determined them to have been met.

Directors' fees are payable to the Non-Executive Director and the Independent Directors taking into account factors such as the effort and time spent and their scope of responsibilities. Directors' fees are recommended by the Board for approval of Shareholders at the AGM. The Group proposes that the Executive Director continues to receive an annual director fee from its Malaysian subsidiary in accordance with Malaysian law. Save for the above, the Executive Director does not receive any Directors' fees.

No Director is involved in deciding his or her own remuneration package.

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The RC is of the view that the Executive Director owes a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties. The Company has in place strong corporate governance practices described herein such as the processes put in place for the selection and appointment of new Directors as disclosed under Principle 4 above, the review process to assess the performance and effectiveness of the Board as a whole on an annual basis as disclosed under Principle 5 above and the Whistle Blowing Policy as defined and disclosed under Principle 12 below, among others, serve as checks and balances to prevent the occurrence of such instances.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. Total compensation is pegged to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

The remuneration (including salary, directors' fee, bonus and benefits-in-kind) of each of the Directors and key management personnel is linked to the financial performance of the Group and the individual's performance so as to promote long-term sustainability of the Group.

The short-term incentive scheme includes salary and bonus shall be subject to annual review by the RC and to be approved by the Board. The long-term incentive scheme would be the PSP.

Details on the remuneration of Directors and key management personnel for FY2018 are presented below.

Remuneration of Directors for FY2018

| Remuneration band | Directors' fee | Salary ⁽¹⁾ | Benefits-in-kind | Bonus ⁽¹⁾ | Total |
|---|----------------|-----------------------|------------------|----------------------|--------|
| Above S\$750,000 to S\$1,000,000 | | | | | |
| Dato' Sri Dr. Lim Yong Guan | 12.9% | 44.9% | 1.8% | 40.4% | 100.0% |
| Up to S\$250,000 | | | | | |
| Mr. Lim Yong Sheng | 100.0% | - | - | - | 100.0% |
| Mr. Ng Cher Yan | 100.0% | - | - | - | 100.0% |
| Mr. Khua Kian Kheng Ivan | 100.0% | - | - | - | 100.0% |
| Mr. Foo Say Tun | 100.0% | - | - | - | 100.0% |

Remuneration of key management personnel for FY2018

| Remuneration band and name of key management personnel | Salary ⁽¹⁾ | Benefits-in-kind | Bonus ⁽¹⁾ | Total |
|--|-----------------------|------------------|----------------------|--------|
| Above S\$250,000 to S\$500,000 | | | | |
| Mdm. Tan Yang Hong | 50.9% | 6.0% | 43.1% | 100.0% |
| Up to S\$250,000 | | | | |
| Mdm. Lim Liang Soh | 72.1% | 6.9% | 21.0% | 100.0% |
| Mr. Wee Sung Leng ⁽²⁾ | 100.0% | - | - | 100.0% |

Notes:

(1) Inclusive of employer's share of central provident funds.

(2) Appointed as CFO in May 2018.

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No compensation was paid or is to be paid in the form of share awards to the Directors and key management personnel in FY2018. There were no termination, retirement or post-employment benefits granted to the Directors and key management personnel in FY2018.

In considering the disclosure of remuneration of the Directors and key management personnel, the Board has regarded the industry conditions in which the Group operates as well as the sensitive nature of such information. The Board believes that full detailed disclosure of the remuneration of each Director and each key management personnel as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Board has instead presented such information in remuneration bands.

The Board is of the opinion that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

The total remuneration (including Directors' fees) paid and/or payable to the Directors and the key management personnel (who are not Directors or the CEO) in FY2018 was approximately S\$1.1 million and S\$0.8 million respectively.

The breakdown of the total remuneration of employees who are immediate family members of a Director or the CEO and whose remuneration exceed S\$50,000 in FY2018 is set out below:

| Name | Remuneration for FY2018 |
|-------------------------------------|-----------------------------------|
| Mdm. Lim Liang Keng ⁽¹⁾ | Between S\$100,001 and S\$150,000 |
| Ms. Lau Wan Lin Elim ⁽²⁾ | Between S\$100,001 and S\$150,000 |
| Ms. Lim Mei Ying ⁽³⁾ | Between S\$50,001 to S\$100,000 |

Notes:

- (1) She is the sister of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and Mr. Lim Yong Sheng (Non-Executive Director).
- (2) She is the niece of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and Mr. Lim Yong Sheng (Non-Executive Director).
- (3) She is the daughter of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and niece of Mr. Lim Yong Sheng (Non-Executive Director).

Save as disclosed above, there is no other employee who is related to the Directors or the CEO and whose remuneration exceeded S\$50,000 during FY2018.

Since the inception of the PSP, no awards have been granted under the PSP.

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board acknowledges the importance of providing accurate and relevant information on a timely basis in compliance with statutory and regulatory requirements. The Directors receive quarterly financial reports from the management which keeps them informed of the Group's performance, position and prospects. Reports consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax profit by operating segments together with explanations for significant variances for the quarter and year-to-date. The management also highlights key business indicators and major issues on an ongoing basis in order for the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects as well as the management's achievements of the goals and objectives determined by the Board.

In accordance with the Catalist Rules, the Board issued negative assurance statements in the Company's quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board determines the nature and extent of the significant risks that it is prepared to accept in achieving the Group's strategic objectives. The Board is responsible for the governance of risk and recognises the importance of maintaining a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets. It therefore acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management systems.

The management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and providing the Board with a basis to determine the Group's level of risk exposure, risk tolerance and risk policies.

The AC will ensure that a review of the effectiveness of the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems, is conducted annually. In this respect, the AC will review the audit plans and the findings of the External Auditor and the Internal Auditor, and will ensure that the management follows up on the recommendations raised by the External Auditor and the Internal Auditor, if any, during the audit process.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the External Auditor and the Internal Auditor and reviews performed by the Board and the management, the Board is of the view that the internal controls (including financial, operational, compliance and IT controls) and risk management systems are effective and adequate for FY2018. The AC concurs with the Board on this.

For FY2018, the Board has also received assurances from the Executive Chairman and CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, the Group's risk internal controls (including financial, operational, compliance and IT controls) and risk management systems are effective and adequate.

The Board notes that the internal controls and risk management systems established by the Company provide reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises 3 members all of whom, including the AC Chairman, are independent directors. The composition of the AC is as follows:-

| | |
|-----------|--------------------------|
| Chairman: | Mr. Ng Cher Yan |
| Members: | Mr. Khua Kian Kheng Ivan |
| | Mr. Foo Say Tun |

The AC is guided by its terms of reference which stipulate that its principal functions include, *inter alia*, reviewing the Group's annual audit plans (internal and external), its internal controls and risk management systems, the effectiveness and adequacy of its internal audit function which is currently outsourced to the Internal Auditor, regulatory compliance matters, its risk management framework, interested person transactions and financial results announcements. The AC is also responsible for making recommendations to the Board on the appointment, re-appointment or removal of the External Auditor and the Internal Auditor and their remuneration. The AC meets at least once on a quarterly basis.

CORPORATE GOVERNANCE REPORT

The Board considers Mr. Ng Cher Yan, a fellow member with the Institute of Singapore Chartered Accountants and member of the Institute of Chartered Accountants in Australia, and who has extensive and practical financial knowledge and experience, well-qualified to chair the AC. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC. To keep abreast of the changes in accounting standards and issues which have an impact on the financial statements of the Group, the AC is encouraged to participate in training courses, seminars and workshops, as relevant, and to seek advice from the External Auditor at the AC meetings that are held.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and has the full cooperation of the management and employees. It also has the full discretion to invite any Director or any member of the management to attend its meetings.

The AC meets with the External Auditor and the Internal Auditor, without the presence of the management at least once a year, and is not aware of any materially adverse findings for FY2018.

The AC reviews the independence of the External Auditor annually. The AC is satisfied that based on the nature and extent of non-audit service provided to the Group by the External Auditor in FY2018, it would not prejudice the independence and objectivity of the External Auditor and has recommended the External Auditor's re-appointment as external auditor of the Company to the Board for the financial year ending 31 December 2019. A breakdown of the fees for audit and non-audit services payable to the External Auditor in respect of FY2018 is set out in the Notes to the Financial Statements on page 69 of this annual report. The non-audit fees relates mainly to corporate secretarial services and tax advisory services.

The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules.

The Group has put in place a whistle-blowing framework (the "**Whistle Blowing Policy**"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle-blowers to contact the AC Chairman directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues or concerns raised; appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities relating to the Group, the AC and the Board have access to appropriate external advice where necessary.

There were no reported incidents pertaining to whistle blowing during FY2018.

No former partner or director of the External Auditor and the Internal Auditor is a member of the AC.

Principle 13: Internal Audit

The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The AC approves, with the Board's recommendation, the hiring, removal, evaluation and compensation of the Internal Auditor. The internal audit function of the Group has currently been outsourced to an external professional firm, Nexia TS Risk Advisory Pte. Ltd. The Internal Auditor has confirmed its independence to the AC and the AC is satisfied that the Internal Auditor is adequately resourced and staffed with persons with the relevant qualifications and experience. The internal audit is carried with guidance from the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Auditor reports directly to the AC and has unrestricted access to documents, records, properties and personnel of the Group. The Internal Auditor plans its internal audit schedules in consultation with the management and its plans are reviewed and approved by the AC. The results of the internal audit will be presented to and reviewed by the AC and the Board. The Internal Auditor had conducted a review of the effectiveness of the Group's internal controls and noted no material internal control weaknesses in FY2018.

CORPORATE GOVERNANCE REPORT

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard Shareholders' interests and the Group's businesses and assets while the management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the Internal Auditor is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC, to conduct regular audits of high risk areas and to report its findings to the AC for review by both the AC and the Board.

Following the review of the Internal Auditor's internal audit plan and its evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced, adequate and effective.

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes in providing sufficient and regular information to its Shareholders and ensures that all of its Shareholders are treated equitably and the rights of all Shareholders are protected.

In this respect, the Board endeavors to provide clear, timely and fair disclosure of information about the Group's business developments and financial performance that could have a material impact on the price or value of the Company's shares.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all Shareholders. Voting procedures are clearly explained to Shareholders at the general meetings of the Company before the resolutions are put to vote.

The Constitution allows a Shareholder to appoint 1 or 2 proxies to attend and vote instead of the Shareholder. A Shareholder who is a relevant intermediary may appoint more than 2 proxies to attend and vote at the general meetings of the Company.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board informs Shareholders of all major developments that may have a material impact on the Group on a timely basis. All of the Company's announcements are released via SGXNET, including the financial results, annual reports, distribution of dividends, notices, press releases, analyst briefings, presentations, announcements on acquisitions and other material developments. The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules.

General meetings are the principal forum for dialogue with Shareholders. To promote a better understanding of Shareholders' views, the Board encourages Shareholders to participate during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and address Shareholders' concerns at general meetings. The Company also maintains a corporate website, <http://www.moneymax.com.sg>, to provide Shareholders and potential investors' access to the Company's corporate announcements, press releases, annual reports and corporate information. In addition, the Company has designated the Marketing department to facilitate all investor relations communications with Shareholders, analysts and media as well as to keep the investing public informed of the Group's corporate developments and financial performance.

Currently, the Company does not have a fixed dividend policy. Any declaration and payment of dividends in the future will depend on, *inter alia*, the Group's operating results, financial conditions, other cash requirements including capital expenditures, and other factors deemed relevant by the Directors.

As the Group intends to use its existing funds to finance the new and existing business requirements, the Board has decided not to propose any dividends for FY2018.

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company supports active shareholder participation at general meetings. If Shareholders are unable to attend the meetings, the Constitution allows a Shareholder to appoint up to 2 proxies to attend and vote in place of the Shareholder. A Shareholder who is a relevant intermediary may appoint more than 2 proxies to attend and vote.

The Board ensures that there are separate resolutions proposed for approval on each distinct or substantially separate issues at general meetings. "Bundling" of resolutions is done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved.

All Directors, including the chairpersons of the Board, the AC, the NC and the RC, as well as the CFO, attend all general meetings to address issues raised by Shareholders. The External Auditor is also invited to attend the AGM and is available to assist the Directors in addressing any relevant queries raised by Shareholders relating to the conduct of the audit and the preparation of the contents of the External Auditor's report.

The minutes of general meetings which include queries from Shareholders and responses from the Board will be made available to Shareholders upon written request.

The Company will be conducting its voting at the forthcoming AGM by poll where Shareholders are accorded voting rights proportionate to their shareholdings and all votes will be counted. Results of the poll showing the number of votes cast for and against each resolution and the respective percentages will be displayed to Shareholders as well as announced on the SGXNET after the AGM.

DEALING IN SECURITIES

The Group has adopted a policy whereby the Directors and employees of the Group are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing 1 month before the announcement of the Company's full year results and 2 weeks before the announcement of the first, second and third quarter financial results. The Directors and employees of the Group are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act, the Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2018.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director, CEO and/or controlling Shareholder who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

However, pursuant to Rule 905 of the Catalist Rules, the aggregate value of interested person transactions entered into during FY2018 is as follows:

| | Aggregate value of all interested person transactions during FY2018 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules) |
|---|---|
| Name of Interested Person | S\$'000 |
| Purchases of pre-owned jewellery | |
| SK Jewellery Group Limited and its subsidiaries (the "SK Group of Companies") | 53 |
| Sin Lian Pawnshop Pte. Ltd. | 107 |
| Sales of products | |
| SK Group of Companies | 56 |
| Purchase of fixed assets | |
| SK Group of Companies | 12 |
| Central support services | |
| SK Group of Companies | 255 |
| Rental expenses | |
| SK Group of Companies | 311 |
| SK Properties Pte. Ltd. | 676 |
| Soo Kee Investment Pte. Ltd. | 554 |
| Rental income | |
| Sin Lian Pawnshop Pte. Ltd. | 2 |
| Interest payable/paid | |
| Soo Kee Capital Pte Ltd | 41 |
| Money Farm Pte Ltd | 50 |
| Lim Yong Guan | 171 |
| Lim Yong Sheng | 79 |
| Total | 2,367 |

MATERIAL CONTRACTS

Save for those previously disclosed in the Offer Document, there are no other material contracts of the Company and its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder which is either subsisting at the end of FY2018 or, if not then subsisting, entered into since the end of FY2017.

CORPORATE SOCIAL RESPONSIBILITY

The Group believes in the importance of sustainability and giving back to the local community.

During FY2018, the Group had participated and contributed to the fundraising and charity activities of various charitable organisations, including Seu Teck Sean Tong Yiang Sin Sia (a charitable organisation registered with the Ministry of Culture, Community and Youth of Singapore which offers traditional Chinese medicine treatment and provides free medical care to the local community), Geylang East Home For The Aged (a residential home managed by volunteers to provide needy elderly day care, rehabilitation services and other charitable services and assistance), Modern Confucianism Foundation Ltd. (an organisation supporting the education and promotion of the teachings of Confucius), and Sian Chay Medical Institution (a charitable organisation registered with the Ministry of Health of Singapore which offers traditional Chinese medicine treatment and provides free medical care to the local community).

In December, the Company also participated in Project Sayang, a goodwill initiative organized by Radin Mas Citizen Consultative Committees Community Development and Welfare Fund. Under Project Sayang, employees of the Company gathered together in a show of solidarity and kampong spirit to lend a helping hand to needy families of Radin Mas, Telok Blangah and Redhill housing estates, by providing them with daily necessities such as beds, electrical appliances and clothing racks.

SUSTAINABILITY REPORTING

The Group firmly believes that our commitment to embrace the tenets of corporate sustainability as a driving force to creating value for our stakeholders at large. We adopt the principles of sustainability throughout our value chain and continue to build sustainable practices in every aspect of the Group's business in achieving high levels of integrity and excellence in its activities.

For 2018, we are focusing our efforts on sustainable economic growth, legal compliance and corporate governance, anti-corruption and anti-fraud, data privacy, consumer experience and product responsibility, diversity and equal opportunity, corporate social responsibility and environmental compliance. The Company will publish its sustainability report for FY2018 by end of May 2019.

CORPORATE GOVERNANCE REPORT

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rules is set out below:-

| Details | Name of Director | Name of Director |
|--|---|--|
| | Lim Yong Sheng | Khua Kian Kheng Ivan |
| Date of appointment | 9 October 2008 | 27 June 2013 |
| Date of last re-appointment (if applicable) | 26 April 2017 | 28 April 2016 |
| Age | 51 | 44 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | Having reviewed his qualifications, work experience, attendance during meetings, board review evaluation, and contributions to the Company, the Board, with the recommendations of the NC, approves the re-appointment of Mr. Lim Yong Sheng as Non-Executive Director | Having reviewed his qualifications, work experience, attendance during meetings, board review evaluation, and contributions to the Company, the Board, with the recommendations of the NC, approves the re-appointment of Mr. Khua Kian Kheng Ivan as Independent Director |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.) | Board Member | <ul style="list-style-type: none"> - Board Member - Chairman, Nominating Committee - Member, Audit Committee - Member, Remuneration Committee |
| Professional qualifications | Bachelor of Science in Electrical Engineering degree awarded by the National University of Singapore | Bachelor degree in Building Construction Management (First Class Honors) awarded by University of New South Wales, Australia |
| Working experience and occupation(s) during the past 10 years | 2008 to present <ul style="list-style-type: none"> - Executive Director and Group CEO of SK Jewellery Group Limited, listed on the Catalist board of the SGX-ST | 2008 to present <ul style="list-style-type: none"> - Executive Director, Hock Leong Enterprises Pte. Ltd. |
| Shareholding interest in the listed issuer and its subsidiaries | <ul style="list-style-type: none"> - Direct interest of 38,280,000 shares in the Company - Deemed interest of 216,507,000 shares in the Company * <p>* By virtue of section 4 of the Securities & Futures Act, Lim Yong Sheng is deemed to be interested in all the shares held by Money Farm Pte. Ltd.</p> | Direct interest of 25,000 shares in the Company |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | (i) Brother of Dato Sri' Dr. Lim Yong Guan (Executive Chairman and CEO) (ii) Controlling shareholder and director of Money Farm Pte. Ltd. (Controlling Shareholder) | None |
| Conflict of interest (including any competing business) | None | None |

CORPORATE GOVERNANCE REPORT

| Details | Name of Director | Name of Director |
|---|--|---|
| | Lim Yong Sheng | Khua Kian Kheng Ivan |
| Undertaking submitted to the listed issues in the form Appendix 7.7 (Listing Rule 704(7)) or Appendix 7H (Catalist Rule 704(6)) | Yes | Yes |
| Other principal commitments including directorships | <p><u>Past (for the last 5 years):</u> Nil</p> <p><u>Present:</u> Director of: (1) SK Jewellery Group Limited (2) MoneyMax Credit Pte. Ltd. (formerly "Cash Online Jewellery Pte. Ltd.") (3) Cash Online Sdn Bhd (4) Guan Sheng Capital Pte. Ltd. (5) Jewelfest Pte. Ltd. (6) Love & Co. Pte. Ltd. (7) MoneyMax Leasing Pte. Ltd. (formerly "Lady Paris Pte. Ltd.") (8) Money Farm Pte. Ltd. (9) MoneyMax Holdings Pte. Ltd. (10) MoneyMax Capital Pte. Ltd. (11) MoneyMax Group Ltd. (12) MoneyMax Jewellery Pte. Ltd. (13) MoneyMax Jewellery Sdn Bhd (14) MoneyMax Pawnshop Pte. Ltd. (15) MoneyMax Pawnshop Sdn Bhd (16) MoneyMax Pte. Ltd. (17) MoneyMax Express Pte. Ltd. (18) SG e-Auction Pte. Ltd. (19) SK Jewellery Pte. Ltd. (20) SK Properties Pte. Ltd. (21) SKJ Group Pte. Ltd. (22) Soo Kee Capital Pte. Ltd. (23) Soo Kee Investment Pte. Ltd. (24) Easimine Group Sdn Bhd (25) Easigram Group Sdn Bhd (26) MS1 Infinite Sdn Bhd (27) MS2 Infinite Sdn Bhd (28) MS3 Infinite Sdn Bhd (29) MS4 Infinite Sdn Bhd (30) MS5 Infinite Sdn Bhd (31) MS10 Infinite Sdn Bhd (32) Easigram (Pandan) Sdn Bhd (33) Easigram (Batu Pahat) Sdn Bhd (34) Easigold Group Sdn Bhd (35) Yong Mei Group Sdn Bhd (36) Guan Sang Group Sdn Bhd</p> | <p><u>Past (for the last 5 years):</u> (1) HL Energy Limited (2) Guan Yu Holdings Pte Ltd</p> <p><u>Present:</u> Director of: (1) Hock Leong Private Limited (2) Hock Leong Holdings (Private) Limited (3) Synetcom International Pte. Ltd. (4) Tuanle Corporation Pte. Ltd. (5) Touchstone HL Capital Pte. Ltd. (6) KSH Holdings Limited (7) No Signboard Holdings Ltd (8) Blue Sky Power (Singapore) Pte Limited (9) Centennial Harvest Limited</p> |

CORPORATE GOVERNANCE REPORT

| Details | | Name of Director | Name of Director |
|---------|---|------------------|----------------------|
| | | Lim Yong Sheng | Khua Kian Kheng Ivan |
| a. | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| b. | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| c. | Whether there is any unsatisfied judgment against him? | No | No |
| d. | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| e. | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |

CORPORATE GOVERNANCE REPORT

| Details | | Name of Director | Name of Director |
|---------|--|------------------|----------------------|
| | | Lim Yong Sheng | Khua Kian Kheng Ivan |
| f. | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g. | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h. | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| i. | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| j. | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | No | No |
| | i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| | ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |

CORPORATE GOVERNANCE REPORT

| Details | | Name of Director | Name of Director |
|--|--|----------------------------|--|
| | | Lim Yong Sheng | Khua Kian Kheng Ivan |
| | iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| | iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |
| k. | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |
| Any prior experience as a director of an issuer listed on the Exchange? | | Yes | Yes |
| If yes, please provide details of prior experience. | | SK Jewellery Group Limited | KSH Holdings Limited No Signboard Holdings Ltd. |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | | N.A. | N.A. |

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STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2018.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Lim Yong Guan
Lim Yong Sheng
Ng Cher Yan
Khua Kian Kheng Ivan
Foo Say Tun

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interest in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

| Name of directors and companies in which interests are held | Direct Interest | | Deemed Interest | |
|--|--|------------------------------------|--|------------------------------------|
| | At beginning of the reporting year | At end of the reporting year | At beginning of the reporting year | At end of the reporting year |
| <u>The company</u> | <u>Number of shares of no par value</u> | | | |
| Lim Yong Guan | 44,370,000 | 44,370,000 | 214,705,100 | 218,007,000 |
| Lim Yong Sheng | 38,280,000 | 38,280,000 | 213,205,100 | 216,507,000 |
| Ng Cher Yan | 25,000 | 25,000 | - | - |
| Khua Kian Kheng Ivan | 25,000 | 25,000 | - | - |
| Foo Say Tun | 25,000 | 25,000 | - | - |

By virtue of section 7 of the Act, Mr Lim Yong Guan and Mr Lim Yong Sheng are deemed to have an interest in the company and in all the related body corporate of the company.

The directors' interests as at 21 January 2019 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares of the company or other body corporate in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Report of audit committee

The members of the Audit Committee at the date of this statement are as follows:

| | |
|------------------------|--|
| Ng Cher Yan (Chairman) | (Independent and non-executive director) |
| Khua Kian Kheng Ivan | (Independent and non-executive director) |
| Foo Say Tun | (Independent and non-executive director) |

The Audit Committee performs the functions specified in section 201B of the Act, Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. Among other functions, it performed the following:

- Reviewed with the internal auditor, the scope of the internal audit plan and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management);
- Reviewed with the company's independent auditor, the audit plan, the results of the external audit procedures conducted, and internal control recommendations, if any, arising from the statutory audit;
- Reviewed the assistance provided by the company's officers to the internal and external auditors;
- Reviewed the financial information and annual financial statements of the group and the company prior to their submission to the Board of Directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST's Listing Manual Section B: Rules of Catalyst).

Other functions performed by the Audit Committee are described in the Report on Corporate Governance included in the Annual Report of the company. It also includes an explanation of how the independent auditor's objectivity and independence are safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

STATEMENT BY DIRECTORS

7. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the group, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the Audit Committee and the Board are of the opinion that the group's internal controls, addressing financial, operational and compliance risks, are adequate as at the reporting year end.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 1 March 2019, which would materially affect the group's and the company's operating and financial performance as of the date of this statement.

On behalf of the directors

.....
Lim Yong Guan
Director

.....
Lim Yong Sheng
Director

3 April 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEYMAX FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Report on the audit of the financial statements

We have audited the accompanying financial statements of MoneyMax Financial Services Ltd. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters ("KAMs")

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment of inventories

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of inventories respectively, and Note 18 for the breakdown of inventory for the reporting year end.

The carrying amount of inventories amounted to \$34,808,000 which accounted for approximately 12.9% of the group's total assets as at the reporting year end. The cost of inventories may not be recoverable in full if their selling prices have declined. Management applies judgement in determining the appropriate allowance for inventories based upon an assessment of inventories concerned, considering the authenticity of inventories, future demand, future selling prices, rework cost and fluctuation of gold market prices and ageing analysis of inventories.

Our procedures include:

- (i) assessing the independence, qualifications and competence of the gemologist and the watch valuer;
- (ii) comparing the carrying values of selected inventories to their fair values assessed by the gemologist and the watch valuer;
- (iii) comparing the carrying value of inventories to their subsequent selling prices;
- (iv) reviewing the gold price index for the reporting year and comparing the average cost of gold items as at the reporting year end to the latest practicable market gold price subsequent to reporting year end;
- (v) reviewing the assumptions used in computing the rework cost for aged products; and
- (vi) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEymax FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Key audit matters (cont'd)

(b) Impairment of pledged loan receivables

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of pledged loan receivables respectively, and Note 19 for the pledged loan receivables balance for the reporting year end.

The carrying amount of pledged loan receivables amounted to \$204,249,000 which accounted for approximately 75.5% of the group's total assets as at the reporting year end. Pledged loan receivables are secured by pledges of goods and chattels. The carrying amount of the pledged loan receivables may not be recoverable in full in the event that a customer does not renew or redeem a pledged article within agreed redemption period from the grant date of the loan, and the market value of the pledged article has declined. Management applies judgement in determining the appropriate allowance for expected credit loss on pledged loan receivables based upon an assessment of the pledged loan receivables concerned, considering the authenticity of pledged loan receivables and articles, historical renewal / redemption rate and the fluctuation of gold market prices.

Our procedures include:

- (i) assessing the independence, qualifications and competence of the gemologist and the watch valuer;
- (ii) comparing the carrying values of selected pledges to their fair values assessed by the gemologist and the watch valuer;
- (iii) reviewing the gold price index for the reporting year and comparing the average cost of gold items as at the reporting year end to the latest practicable market gold price subsequent to reporting year end;
- (iv) reviewing the historical data on the renewal / redemption rate and historical default patterns; and
- (v) assessing the adequacy of disclosures made in the financial statements.

(c) Impairment of goodwill

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in impairment assessment of goodwill respectively and Note 14A for the key assumptions used in impairment testing of goodwill.

The group had goodwill of \$4,052,000 (via acquisitions of subsidiaries in Malaysia) allocated to several cash generating units ("CGUs") as at the reporting year end. Refer to Note 14A for the list of CGUs. Goodwill are tested for impairment annually. Management uses the value-in-use method to determine the recoverable amount of each CGU. The value-in-use calculation, which is based on discounted cash flows of each CGU, requires management to exercise significant judgement in projecting each CGU's pledges growth rate, forfeiture rates, growth rate of gross profit margin of forfeiture sales, operating expenses growth rates, discount rate and terminal value. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Our procedures include:

- (i) challenging management's estimates used in the value-in-use model through our knowledge of the CGU's operations, their past performance, management's growth strategies and cost initiatives;
- (ii) with the assistance of our internal valuation specialists, assessing the appropriateness of management's valuation methodology, valuation models and the unobservable inputs of those models;
- (iii) comparing inputs to the discount rates to regional indices and industry benchmarks; and
- (iv) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEYMAX FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report and statement by directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEymax FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Auditor's responsibilities for the audit of the financial statements (cont'd)

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chong Cheng Yuan.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2019

Engagement partner - effective from year ended 31 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Reporting Year Ended 31 December 2018

| | Notes | Group | |
|---|-------|-----------------------|-----------------------|
| | | 2018 \$'000 | 2017 \$'000 |
| Revenue | 5 | 146,507 | 156,401 |
| Other gains | 6 | 1,036 | 1,574 |
| Material costs | | (99,614) | (111,853) |
| Employee benefits expense | 7 | (16,101) | (14,477) |
| Depreciation and amortisation expense | | (2,602) | (2,430) |
| Other losses | 6 | (224) | (90) |
| Finance costs | 8 | (6,341) | (5,253) |
| Other expenses | 9 | (15,728) | (14,836) |
| Profit before income tax | | 6,933 | 9,036 |
| Income tax expense | 10 | (1,443) | (1,748) |
| Profit, net of tax | | 5,490 | 7,288 |
| Other comprehensive (loss) / income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations, net of tax | 23A | 18 | 28 |
| Cash flow hedges, net of tax | | (503) | - |
| Other comprehensive (loss) / income for the year, net of tax | | (485) | 28 |
| Total comprehensive income | | 5,005 | 7,316 |
| Profit for the year attributable to: | | | |
| Owners of the parent | | 4,980 | 6,830 |
| Non-controlling interest | | 510 | 458 |
| | | 5,490 | 7,288 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 4,495 | 6,858 |
| Non-controlling interests | | 510 | 458 |
| | | 5,005 | 7,316 |
| Earnings per share | | 2018 Cents | 2017 Cents |
| Basic and diluted | 11 | 1.41 | 1.93 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

| | Notes | Group | | |
|--|-------|----------------|----------------|----------------|
| | | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| <u>Non-current assets</u> | | | | |
| Plant and equipment | 13 | 4,467 | 5,032 | 2,992 |
| Intangible assets | 14 | 4,464 | 3,010 | 2,085 |
| Deferred tax assets | 10 | 163 | 62 | 42 |
| Trade and other receivables, non-current | 16 | 48 | - | - |
| Other financial assets | 17 | 5,471 | 5,471 | - |
| Total non-current assets | | 14,613 | 13,575 | 5,119 |
| <u>Current assets</u> | | | | |
| Inventories | 18 | 34,808 | 30,003 | 23,039 |
| Trade and other receivables, current | 19 | 205,588 | 192,949 | 182,453 |
| Other assets | 20 | 4,193 | 4,086 | 4,037 |
| Income tax recoverable | | 162 | - | - |
| Cash and cash equivalents | 21 | 11,153 | 11,850 | 9,008 |
| Total current assets | | 255,904 | 238,888 | 218,537 |
| Total assets | | 270,517 | 252,463 | 223,656 |
| EQUITY AND LIABILITIES | | | | |
| <u>Equity</u> | | | | |
| Share capital | 22 | 56,144 | 56,144 | 56,144 |
| Retained earnings | | 16,364 | 13,153 | 8,092 |
| Other reserves | 23 | (446) | 39 | 11 |
| Equity attributable to owners of the parent | | 72,062 | 69,336 | 64,247 |
| Non-controlling interests | | 3,609 | 2,668 | 2,375 |
| Total equity | | 75,671 | 72,004 | 66,622 |
| <u>Non-current liabilities</u> | | | | |
| Other financial liabilities, non-current | 24 | 800 | 2,924 | 1,517 |
| Deferred tax liabilities | 10 | 30 | 167 | 140 |
| Total non-current liabilities | | 830 | 3,091 | 1,657 |
| <u>Current liabilities</u> | | | | |
| Income tax payable | | 1,506 | 1,470 | 1,455 |
| Trade and other payables | 25 | 21,868 | 13,837 | 8,293 |
| Other financial liabilities, current | 24 | 169,025 | 160,914 | 144,826 |
| Other liabilities | 26 | 1,617 | 1,147 | 803 |
| Total current liabilities | | 194,016 | 177,368 | 155,377 |
| Total liabilities | | 194,846 | 180,459 | 157,034 |
| Total equity and liabilities | | 270,517 | 252,463 | 223,656 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

| | Notes | Company | | |
|--|-------|---------------|---------------|---------------|
| | | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| <u>Non-current assets</u> | | | | |
| Investments in subsidiaries | 15 | 57,930 | 51,405 | 50,405 |
| Other financial assets | 17 | 5,471 | 5,471 | - |
| Total non-current assets | | 63,401 | 56,876 | 50,405 |
| <u>Current assets</u> | | | | |
| Trade and other receivables | 19 | 20,877 | 20,003 | 17,941 |
| Other assets | 20 | 66 | 72 | 81 |
| Cash and cash equivalents | 21 | 48 | 159 | 108 |
| Total current assets | | 20,991 | 20,234 | 18,130 |
| Total assets | | 84,392 | 77,110 | 68,535 |
| EQUITY AND LIABILITIES | | | | |
| <u>Equity</u> | | | | |
| Share capital | 22 | 56,144 | 56,144 | 56,144 |
| Retained earnings | | 4,183 | 5,020 | 3,534 |
| Total equity | | 60,327 | 61,164 | 59,678 |
| <u>Current liabilities</u> | | | | |
| Income tax payable | | 52 | 19 | - |
| Trade and other payables | 25 | 21,013 | 12,927 | 6,857 |
| Other financial liabilities | 24 | 3,000 | 3,000 | 2,000 |
| Total current liabilities / total liabilities | | 24,065 | 15,946 | 8,857 |
| Total equity and liabilities | | 84,392 | 77,110 | 68,535 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2018

| Group: | Share Capital \$'000 | Retained Earnings \$'000 | Reserves \$'000 | Attributable to Parent Sub-total \$'000 | Non- Controlling Interests \$'000 | Total Equity \$'000 |
|--|-------------------------------------|---|----------------------------|--|--|------------------------------------|
| Current year: | | | | | | |
| Opening balance at 1 January 2018 | 56,144 | 13,153 | 39 | 69,336 | 2,668 | 72,004 |
| Total comprehensive income for the year | - | 4,980 | (485) | 4,495 | 510 | 5,005 |
| Dividends paid (Note 12) | - | (1,769) | - | (1,769) | - | (1,769) |
| Issue of share capital in subsidiaries | - | - | - | - | 903 | 903 |
| Capital contribution | - | - | - | - | (4,660) | (4,660) |
| Acquisition of subsidiaries (Note 28) | - | - | - | - | 4,188 | 4,188 |
| Closing balance at 31 December 2018 | 56,144 | 16,364 | (446) | 72,062 | 3,609 | 75,671 |
| Previous year: | | | | | | |
| Opening balance at 1 January 2017 | 56,144 | 8,092 | 11 | 64,247 | 2,375 | 66,622 |
| Total comprehensive income for the year | - | 6,830 | 28 | 6,858 | 458 | 7,316 |
| Dividends paid (Note 12) | - | (1,769) | - | (1,769) | - | (1,769) |
| Issue of share capital in subsidiary | - | - | - | - | 153 | 153 |
| Capital contribution | - | - | - | - | (7,037) | (7,037) |
| Acquisition of subsidiaries (Note 28) | - | - | - | - | 6,719 | 6,719 |
| Closing balance at 31 December 2017 | 56,144 | 13,153 | 39 | 69,336 | 2,668 | 72,004 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2018

Company:

Current year:

Opening balance at 1 January 2018

Total comprehensive income for the year

Dividends paid (Note 12)

Closing balance at 31 December 2018

| Share Capital \$'000 | Retained Earnings \$'000 | Total Equity \$'000 |
|----------------------------|--------------------------------|---------------------------|
| 56,144 | 5,020 | 61,164 |
| - | 932 | 932 |
| - | (1,769) | (1,769) |
| <u>56,144</u> | <u>4,183</u> | <u>60,327</u> |

Previous year:

Opening balance at 1 January 2017

Total comprehensive income for the year

Dividends paid (Note 12)

Closing balance at 31 December 2017

| | | |
|---------------|--------------|---------------|
| 56,144 | 3,534 | 59,678 |
| - | 3,255 | 3,255 |
| - | (1,769) | (1,769) |
| <u>56,144</u> | <u>5,020</u> | <u>61,164</u> |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting Year Ended 31 December 2018

| | Group | |
|---|----------|---------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| <u>Cash flows from operating activities</u> | | |
| Profit before income tax | 6,933 | 9,036 |
| Adjustments for: | | |
| Amortisation of intangible assets | 191 | 142 |
| Depreciation of plant and equipment | 2,411 | 2,288 |
| Fair value gain on investments in other financial assets | - | (279) |
| Interest expense | 6,341 | 5,253 |
| Inventories written down | - | 18 |
| Loss on disposal of plant and equipment | 147 | 66 |
| Provisions | 1 | - |
| Net effect of exchange rate changes in consolidating foreign operations | 77 | (21) |
| Operating cash flows before changes in working capital | 16,101 | 16,503 |
| Inventories | (4,805) | (6,982) |
| Trade and other receivables | (10,056) | (494) |
| Other assets | 74 | 44 |
| Trade and other payables | 6,581 | (6,208) |
| Other liabilities | 409 | 22 |
| Net cash flows from operations | 8,304 | 2,885 |
| Income taxes paid | (1,690) | (1,738) |
| Net cash flows from operating activities | 6,614 | 1,147 |
| <u>Cash flows from investing activities</u> | | |
| Acquisition of subsidiaries (net of cash acquired) (Note 28) | (2,881) | (471) |
| Purchase of intangible assets | (360) | - |
| Purchase of other financial assets (Note 17) | - | (5,192) |
| Purchase of plant and equipment (Notes 13 and 21B) | (1,592) | (3,210) |
| Proceeds from disposal of plant and equipment | - | 2 |
| Net cash flows used in investing activities | (4,833) | (8,871) |
| <u>Cash flows from financing activities</u> | | |
| Dividend paid (Note 12) | (1,769) | (1,769) |
| Interest expense paid | (6,341) | (5,253) |
| Issuance of shares to non-controlling interests | 257 | 153 |
| Proceeds from bank loans | 14,378 | 17,938 |
| Repayment of bank loans | (7,599) | (3,630) |
| Repayment of finance lease liabilities | (10) | (12) |
| Net cash flows (used in) / from financing activities | (1,084) | 7,427 |
| Net increase / (decrease) in cash and cash equivalents | 697 | (297) |
| Cash and cash equivalents, beginning balance | 4,526 | 4,834 |
| Effects of exchange rate changes on cash and cash equivalents | - | (11) |
| Cash and cash equivalents, ending balance (Note 21A) | 5,223 | 4,526 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the company (referred to as "parent") and the subsidiaries. All financial information in these financial statements are rounded to the nearest thousand ("S'000") except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are described in Note 35 to the financial statements.

The company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office is: 7 Changi Business Park Vista, #01-01, SOOKEE HQ, Singapore 486042. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards International ("SFRS(I)") and the related interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Singapore Companies Act, Chapter 50 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee and cease when the group loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted for as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Singapore Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from the sales of pre-owned luxury items comprising unredeemed pledges is recognised at a point in time when the performance obligation is satisfied upon the transfer of the goods to the buyer, which generally coincides with delivery and acceptance of the pledged articles sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income from collateral loan services is recognised on a time-proportion basis using the effective interest method.

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. (See Note 26 on provisions)

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

| | | |
|---------------------|---|-----------------|
| Plant and equipment | - | 20% to 100% |
| Renovations | - | Over lease term |

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

| | | |
|-----------------------|---|-----------------|
| Lease assignment fees | - | Over lease term |
| Customer lists | - | 5 years |

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments.

As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Derivatives held for risk management purposes and hedge accounting

Certain derivatives held for risk management as well as certain non-derivative financial instruments may be designated as hedging instruments in qualifying hedging relationships. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge based on the principle of an economic relationship. Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item (for example, when the hedged item is a risk component, the relevant change in fair value or cash flows of an item is the one that is attributable to the hedged risk). The above documentation is subsequently updated at each end of the reporting year in order to assess whether the hedge is still expected to be highly effective over the remaining life of the hedge. Hedge accounting is used for (1) Fair value hedge; (2) Cash flow hedge; and (3) Hedge of a net investment in a foreign operation. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. The applicable derivatives and other hedging instruments used are described below in the notes to the financial statements.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made on inventory for decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to consider the future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual consideration in determining the realisable value includes authenticity of inventories, age of the inventories, future demand and future selling prices of inventories, rework cost and fluctuation of gold market prices. In general, such an evaluation process requires significant management judgement and may materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 18.

Impairment of pledged loan receivables:

The group assesses at the end of each reporting year whether there is any objective evidence that the pledged loan receivables are impaired. Pledged loan receivables are secured by pledges of goods and chattels. The carrying amount of the pledged loan receivables may not be recoverable in full in the event that a customer does not renew or redeem a pledged article within the agreed redemption period from the grant date of the loan, and the market value of the pledged article has declined. The determination of the appropriate allowance for expected credit loss on pledge loan receivables requires management to consider factors such as the significant decline in values of collaterals, the authenticity of the collaterals or probabilities of default or significant delay in payments by pledgers. The carrying amounts of the pledged loan receivables at the end of the reporting year are disclosed in Note 19.

Assessment of impairment of goodwill:

Goodwill is assessed annually for impairment. This assessment is complex and requires significant management's judgement in determining the forecasted revenue growth and profit margins for each cash generating unit ("CGU"), taking into account their knowledge of the local market conditions, economic and legal environment in which the CGUs operate, as well as changes to the market interest rates. The disclosures about goodwill are included in Note 14A on intangible assets, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Measurement of impairment of investments in subsidiaries:

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment has suffered any impairment. This measurement requires significant judgement. An estimate is made for the future profitability of the subsidiaries, and the financial health of and near-term business outlook of the subsidiaries, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the investment. The carrying amount of the investments in subsidiaries as at the end of the reporting year is disclosed in Note 15.

Fair value of other financial assets:

Other financial assets comprising unquoted equity shares in a corporation stated at fair value are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this measurement of fair value. Management has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions involved in the fair value measurement are disclosed in Note 17 to the financial statements.

De facto control of subsidiary:

The group entered into an agreement with a third party, which the group and the third party owns 51% and 49% of the voting shares, to establish and operate SG e-Auction Pte Ltd ("SG e-Auction"). According to this agreement and the fact that the group has power to govern the financial and operational matters of SG e-Auction has rights to variables returns and the ability to affect amount of returns, the group recognises SG e-Auction as a subsidiary. Accordingly, the results of SG e-Auction are consolidated within the group.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group

| Name | Relationship | Country of incorporation |
|----------------------|---------------------------------------|--------------------------|
| Money Farm Pte. Ltd. | Immediate and ultimate parent company | Singapore |

Related companies in these financial statements include the member of the above group of companies.

The ultimate controlling parties are Lim Yong Guan, Lim Yong Sheng, who are directors of the company and Lim Liang Eng, who is the shareholder of the company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. Related party relationships and transactions (cont'd)

3B. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

| | Group | |
|------------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| <u>Parent company</u> | | |
| Interest expense | (41) | (33) |
| <u>Other related parties</u> | | |
| Sales of pre-owned luxury items | 56 | 65 |
| Purchase of pre-owned luxury items | (160) | (394) |
| Purchase of plant and equipment | (12) | (7) |
| Rental expense | (1,541) | (1,300) |
| Central support services | (255) | (199) |
| Interest expense | (50) | (40) |
| <u>Directors</u> | | |
| Interest expense | (250) | (53) |

The related parties and the group have common directors.

3C. Key management compensation

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Salaries and other short-term employee benefits | 1,942 | 1,907 |

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Remuneration of directors of the company | 833 | 817 |
| Fees to directors of the company ^(a) | 288 | 289 |

^(a) Included in fees to directors of the company is an amount of \$123,000 (2017: \$124,000) paid by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. Related party relationships and transactions (cont'd)

3C. Key management compensation (cont'd)

Further information about the remuneration of individual directors is provided in the Report on Corporate Governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. The above amounts do not include compensation, if any, of certain key management personnel and directors of the company received compensation from related parties in their capacity as directors and or executives of those related parties.

3D. Other receivables from and other payables to related parties

The trade transactions and the related trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Other payable to parent company:</u> | | | |
| Balance at beginning of the year | 900 | - | - |
| Amounts paid out and settlement of liabilities on behalf of subsidiaries | - | 900 | - |
| Balance at end of the year (Note 25) | 900 | 900 | - |
| <u>Other related parties:</u> | | | |
| Balance at beginning of the year | (3,245) | (776) | (2,955) |
| Amounts paid out and settlement of liabilities on behalf of other related parties | 2,417 | 2,069 | 6,516 |
| Amounts paid in and settlement of liabilities on behalf of the group | (3,754) | (4,538) | (4,337) |
| Balance at end of the year (Note 25) | (4,582) | (3,245) | (776) |
| Presented in the statement of financial position as follows: | | | |
| Other receivables (Note 19) | 51 | - | - |
| Other payables (Note 25) | (4,633) | (3,245) | (776) |
| | (4,582) | (3,245) | (776) |
| <u>Other payables due from directors:</u> | | | |
| Balance at beginning of the year | (2,478) | (1,511) | (2,976) |
| Amounts paid out and settlement of liabilities on behalf of directors | 2,179 | 33 | 1,465 |
| Amounts paid in and settlement of liabilities on behalf of directors | (8,379) | (1,000) | - |
| Balance at end of the year (Note 25) | (8,678) | (2,478) | (1,511) |

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3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd)

| | Company | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Other payable to parent company:</u> | | | |
| Balance at beginning of the year | 900 | - | - |
| Amounts paid out and settlement of liabilities on behalf of subsidiaries | - | 900 | - |
| Balance at end of the year (Note 25) | 900 | 900 | - |
| <u>Subsidiaries:</u> | | | |
| Balance at beginning of the year | 8,979 | 11,171 | 11,031 |
| Amounts paid out and settlement of liabilities on behalf of subsidiaries | 15,493 | 2,234 | 8,795 |
| Amounts paid in and settlement of liabilities on behalf of the company | (16,081) | (7,326) | (10,655) |
| Dividend receivable | 1,000 | 2,900 | 2,000 |
| Balance at end of the year | 9,391 | 8,979 | 11,171 |
| Presented in the statement of financial position as follows: | | | |
| Other receivables (Note 19) | 20,405 | 18,165 | 17,410 |
| Other payables (Note 25) | (11,014) | (9,186) | (6,239) |
| Balance at end of the year | 9,391 | 8,979 | 11,171 |
| <u>Other related parties:</u> | | | |
| Balance at beginning of the year | (1,100) | - | (32) |
| Amounts paid out and settlement of liabilities on behalf of other related parties | 339 | 216 | 272 |
| Amounts paid in and settlement of liabilities on behalf of the group | (339) | (1,316) | (240) |
| Balance at end of the year (Note 25) | (1,100) | (1,100) | - |
| <u>Other payables due from directors:</u> | | | |
| Balance at beginning of the year | (1,000) | - | - |
| Amounts paid out and settlement of liabilities on behalf of directors | 1,179 | - | - |
| Amounts paid in and settlement of liabilities on behalf of directors | (7,379) | (1,000) | - |
| Balance at end of the year (Note 25) | (7,200) | (1,000) | - |

4. Financial information by operating segments

Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management monitoring and financial reporting purposes, the group is organised into two major operating segments, namely:

- i) Pawnbroking; and
- ii) Retail and trading of pre-owned luxury items.

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial information by operating segments (cont'd)

Information about reportable segment profit or loss, assets and liabilities (cont'd)

Other operations include provision of other support services.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax recoverable, provision for taxation, deferred tax liabilities and deferred tax assets.

Capital expenditure comprises additions to plant and equipment.

Segment information about these businesses is presented below:-

| | Pawnbroking \$'000 | Retail and Trading of Pre-Owned Luxury Items \$'000 | Others \$'000 | Elimination \$'000 | Note | Group \$'000 |
|--|-----------------------|---|------------------|-----------------------|------|-----------------|
| 2018 | | | | | | |
| Revenue by segment | | | | | | |
| Revenues from external customers | 37,826 | 108,635 | 46 | - | | 146,507 |
| Inter-segment revenues | 31,659 | 4 | 12 | (31,675) | A | - |
| Results | | | | | | |
| Segment results | 14,604 | (924) | 582 | (988) | B | 13,274 |
| Finance costs | (5,489) | (437) | (415) | - | B | (6,341) |
| Profit before income tax | 9,115 | (1,361) | 167 | (988) | B | 6,933 |
| Income tax expense | (1,508) | 141 | (76) | - | | (1,443) |
| Profit, net of tax | 7,607 | (1,220) | 91 | (988) | B | 5,490 |
| Assets | | | | | | |
| Segment assets | 193,889 | 47,966 | 67,145 | (38,808) | C | 270,192 |
| Unallocated assets | | | | | | 325 |
| Total group assets | | | | | | 270,517 |
| Liabilities | | | | | | |
| Segment liabilities | 152,076 | 44,342 | 35,716 | (38,824) | D | 193,310 |
| Unallocated liabilities | | | | | | 1,536 |
| Total group liabilities | | | | | | 194,846 |
| Capital expenditure | 304 | 1,050 | 298 | - | | 1,652 |
| Depreciation and amortisation | 1,330 | 1,078 | 194 | - | | 2,602 |
| Loss on disposal of plant and equipment | 85 | 62 | - | - | | 147 |
| Loss on collateral loan services | 5 | - | - | - | | 5 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

4. Financial information by operating segments (cont'd)

Segment information about these businesses is presented below:-

| | Pawnbroking | Retail and Trading of Pre-Owned Luxury Items | Others | Elimination | Note | Group |
|--|-------------|---|--------|-------------|------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 |
| 2017 | | | | | | |
| Revenue by segment | | | | | | |
| Revenues from external customers | 34,478 | 121,923 | - | - | | 156,401 |
| Inter-segment revenues | 34,228 | - | - | (34,228) | A | - |
| Results | | | | | | |
| Segment results | 11,371 | 2,470 | 3,073 | (2,625) | B | 14,289 |
| Finance costs | (4,653) | (360) | (240) | - | B | (5,253) |
| Profit before income tax | 6,718 | 2,110 | 2,833 | (2,625) | B | 9,036 |
| Income tax expense | (1,474) | (245) | (29) | - | | (1,748) |
| Profit, net of tax | 5,244 | 1,865 | 2,804 | (2,625) | B | 7,288 |
| Segment assets | 229,478 | 42,373 | 32,025 | (51,475) | C | 252,401 |
| Unallocated assets | | | | | | 62 |
| Total group assets | | | | | | 252,463 |
| Segment liabilities | 159,163 | 35,950 | 35,199 | (51,490) | D | 178,822 |
| Unallocated liabilities | | | | | | 1,637 |
| Total group liabilities | | | | | | 180,459 |
| Capital expenditure | 1,023 | 2,486 | 71 | - | | 3,580 |
| Depreciation and amortisation | 1,550 | 734 | 146 | - | | 2,430 |
| Loss on disposal of plant and equipment | 12 | 53 | 1 | - | | 66 |
| Loss on collateral loan services | 6 | - | - | - | | 6 |

Notes

A Inter-segment revenues are eliminated.

B The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

| | 2018 \$'000 | 2017 \$'000 |
|---------------------------------|----------------|----------------|
| Profit from inter-segment sales | 988 | 2,625 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

4. Financial information by operating segments (cont'd)

Notes (cont'd)

- C The following items are deducted from segment assets to arrive at total assets reported in the consolidated statements of financial position:

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Inter-segment balances | 38,726 | 51,325 |
| Unrealised profit on unsold inventories | 82 | 150 |
| | <u>38,808</u> | <u>51,475</u> |

- D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

| | 2018 \$'000 | 2017 \$'000 |
|------------------------|----------------|----------------|
| Inter-segment balances | <u>38,824</u> | <u>51,490</u> |

Geographical information

| | Revenue | | Non-current assets | |
|-----------|----------------|----------------|--------------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Singapore | 136,801 | 148,959 | 9,236 | 9,335 |
| Malaysia | <u>9,706</u> | <u>7,442</u> | <u>5,214</u> | <u>4,178</u> |
| | <u>146,507</u> | <u>156,401</u> | <u>14,450</u> | <u>13,513</u> |

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude deferred tax assets.

Information about major customers

| | 2018 \$'000 | 2017 \$'000 |
|-----------------|----------------|----------------|
| Top 1 customer | 24,270 | 26,510 |
| Top 2 customers | <u>38,691</u> | <u>46,915</u> |

The major customers are from wholesale trading of pre-owned luxury items segment.

NOTES TO THE FINANCIAL STATEMENTS

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5. Revenue

| | Group | |
|---|----------------|----------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Interest income from collateral loan services | 32,826 | 30,913 |
| Sales of pre-owned luxury items | 113,633 | 125,488 |
| Others | 48 | - |
| | <u>146,507</u> | <u>156,401</u> |

Revenue arising from the sale of pre-owned luxury items is recognised at a point in time. The customers are mainly individuals and wholesalers based in Singapore and Malaysia.

6. Other gains and (other losses)

| | Group | |
|---|------------|--------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Fair value gain on the investment in other financial assets | - | 279 |
| Foreign exchange adjustments (loss) / gain | (67) | 183 |
| Government grants | 300 | 189 |
| Inventories written down | - | (18) |
| Loss on collateral loan services | (5) | (6) |
| Loss on disposal of plant and equipment | (147) | (66) |
| Loss on goods in transit | (5) | - |
| Miscellaneous income | 220 | 391 |
| Rental income (Note 30) | 516 | 532 |
| Net | <u>812</u> | <u>1,484</u> |
| Presented in profit or loss as: | | |
| Other gains | 1,036 | 1,574 |
| Other losses | (224) | (90) |
| Net | <u>812</u> | <u>1,484</u> |

7. Employee benefits expense

| | Group | |
|--|---------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Short term employee benefits expense | 14,814 | 13,391 |
| Contributions to defined contribution plan | 1,287 | 1,086 |
| | <u>16,101</u> | <u>14,477</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

8. Finance costs

| | Group | |
|------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Interest expense | 6,341 | 5,253 |

9. Other expenses

The major components include the following:

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Advertisement and promotions | 821 | 1,338 |
| Audit fees to the independent auditor of the company | 192 | 190 |
| Audit fees to the other independent auditors | 59 | 56 |
| Other fees to the independent auditor of the company | 52 | 18 |
| Other fees to the other independent auditors | 2 | 52 |

10. Income tax

10A. Components of income tax expense recognised in profit or loss include:

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| <u>Current income tax expense:</u> | | |
| Current income tax expense | 1,771 | 1,754 |
| Over adjustments in respect of prior periods | (212) | (43) |
| Withholding tax | 31 | 30 |
| Subtotal | 1,590 | 1,741 |
| <u>Deferred tax (income) / expense:</u> | | |
| Deferred tax income | (231) | (15) |
| Under adjustments in respect of prior periods | 84 | 22 |
| Subtotal | (147) | 7 |
| Total income tax expense | 1,443 | 1,748 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

10. Income tax (cont'd)

10A. Components of income tax expense recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2017: 17.0%) to profit or loss before income tax as a result of the following differences:

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Profit before income tax | 6,933 | 9,036 |
| Income tax expense at the above rate | 1,179 | 1,536 |
| Effect of different tax rates in different country | 92 | 105 |
| Expenses not deductible for tax purposes | 398 | 190 |
| Tax exemptions and rebates | (164) | (104) |
| Withholding tax | 31 | 30 |
| Over adjustments to tax in respect of prior periods | (128) | (21) |
| Other minor item less than 3% each | 35 | 12 |
| Total income tax expense | 1,443 | 1,748 |

There are no income tax consequences of dividends to owners of the company.

10B. Deferred tax expense recognised in profit or loss includes:

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Difference between book value over tax value of plant and equipment | 24 | 85 |
| Intangible assets | (29) | (26) |
| Provision | 18 | (14) |
| Tax losses carryforwards | (159) | 5 |
| Deferred tax asset not recognised | (1) | (43) |
| Total deferred income tax expense recognised in profit or loss | (147) | 7 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

10. Income tax (cont'd)

10C. Deferred tax balance in the statement of financial position:

| | Group | |
|--|--------|--------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| <u>Deferred tax (liabilities) / assets recognised in profit or loss:</u> | | |
| Difference between book value over tax value of plant and equipment | (160) | (125) |
| Intangible assets | (20) | (49) |
| Provisions | (4) | 14 |
| Tax losses carryforwards | 214 | 55 |
| Subtotal | 30 | (105) |
| <u>Deferred tax assets recognised in other comprehensive income:</u> | | |
| Cash flow hedges | 103 | - |
| Net balance | 133 | (105) |
| Presented in the statement of financial position as follows: | | |
| Deferred tax assets | 163 | 62 |
| Deferred tax liabilities | (30) | (167) |
| Net balance | 133 | (105) |

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowance is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Tax losses carried forward amounted to \$1,259,000 (2017: \$324,000).

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

| | Group | |
|---|---------|---------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Numerators: earnings attributable to equity | | |
| Profit attributable to owners of the parent, net of tax | 4,980 | 6,830 |
| Denominators: weighted average number of equity shares | | |
| | 353,800 | 353,800 |

The weighted average number of equity shares refers to shares in issue outstanding during the reporting period.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. Both basic and diluted earnings per share are the same as there are no dilutive potential ordinary shares outstanding during the reporting period.

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12. Dividends on equity shares

| | Rate per share - cents | | Company | |
|---|------------------------|------|----------------|----------------|
| | 2018 | 2017 | 2018 \$'000 | 2017 \$'000 |
| First and final tax exempt (one-tier) dividend paid | 0.5 | 0.5 | 1,769 | 1,769 |

13. Plant and equipment

| | Renovations \$'000 | Plant and equipment \$'000 | Total \$'000 |
|--|-----------------------|----------------------------------|-----------------|
| <u>Group:</u> | | | |
| <u>Cost:</u> | | | |
| At 1 January 2017 | 6,316 | 5,429 | 11,745 |
| Arising from acquisition of subsidiaries | 699 | 363 | 1,062 |
| Foreign exchange adjustments | 28 | 19 | 47 |
| Additions | 2,244 | 1,336 | 3,580 |
| Disposals | (757) | (132) | (889) |
| At 31 December 2017 | 8,530 | 7,015 | 15,545 |
| Arising from acquisition of subsidiaries | 603 | 296 | 899 |
| Foreign exchange adjustments | (16) | (7) | (23) |
| Additions | 942 | 710 | 1,652 |
| Disposals | (232) | (97) | (329) |
| At 31 December 2018 | 9,827 | 7,917 | 17,744 |
| <u>Accumulated depreciation:</u> | | | |
| At 1 January 2017 | 5,177 | 3,576 | 8,753 |
| Arising from acquisition of subsidiaries | 191 | 76 | 267 |
| Foreign exchange adjustments | 10 | 16 | 26 |
| Depreciation for the year | 1,357 | 931 | 2,288 |
| Disposals | (704) | (117) | (821) |
| At 31 December 2017 | 6,031 | 4,482 | 10,513 |
| Arising from acquisition of subsidiaries | 423 | 125 | 548 |
| Foreign exchange adjustments | (11) | (2) | (13) |
| Depreciation for the year | 1,405 | 1,006 | 2,411 |
| Disposals | (151) | (31) | (182) |
| At 31 December 2018 | 7,697 | 5,580 | 13,277 |
| <u>Carrying amount:</u> | | | |
| At 1 January 2017 | 1,139 | 1,853 | 2,992 |
| At 31 December 2017 | 2,499 | 2,533 | 5,032 |
| At 31 December 2018 | 2,130 | 2,337 | 4,467 |

Certain items are under finance lease agreements (Note 24C).

A floating charge has been placed on plant and equipment with a carrying amount of \$3,243,000 (2017: \$4,006,000) as security for bank borrowings (Note 24).

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14. Intangible assets

| | Group | | |
|------------------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Goodwill (Note 14A) | 4,052 | 2,767 | 1,709 |
| Other intangible assets (Note 14B) | 412 | 243 | 376 |
| Total | 4,464 | 3,010 | 2,085 |

14A. Goodwill

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Cost: | | | |
| Balance at beginning of the year | 2,767 | 1,709 | 1,351 |
| Arising from acquisition of subsidiaries (Note 28) | 1,322 | 1,019 | 406 |
| Foreign currency translation adjustments | (37) | 39 | (48) |
| Balance at end of the year | 4,052 | 2,767 | 1,709 |

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Each of those CGU represents the group's investment in subsidiaries as follows:

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Name of the subsidiaries</u> | | | |
| Easimine group of companies ^(a) | 957 | 956 | 936 |
| Kedai Pajak Heng Soon Sdn. Bhd. | 395 | 395 | 386 |
| Pajak Gadai T&M Sdn. Bhd. | 197 | 196 | 193 |
| Pajak Gadai Money Mine Sdn. Bhd. | 198 | 198 | 194 |
| Pajak Gadai Malim Maju Sdn. Bhd. | 111 | 111 | - |
| Pajak Gadai Semabok Sdn. Bhd. | 174 | 174 | - |
| Pajak Gadai Hen Teck Sdn. Bhd. | 109 | 109 | - |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 150 | 150 | - |
| Pajak Gadai Rengit Sdn. Bhd. | 145 | 145 | - |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 141 | 141 | - |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 160 | 161 | - |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 149 | - | - |
| Pajak Gadai Senai Sdn. Bhd., | 198 | - | - |
| Pajak Gadai Pagoh Sdn. Bhd. | 168 | - | - |
| Pajak Gadai Kulai Sdn. Bhd., | 195 | - | - |
| Pajak Gadai Masai Sdn. Bhd. | 181 | - | - |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 201 | - | - |
| Pajak Gadai Butterworth Sdn. Bhd. | 191 | - | - |
| Various subsidiaries ^(b) | 32 | 31 | - |
| | 4,052 | 2,767 | 1,709 |

^(a) This relates to subsidiaries, MS 1 Infinite Sdn. Bhd., MS 2 Infinite Sdn. Bhd., MS 3 Infinite Sdn. Bhd., MS 4 Infinite Sdn. Bhd., MS 5 Infinite Sdn. Bhd., MS 10 Infinite Sdn. Bhd., Easigram (Pandan) Sdn. Bhd., Easigram (Batu Pahat) Sdn. Bhd., Pajak Gadai Pure Merit Sdn. Bhd. and Pajak Gadai Aeon Fountain Sdn. Bhd.

^(b) This relates to subsidiaries, Pajak Gadai Poh San Sdn. Bhd., Pajak Gadai Poh Guan Sdn. Bhd., Pajak Gadai Poh Fook Sdn. Bhd. and Pajak Gadai Poh Mei Sdn. Bhd.

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14. Intangible assets (cont'd)

14A. Goodwill (cont'd)

The goodwill was tested for impairment at the end of the reporting year except for various subsidiaries^(b). An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on value in use method.

No impairment allowance was recognised because the carrying amount of all CGUs was lower than their recoverable amount.

The value in use was measured by management. The key assumptions for the value in use calculations are discount rates and pledged loan growth rates as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed and is analysed as follows:

| <u>Discounted cash flow method and unobservable inputs:</u> | 31.12.2018 | 31.12.2017 | 01.01.2017 |
|---|-------------------|-------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| Pledged loan growth rates ⁽ⁱ⁾ | Refer below | Refer below | Refer below |
| Terminal growth rates ⁽ⁱⁱ⁾ | 2.3% | 2.3% | 0% |
| Pre-tax cost of debts ⁽ⁱ⁾ | 5.6% | 5.7% | 8.0% |
| Debts to pledged loans ratio ⁽ⁱ⁾ | 80.0% | 80.0% | 80.0% |
| Pre-tax discount rates ⁽ⁱⁱⁱ⁾ | 16.1% | 16.1% | 14.1% |
| Operating expenses growth rates ⁽ⁱ⁾ | 2% - 5% | 5% | 5% |
| Cash flow forecasts ⁽ⁱ⁾ | 5 years | 5 years | 5 years |

⁽ⁱ⁾ Estimated based on most recent financial budgets and plans approved by management that derived from historical trend.

⁽ⁱⁱ⁾ Estimated based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.

⁽ⁱⁱⁱ⁾ Management's estimated discount rates using pre-tax discount rates that reflect current market assessments at the risks specific to the CGUs.

| <u>Name of the CGUs</u> | 31.12.2018 | 31.12.2017 | 01.01.2017 |
|--|-------------------|-------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| <u>Pledged loan growth rates (per annum)</u> | | | |
| Easimine group of companies | 0.0% to 15.0% | 0.0% to 15.0% | 5.0% to 20.0% |
| Kedai Pajak Heng Soon Sdn. Bhd. | 0.0% | 1.2% to 6.2% | 12.7% to 60.12% |
| Pajak Gadai T&M Sdn. Bhd. | 0.0% | 5.0% | 12.7% |
| Pajak Gadai Money Mine Sdn. Bhd. | 15.0% | 10.0% | 15.8% |
| Pajak Gadai Malim Maju Sdn. Bhd. | 12.68% - 26.82% | 6.2% to 60.1% | - |
| Pajak Gadai Semabok Sdn. Bhd. | 26.82% - 60.10% | 12.7% to 79.6% | - |
| Pajak Gadai Hen Teck Sdn. Bhd. | 26.82% - 60.10% | 12.7% to 125.2% | - |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 26.82% - 60.10% | 43.6% to 125.2% | - |
| Pajak Gadai Rengit Sdn. Bhd. | 26.82% - 60.10% | 6.2% to 125.2% | - |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 26.82% - 60.10% | 6.2% to 79.6% | - |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 26.82% - 60.10% | 79.6% to 125.2% | - |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 12.68% - 42.58% | - | - |
| Pajak Gadai Senai Sdn. Bhd., | 26.82% - 60.10% | - | - |
| Pajak Gadai Pagoh Sdn. Bhd. | 26.82% - 60.10% | - | - |
| Pajak Gadai Kulai Sdn. Bhd., | 12.68% - 26.82% | - | - |
| Pajak Gadai Masai Sdn. Bhd. | 26.82% - 60.10% | - | - |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 12.68% - 26.82% | - | - |
| Pajak Gadai Butterworth Sdn. Bhd. | 26.82% - 60.10% | - | - |

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14. Intangible assets (cont'd)

14A. Goodwill (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the CGUs as of the end of the reporting year, assuming if all other assumptions were held constant.

If the estimated pledged loan and terminal growth rates at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd. (2017: Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$10,000 and \$29,000 (2017: \$156,000) respectively.

If the pre-tax cost of debts at the end of the reporting year had been revised from 5.61% to 6.61% at the end of the reporting year, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd. (2017: Kedai Pajak Heng Soon Sdn. Bhd. and Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$9,000 and \$25,000 (2017: \$2,000 and \$167,000) respectively.

If the debts to pledged loan ratio at the end of the reporting year had been revised from 80% to 70% at the end of the reporting year, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd. (2017: Kedai Pajak Heng Soon Sdn. Bhd. and Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$35,000 and \$28,000 (2017: \$41,000 and \$149,000) respectively.

If the estimated pre-tax discount rate applied to the discounted cash flows had been revised from 16.10% to 17.10%, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd. (2017: Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$26,000 and \$35,000 (2017: \$158,000) respectively.

Management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing an impairment loss for goodwill.

14B. Other intangible assets

| | Lease assignment fees \$'000 | Customer lists \$'000 | Total \$'000 |
|----------------------------------|---------------------------------------|-----------------------------|-----------------|
| <u>Group:</u> | | | |
| <u>Cost:</u> | | | |
| At 1 January 2017 | 1,140 | 692 | 1,832 |
| Foreign exchange adjustments | - | 15 | 15 |
| At 31 December 2017 | 1,140 | 707 | 1,847 |
| Additions | 360 | - | 360 |
| At 31 December 2018 | 1,500 | 707 | 2,207 |
| <u>Accumulated amortisation:</u> | | | |
| At 1 January 2017 | 1,140 | 316 | 1,456 |
| Amortisation for the year | - | 142 | 142 |
| Foreign exchange adjustments | - | 6 | 6 |
| At 31 December 2017 | 1,140 | 464 | 1,604 |
| Amortisation for the year | 50 | 141 | 191 |
| At 31 December 2018 | 1,190 | 605 | 1,795 |
| <u>Carrying amount:</u> | | | |
| At 1 January 2017 | - | 376 | 376 |
| At 31 December 2017 | - | 243 | 243 |
| At 31 December 2018 | 310 | 102 | 412 |

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15. Investments in subsidiaries

| | Group | | |
|----------------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Unquoted equity shares at cost: | | | |
| Balance at beginning of the year | 51,405 | 50,405 | 50,405 |
| Addition during the year | 6,525 | 1,000 | - |
| Balance at the end of the year | 57,930 | 51,405 | 50,405 |

The listing of and information on the subsidiaries are given in Note 35.

16. Trade and other receivables, non-current

| | Group | | |
|-------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Due within one year | 62 | - | - |
| Due within 2 to 5 years | 48 | - | - |
| | 110 | - | - |

The average lease term ranging from 2-7 years. The rate of interest is at 1.99% (2017: Nil) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental receipts. The obligations under hire purchase agreements are secured by the lessee's charge over the leased assets.

17. Other financial assets

| | Group and Company | | |
|---|-------------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Unquoted equity shares</u> | | | |
| Investment at fair value through profit or loss | 5,471 | 5,471 | - |

| | Group and Company | | |
|--|-------------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Fair value at beginning of the year | 5,471 | - | - |
| Additions during the year | - | 5,192 | - |
| Increase in fair value through profit or loss (Note 6) | - | 279 | - |
| Fair value at the end of the year | 5,471 | 5,471 | - |

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17. Other financial assets (cont'd)

In 2016, the company entered into an agreement with Chongqing Zongshen Powermachinery Company Limited ("Zongshen Powermachinery"), AP Oil International Limited ("AP Oil") and Chongqing Free Trade Port Area Development and Management Group Company Limited to establish Chongqing Zongshen Financial Leasing Company Limited ("Chongqing Zongshen Financial Leasing") in the PRC for the purpose of undertaking a financial leasing business. Pursuant to the agreement, the company will subscribe for 12.5% of the equity interests (unquoted) in Chongqing Zongshen Financial Leasing for approximately \$5.19 million (the "Investment").

As part of this arrangement, the company also entered into a supplementary agreement with all the above parties pursuant to which Zongshen Powermachinery granted put options to the company and AP Oil whereby the company and AP Oil have the right to sell to Zongshen Powermachinery, at their sole discretion, all or part of their equity interests in Chongqing Zongshen Financial Leasing (the "Option"). The Option is exercisable on 1 January 2018 and shall be valid for as long as the company holds the equity interests in Chongqing Zongshen Financial Leasing, and the exercise price shall be based on the higher of the company's original capital contribution and the agreed market value at the time of exercise.

The company has designated this entire hybrid (combined) instrument as at fair value through profit or loss. The fair value of the financial asset (Level 3) was determined by an independent external valuer based on the adjusted net asset approach.

18. Inventories

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Finished goods | 34,808 | 30,003 | 23,039 |
| Inventories are stated after movements in allowance as follows: | | | |
| Balance at beginning of the year | 8 | 8 | 9 |
| Reversal to profit or loss included in material costs | - | - | (1) |
| Balance at end of the year | 8 | 8 | 8 |

A floating charge has been placed on inventories with a carrying value of \$34,773,000 (2017: \$30,003,000) as security for bank borrowings (Note 24).

19. Trade and other receivables

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Trade receivables:</u> | | | |
| Pledged loans receivables ^(a) | 204,249 | 190,088 | 180,471 |
| Lease payment receivables (Note 16) | 62 | - | - |
| Outside parties | 754 | 934 | 550 |
| Related parties (Note 3) | - | 1 | - |
| Sub-total | 205,065 | 191,023 | 181,021 |
| <u>Other receivables:</u> | | | |
| Outside parties | 396 | 79 | 846 |
| Related parties (Note 3) | 51 | - | - |
| Advances ^(b) | 76 | 1,847 | 586 |
| Sub-total | 523 | 1,926 | 1,432 |
| Total trade and other receivables | 205,588 | 192,949 | 182,453 |

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19. Trade and other receivables (cont'd)

| | Company | | |
|-----------------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Trade receivables:</u> | | | |
| Outside parties | - | 6 | - |
| Subsidiaries (Note 3) | 464 | 1,832 | 531 |
| Sub-total | 464 | 1,838 | 531 |
| <u>Other receivables:</u> | | | |
| Outside parties | 8 | - | - |
| Subsidiaries (Note 3) | 20,405 | 18,165 | 17,410 |
| Sub-total | 20,413 | 18,165 | 17,410 |
| Total trade and other receivables | 20,877 | 20,003 | 17,941 |

(a) Pledged loans receivables are secured by pledges of goods and chattels. The quantum of loans granted to customers is based on a portion of the value of articles pledged. In the event that a customer does not renew or redeem a pledged article within agreed redemption period from the grant date of the loan, the pledged article will be disposed of by a sale by auction or forfeited, in accordance with the provisions of the Pawnbrokers Act in the local jurisdictions.

The loans bear interest ranging from 0.95% to 2% (2017: 0.95% to 2%) per month.

(b) Included in advances is an amount of Nil (2017: \$1,609,000) given to finance the working capital of future acquisition of companies as disclosed in Note 28 to the financial statements.

A floating charge has been placed on trade and other receivables with a carrying value of \$200,785,000 (2017: \$188,296,000) as security for bank borrowings (Note 24).

19A. Impairment

Pledged loan receivables, which are secured by pledges of goods and chattels, are assessed for impairment based on the estimated market value of the pledged goods and chattels.

For the remaining trade receivables, they are subject to the expected credit loss model under the financial reporting standard on financial instruments. These trade receivables are considered to have low credit risk individually. At the end of the reporting year, no loss allowance is considered necessary.

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. These receivables can be graded as low risk individually and are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

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20. Other assets

| | Group | | |
|--|--------------|--------------|--------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Prepayments | 3,303 | 762 | 620 |
| Deposits to secure services ^(a) | 890 | 3,324 | 3,417 |
| | <u>4,193</u> | <u>4,086</u> | <u>4,037</u> |

^(a) Included in the Group's deposits to secure services is an amount of Nil (2017: \$346,000) being deposit paid for the acquisition of shares in future acquisitions of companies.

| | Company | | |
|-----------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Prepayments | 50 | 56 | 62 |
| Deposits to secure services | 16 | 16 | 19 |
| | <u>66</u> | <u>72</u> | <u>81</u> |

21. Cash and cash equivalents

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Cash on hand and in bank (not restricted in use) | 11,153 | 11,850 | 9,008 |

| | Company | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Cash on hand and in bank (not restricted in use) | 48 | 159 | 108 |

The interest earning balances are not significant.

A floating charge has been placed on cash and bank balances with a carrying value at \$9,962,000 (2017: \$11,270,000) as security for bank borrowings (Note 24).

21A. Cash and cash equivalents in the statement of cash flows:

| | Group | | |
|--|--------------|--------------|--------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Amount as shown above | 11,153 | 11,850 | 9,008 |
| Bank overdrafts (Note 24) | (5,930) | (7,324) | (4,174) |
| Cash and cash equivalents for statement of cash flows purposes at end of the year | <u>5,223</u> | <u>4,526</u> | <u>4,834</u> |

NOTES TO THE FINANCIAL STATEMENTS

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21. Cash and cash equivalents (cont'd)

21B. Non-cash transactions:

- (a) Included in additions to plant and equipment is an amount of Nil (2017: \$48,000) acquired by finance lease.
- (b) Included in additions to plant and equipment is an amount of \$60,000 (2017: \$322,000) being provision for restoration costs capitalised (Note 26).

21C. Reconciliation of liabilities arising from financing activities:

| | At beginning of year \$'000 | Cash flows \$'000 | Non-cash changes \$'000 | | At end of year \$'000 |
|---|-----------------------------------|----------------------|-------------------------------|-----|-----------------------------|
| <u>2018</u> | | | | | |
| Bank loans | 151,524 | 8,830 | 6 | (a) | 160,360 |
| Term loans | 4,951 | (2,051) | - | | 2,900 |
| Finance lease liabilities | 39 | (10) | - | | 29 |
| Derivative financial instruments | - | - | 606 | (b) | 606 |
| Total liabilities from financing activities | <u>156,514</u> | <u>6,769</u> | <u>612</u> | | <u>163,895</u> |
| <u>2017</u> | | | | | |
| Bank loans | 138,586 | 12,937 | 1 | (a) | 151,524 |
| Term loans | 3,580 | 1,371 | - | | 4,951 |
| Finance lease liabilities | 3 | (12) | 48 | (c) | 39 |
| Total liabilities from financing activities | <u>142,169</u> | <u>14,296</u> | <u>49</u> | | <u>156,514</u> |

- (a) Foreign exchange movements.
- (b) Unrealised fair value loss of derivative financial instruments.
- (c) Acquisition of plant and equipment under finance lease (Note 21B).

22. Share capital

| | Group and Company | |
|---|---------------------------------------|-------------------------|
| | Number of shares issued '000 | Share capital \$'000 |
| Ordinary shares of no par value: | | |
| Balance at 1 January 2017, 31 December 2017 and 31 December 2018 | <u>353,800</u> | <u>56,144</u> |

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves) less other amounts recognised in the statement of equity relating to cash flow hedges.

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22. Share capital (cont'd)

Capital management (cont'd):

In order to maintain its listing on the Singapore Stock Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

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.

| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
|--|------------|------------|------------|
| Group: | \$'000 | \$'000 | \$'000 |
| Net debt: | | | |
| All current and non-current borrowings including finance leases | 168,419 | 163,838 | 146,343 |
| Less: cash and cash equivalents (Note 21) | (11,153) | (11,850) | (9,008) |
| Net debt | 157,266 | 151,988 | 137,335 |
| Capital: | | | |
| Total equity | 75,671 | 72,004 | 66,622 |
| Less: amounts accumulated in equity relating to cash flow hedges | (503) | - | - |
| Adjusted capital | 75,168 | 72,004 | 66,622 |
| Debt-to-capital ratio | 209% | 211% | 206% |

There are significant borrowings but these are secured by specific assets. The favorable change in 2018 as shown by the increase in the debt-to-capital ratio for the reporting year resulted primarily from the increase in inventories and pledged articles.

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

23. Other reserves

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Foreign currency translation reserve (Note 23A) | 57 | 39 | 11 |
| Hedging reserve (Note 23B) | (503) | - | - |
| Total at the end of the year | (446) | 39 | 11 |

23A. Foreign currency translation reserve

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| At beginning of the year | 39 | 11 | (4) |
| Exchange differences on translating foreign operations | 18 | 28 | 15 |
| At end of the year | 57 | 39 | 11 |

The foreign currency translation reserve accumulates all foreign exchange differences.

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23. Other reserves (cont'd)

23B. Hedging reserve

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| At beginning of the year | - | - | - |
| Cash flow hedge losses from interest rate swaps | (606) | - | - |
| Deferred tax thereon | 103 | - | - |
| At end of the year | (503) | - | - |

The hedging reserve accumulates after tax gains and losses on cash flow hedges.

24. Other financial liabilities

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Non-current:</u> | | | |
| <u>Financial instruments with floating interest rates:</u> | | | |
| Term loans (secured) (Note 24B) | 780 | 2,894 | 1,517 |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Finance leases (Note 24C) | 20 | 30 | - |
| Subtotal | 800 | 2,924 | 1,517 |
| <u>Current:</u> | | | |
| <u>Financial instruments with floating interest rates:</u> | | | |
| Bank overdrafts (secured) (Note 24A) | 5,930 | 7,324 | 4,174 |
| Bank loans (secured) (Note 24A) | 160,360 | 151,524 | 138,586 |
| Term loans (secured) (Note 24B) | 2,120 | 2,057 | 2,063 |
| <u>Financial instruments with fixed interest rates:</u> | | | |
| Finance leases (Note 24C) | 9 | 9 | 3 |
| Derivative financial instruments (Note 27) | 606 | - | - |
| Subtotal | 169,025 | 160,914 | 144,826 |
| Total | 169,825 | 163,838 | 146,343 |
| | Company | | |
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Current:</u> | | | |
| <u>Financial instruments with floating interest rates:</u> | | | |
| Bank loans (secured) (Note 24A) | 3,000 | 3,000 | 2,000 |

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24. Other financial liabilities (cont'd)

The non-current portion is repayable as follows:

| | Group | | |
|------------------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Due within 2 - 5 years | 800 | 2,924 | 1,517 |

The range of floating interest rates paid were as follows:

| | Group | | |
|-------------------------------------|-------------|-------------|-------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | % | % | % |
| Bank overdrafts (secured) | 5.00 - 7.82 | 5.00 - 7.46 | 5.00 - 5.84 |
| Bank loans and term loans (secured) | 2.63 - 5.95 | 2.46 - 5.70 | 2.37 - 4.84 |

| | Company | | |
|-------------------------------------|-------------|-------------|-------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | % | % | % |
| Bank loans and term loans (secured) | 4.52 - 5.07 | 4.26 - 4.57 | 3.95 - 4.84 |

24A. Bank overdrafts and bank loans (secured)

The bank loans comprises of money market loans and revolving loans with maturities between one month to six months or any other period agreed by the banks.

Both the money market loans and revolving loans are at floating rates of interest. However, as described in Note 27, interest rate swaps have been entered into with the objective to convert some of these loans to fixed rates.

The carrying amounts approximate their fair values due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

The bank agreements for the bank loans and overdrafts provide among other matters for the following:

1. Debenture incorporating a fixed and floating charge over present and future assets of certain subsidiaries;
2. Corporate guarantee from the company and certain subsidiaries;
3. Assignment of insurance policies;
4. An all monies facilities agreement of a subsidiary
5. Subordination of advances from a subsidiary and a director of certain subsidiaries; and
6. Personal guarantee granted by a non-controlling shareholder

24B. Term loans (secured)

The term loans are at floating rates of interest. The carrying amounts of the term loans approximate their fair values due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates. The bank agreements for the term loans provide among other matters for the following:

1. Debenture incorporating a fixed and floating charge over present and future assets of certain subsidiaries;
2. Corporate guarantee from the company; and
3. Assignment of insurance policies.

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24. Other financial liabilities (cont'd)

24C. Finance leases

| | Minimum payments \$'000 | Finance charges \$'000 | Present value \$'000 |
|--|-------------------------------|------------------------------|----------------------------|
| <u>Group</u> | | | |
| <u>31.12.2018</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 12 | (2) | 10 |
| Due within 2 to 5 years | 23 | (3) | 20 |
| Total | <u>35</u> | <u>(5)</u> | <u>30</u> |
| Net book value of plant and equipment under finance leases | | | <u>33</u> |
| <u>31.12.2017</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 11 | (2) | 9 |
| Due within 2 to 5 years | 33 | (3) | 30 |
| Total | <u>44</u> | <u>(5)</u> | <u>39</u> |
| Net book value of plant and equipment under finance leases | | | <u>43</u> |
| <u>01.01.2017</u> | | | |
| Minimum lease payments payable: | | | |
| Due within one year | 4 | (1) | 3 |
| Total | <u>4</u> | <u>(1)</u> | <u>3</u> |
| Net book value of plant and equipment under finance leases | | | <u>2</u> |

It is a policy to lease certain of its plant and equipment under finance leases. The average lease term is 2 to 5 years. The range of effective interest for finance leases is about 4.77% to 6.22% (2017: 4.77% to 6.22%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amounts of the lease liabilities approximate their fair values.

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25. Trade and other payables

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Trade payables:</u> | | | |
| Surplus payable ^(a) | 1 | 1 | - |
| Outside parties and accrued liabilities | 6,024 | 6,340 | 5,216 |
| Sub-total | 6,025 | 6,341 | 5,216 |
| <u>Other payables:</u> | | | |
| Outside parties | 1,632 | 873 | 790 |
| Parent company (Note 3) | 900 | 900 | - |
| Related parties (Note 3) ^{(b) (c)} | 4,633 | 3,245 | 776 |
| Directors (Note 3) ^(d) | 8,678 | 2,478 | 1,511 |
| Sub-total | 15,843 | 7,496 | 3,077 |
| Total trade and other payables | 21,868 | 13,837 | 8,293 |
| | | | |
| | Company | | |
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Trade payables:</u> | | | |
| Outside parties and accrued liabilities | 781 | 741 | 549 |
| <u>Other payables:</u> | | | |
| Outside parties | 18 | - | 69 |
| Parent company | 900 | 900 | - |
| Subsidiaries (Note 3) | 11,014 | 9,186 | 6,239 |
| Related parties (Note 3) ^(c) | 1,100 | 1,100 | - |
| Directors (Note 3) ^(d) | 7,200 | 1,000 | - |
| Sub-total | 20,232 | 12,186 | 6,308 |
| Total trade and other payables | 21,013 | 12,927 | 6,857 |

^(a) This represents surplus realised at sale of unredeemed pledges by auction. They are to be settled with (i) the holders of the pawn tickets on demand within 4 months after the sale and, when no demand is made, (ii) the Accountant-General of Malaysia within 14 days after the expiration of the period of 4 months.

^(b) Included in balance is an amount of \$3,485,000 (31.12.2017: \$2,135,000; 01.01.2017: \$776,000) owing to the non-controlling interest.

^(c) Included in balance is a loan from a related party of \$1,100,000 (31.12.2017: \$1,100,000; 01.01.2017: Nil) which bears interest 4.5% (31.12.2017: 4.5%; 01.01.2017: Nil) per annum and is repayable on demand.

^(d) Advances from directors are interest bearing at 4.5% (31.12.2017: 4.5%; 01.01.2017: Nil) per annum and are repayable on demand.

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26. Other liabilities

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| Deposits | 497 | 189 | 145 |
| Provision for restoration costs ^(a) | 1,119 | 958 | 658 |
| Other liabilities | 1 | - | - |
| Total | 1,617 | 1,147 | 803 |

Movements in above provision:

| | Group | | |
|--|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| At beginning of the year | 958 | 658 | 591 |
| Arising from acquisition of subsidiaries | 144 | 20 | 9 |
| Additions | 60 | 322 | 111 |
| Used | (39) | (47) | (49) |
| Foreign exchange adjustments | (4) | 5 | (4) |
| At end of the year | 1,119 | 958 | 658 |

- (a) The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors. The unexpired lease terms range from 1 to 9 years. The unwinding of discount is not significant.

27. Derivative financial instruments

| | Group | | |
|---|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Liabilities - Contracts with negative fair values:</u> | | | |
| <u>Derivatives designated as hedging instruments:</u> | | | |
| Cash flow hedges - Interest rate swaps | 606 | - | - |

The notional amount of the interest rate swaps was \$40,000,000 (2017: Nil). They are designed to convert floating rate borrowings at 3.54% to 3.60% per annum (2017: Nil) to fixed rate exposure for the next two to three years at 4.03% - 4.13% per annum (2017: Nil). At the end of the reporting year, the interest rates vary from 4.03% to 4.13% (2017: Nil). Information on the maturities of the loans is provided in Note 24.

The gross amount of all notional values for contracts that have not yet been settled or cancelled, is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

The interest rate swaps are not traded in an active market. As a result, their fair values are based on valuation model provided by financial institutions using market observable inputs (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries

28A. Acquisition of Pajak Gadai Bukit Gambir Sdn. Bhd., Pajak Gadai Senai Sdn. Bhd., Pajak Gadai Pagoh Sdn. Bhd., Pajak Gadai Butterworth Sdn. Bhd., Pajak Gadai Kulai Sdn. Bhd., Pajak Gadai Masai Sdn. Bhd. and Pajak Gadai Sungai Petani Sdn. Bhd.

On 12 October 2017, the group announced entering into sales and purchase agreements to invest in 51% shareholding in 13 pawnshops in Malaysia. As of 31 December 2017, the group completed the transfer of control for 6 pawnshops (Note 28D). On 21 March 2018, the group invested into 51% shareholdings for the remaining 7 pawnshops as below:

- (a) Pajak Gadai Bukit Gambir Sdn. Bhd., Pajak Gadai Senai Sdn. Bhd. and Pajak Gadai Pagoh Sdn. Bhd. at consideration of RM2.39 million or approximately \$0.81 million for each subsidiary, by way of cash payment of RM0.35 million or approximately \$0.12 million and capitalisation of loan owing to the group of RM2.04 million or approximately \$0.69 million;
- (b) Pajak Gadai Butterworth Sdn. Bhd., Pajak Gadai Kulai Sdn. Bhd. and Pajak Gadai Masai Sdn. Bhd., and Pajak Gadai Sungai Petani Sdn. Bhd. at consideration of RM2.39 million or approximately \$0.81 million for each subsidiary, by way of capitalisation of loan owing to the group.

The group completed the acquisitions of 7 abovementioned pawnshops on 21 March 2018 and from that date, the group gained control and they become subsidiaries of the group (also see Note 35 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

As at year end, management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. The fair value of identifiable net assets acquired and goodwill arising from the acquisitions are as follows:

| | Plant and equipment | Trade and other receivables | Other assets | Cash and cash equivalents | Trade and other payables | Deferred tax liabilities | Total net assets |
|-------------------------------------|------------------------|-----------------------------------|-----------------|---------------------------------|--------------------------------|--------------------------------|---------------------|
| Net assets acquired: | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 86 | 1,449 | 12 | 22 | (278) | - | 1,291 |
| Pajak Gadai Butterworth Sdn. Bhd. | 32 | 1,371 | 8 | 21 | (226) | - | 1,206 |
| Pajak Gadai Kulai Sdn. Bhd. | 48 | 1,310 | 14 | 17 | (193) | - | 1,196 |
| Pajak Gadai Masai Sdn. Bhd. | 32 | 1,449 | 8 | 12 | (276) | - | 1,225 |
| Pajak Gadai Pagoh Sdn. Bhd. | 92 | 1,399 | 8 | 11 | (259) | - | 1,251 |
| Pajak Gadai Senai Sdn. Bhd. | 22 | 1,280 | 16 | 22 | (139) | (11) | 1,190 |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 39 | 1,313 | 7 | 26 | (201) | - | 1,184 |
| | 351 | 9,571 | 73 | 131 | (1,572) | (11) | 8,543 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28A. Acquisition of Pajak Gadai Bukit Gambir Sdn. Bhd., Pajak Gadai Senai Sdn. Bhd., Pajak Gadai Pagoh Sdn. Bhd., Pajak Gadai Butterworth Sdn. Bhd., Pajak Gadai Kulai Sdn. Bhd., Pajak Gadai Masai Sdn. Bhd. and Pajak Gadai Sungai Petani Sdn. Bhd. (cont'd)

| | Consideration transferred \$'000 | Non-controlling interests \$'000 | Fair value of identifiable net assets acquired \$'000 | Goodwill arising on acquisition \$'000 | |
|--|-------------------------------------|--|--|--|-----------------------------|
| <u>Goodwill arising on acquisition:</u> | | | | | |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 811 | 633 | (1,291) | 153 | |
| Pajak Gadai Butterworth Sdn. Bhd. | 811 | 591 | (1,206) | 196 | |
| Pajak Gadai Kulai Sdn. Bhd. | 811 | 586 | (1,196) | 201 | |
| Pajak Gadai Masai Sdn. Bhd. | 811 | 601 | (1,225) | 187 | |
| Pajak Gadai Pagoh Sdn. Bhd. | 811 | 614 | (1,251) | 174 | |
| Pajak Gadai Senai Sdn. Bhd. | 811 | 583 | (1,190) | 204 | |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 811 | 580 | (1,184) | 207 | |
| | <u>5,677</u> | <u>4,188</u> | <u>(8,543)</u> | <u>1,322</u> | |
| | | | | | |
| | Consideration transferred \$'000 | Less: capitalisation of advances \$'000 | Cash consideration \$'000 | Less: cash and cash equivalents acquired \$'000 | Net cash outflows \$'000 |
| <u>Net cash outflows on acquisition:</u> | | | | | |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 811 | (692) | 119 | (22) | 97 |
| Pajak Gadai Butterworth Sdn. Bhd. | 811 | (811) | - | (21) | (21) |
| Pajak Gadai Kulai Sdn. Bhd. | 811 | (811) | - | (17) | (17) |
| Pajak Gadai Masai Sdn. Bhd. | 811 | (811) | - | (12) | (12) |
| Pajak Gadai Pagoh Sdn. Bhd. | 811 | (692) | 119 | (11) | 108 |
| Pajak Gadai Senai Sdn. Bhd. | 811 | (692) | 119 | (22) | 97 |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 811 | (811) | - | (26) | (26) |
| | <u>5,677</u> | <u>(5,320)</u> | <u>357</u> | <u>(131)</u> | <u>226</u> |

The non-controlling interest of 49% in the acquirees at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquirees' net identifiable assets.

The goodwill is not deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28A. Acquisition of Pajak Gadai Bukit Gambir Sdn. Bhd., Pajak Gadai Senai Sdn. Bhd., Pajak Gadai Pagoh Sdn. Bhd., Pajak Gadai Butterworth Sdn. Bhd., Pajak Gadai Kulai Sdn. Bhd., Pajak Gadai Masai Sdn. Bhd. and Pajak Gadai Sungai Petani Sdn. Bhd. (cont'd)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

| | Revenue | | Profit/(Loss) before income tax | |
|-------------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | From date of acquisition in 2018 | For the reporting year 2018 | From date of acquisition in 2018 | For the reporting year 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Pajak Gadai Bukit Gambir Sdn. Bhd. | 106 | 144 | 8 | 10 |
| Pajak Gadai Butterworth Sdn. Bhd. | 95 | 105 | (10) | (88) |
| Pajak Gadai Kulai Sdn. Bhd. | 40 | 45 | (48) | (122) |
| Pajak Gadai Masai Sdn. Bhd. | 83 | 125 | 5 | (66) |
| Pajak Gadai Pagoh Sdn. Bhd. | 43 | 69 | (17) | (26) |
| Pajak Gadai Senai Sdn. Bhd. | 108 | 145 | 2 | (69) |
| Pajak Gadai Sungai Petani Sdn. Bhd. | 72 | 78 | (40) | (115) |

28B. Acquisition of Ban Joo Pawnshop Pte. Ltd.

On 26 July 2018, the group acquired 100.0% in Ban Joo Pawnshop Pte Ltd. (also see Note 35 for the principal activity) at consideration of S\$3.3 million. The transaction was accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired and liabilities assumed shown below for **above** subsidiaries are provisional as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations has not yet expired.

| | Fair value used \$'000 |
|--|---------------------------|
| Net assets acquired: | |
| Plant and equipment | + |
| Trade and other receivables | 2,565 |
| Other assets | 108 |
| Cash and cash equivalents | 693 |
| Trade and other payables | (10) |
| Income tax payable | (8) |
| | 3,348 |
| Goodwill arising on acquisition: | \$'000 |
| Consideration transferred | 3,348 |
| Fair value of identifiable net assets acquired | (3,348) |
| Goodwill arising on acquisition | - |
| Net cash outflows on acquisition: | \$'000 |
| Cash consideration | 3,348 |
| Less: cash and cash equivalents acquired | (693) |
| Net cash outflow | 2,655 |
| + Amount is less than \$1,000. | |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28B. Acquisition of Ban Joo Pawnshop Pte Ltd (cont'd)

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

| | From date of acquisition in 2018 \$'000 | For the reporting year 2018 \$'000 |
|--------------------------|--|---|
| Revenue | 265 | 616 |
| Profit before income tax | 83 | 203 |

The goodwill is not deductible for tax purposes.

28C. Acquisition of Pajak Gadai Hen Teck Sdn. Bhd.

On 19 January 2017, the group acquired 51.0% in Pajak Gadai Hen Teck Sdn. Bhd. at consideration of RM2.11 million or approximately \$0.68 million by way of cash payment of RM0.58 million or approximately \$0.19 million and capitalisation of loan owing to the group of RM1.53 million or approximately \$0.49 million, and from that date the group gained control and it became a subsidiary (also see Note 35 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

Management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. The fair value of identifiable net assets acquired and goodwill arising from the acquisitions are as follows:

| Net assets acquired: | Fair value used \$'000 |
|--|---------------------------|
| Plant and equipment | 92 |
| Trade and other receivables | 1,011 |
| Other assets | 18 |
| Cash and cash equivalents | - |
| Trade and other payables | (1) |
| | <u>1,120</u> |
| Goodwill arising on acquisition: | <u>\$'000</u> |
| Consideration transferred | 677 |
| Non-controlling interests | 549 |
| Fair value of identifiable net assets acquired | (1,120) |
| Goodwill arising on acquisition | <u>106</u> |
| Net cash outflows on acquisition: | <u>\$'000</u> |
| Cash consideration | 186 |
| Less: cash and cash equivalents acquired | - |
| Net cash outflow | <u>186</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28C. Acquisition of Pajak Gadai Hen Teck Sdn. Bhd. (cont'd)

The non-controlling interest of 49% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

| | From date of acquisition in 2017 \$'000 | For the reporting year 2017 \$'000 |
|------------------------|--|---|
| Revenue | - | 79 |
| Loss before income tax | (74) | (205) |

28D. Acquisition of Pajak Gadai Malim Maju Sdn. Bhd., Pajak Gadai Semabok Sdn. Bhd., Pajak Gadai Pasir Gudang Sdn. Bhd., Pajak Gadai Rengit Sdn. Bhd., Pajak Gadai Simpang Renggam Sdn. Bhd. and Pajak Gadai Bukit Mertajam Sdn. Bhd.

On 12 October 2017, the group announced entering into sales and purchase agreements to invest in 51% shareholding in 13 pawnshops in Malaysia. As of year-end, the group has only completed the transfer of control for 6 pawnshops as below:

- Pajak Gadai Malim Maju Sdn. Bhd., Pajak Gadai Semabok Sdn. Bhd. and Pajak Gadai Rengit Sdn. Bhd. at consideration of RM2.39 million or approximately \$0.79 million for each subsidiary, by way of cash payment of RM0.35 million or approximately \$0.12 million and capitalisation of loan owing to the group of RM2.04 million or approximately \$0.67 million;
- Pajak Gadai Simpang Renggam Sdn. Bhd., Pajak Gadai Pasir Gudang Sdn. Bhd. and Pajak Gadai Bukit Mertajam Sdn. Bhd. at consideration of RM2.39 million or approximately \$0.79 million for each subsidiary, by way of capitalisation of loan owing to the group.

The group completed the acquisitions of 6 abovementioned pawnshops on 15 November 2017 and from that date, the group gained control and they became subsidiaries of the group (also see Note 35 for the principal activities). The transaction was accounted for by acquisition method of accounting.

Management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. The fair value of identifiable net assets acquired and goodwill arising from the acquisitions are as follows:

| | Plant and equipment \$'000 | Trade and other receivables \$'000 | Other assets \$'000 | Cash and cash equivalents \$'000 | Trade and other payables \$'000 | Total net assets \$'000 |
|---------------------------------------|----------------------------------|---|---------------------------|---|--|-------------------------------|
| Net assets acquired: | | | | | | |
| Pajak Gadai Malim Maju Sdn. Bhd. | 22 | 2,234 | 16 | 6 | (951) | 1,327 |
| Pajak Gadai Semabok Sdn. Bhd. | 55 | 1,325 | 12 | 9 | (197) | 1,204 |
| Pajak Gadai Rengit Sdn. Bhd. | 119 | 1,468 | 6 | 11 | (345) | 1,259 |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 87 | 1,436 | 7 | 11 | (273) | 1,268 |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 47 | 1,412 | 10 | 12 | (230) | 1,251 |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 71 | 1,298 | 14 | 8 | (160) | 1,231 |
| | <u>401</u> | <u>9,173</u> | <u>65</u> | <u>57</u> | <u>(2,156)</u> | <u>7,540</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28D. Acquisition of Pajak Gadai Malim Maju Sdn. Bhd., Pajak Gadai Semabok Sdn. Bhd., Pajak Gadai Pasir Gudang Sdn. Bhd., Pajak Gadai Rengit Sdn. Bhd., Pajak Gadai Simpang Renggam Sdn. Bhd. and Pajak Gadai Bukit Mertajam Sdn. Bhd. (cont'd)

| | Consideration transferred \$'000 | Non-controlling interests \$'000 | Fair value of identifiable net assets acquired \$'000 | Goodwill arising on acquisition \$'000 | |
|--|-------------------------------------|--|--|--|-----------------------------|
| <u>Goodwill arising on acquisition:</u> | | | | | |
| Pajak Gadai Malim Maju Sdn. Bhd. | 788 | 650 | (1,327) | 111 | |
| Pajak Gadai Semabok Sdn. Bhd. | 788 | 590 | (1,204) | 174 | |
| Pajak Gadai Rengit Sdn. Bhd. | 788 | 616 | (1,259) | 145 | |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 788 | 621 | (1,268) | 141 | |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 788 | 613 | (1,251) | 150 | |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 788 | 604 | (1,231) | 161 | |
| | <u>4,728</u> | <u>3,694</u> | <u>(7,540)</u> | <u>882</u> | |
| | | | | | |
| | Consideration transferred \$'000 | Less: capitalisation of advances \$'000 | Cash consideration \$'000 | Less: cash and cash equivalents acquired \$'000 | Net cash outflows \$'000 |
| <u>Net cash outflows on acquisition:</u> | | | | | |
| Pajak Gadai Malim Maju Sdn. Bhd. | 788 | (673) | 115 | (6) | 109 |
| Pajak Gadai Semabok Sdn. Bhd. | 788 | (673) | 115 | (9) | 106 |
| Pajak Gadai Rengit Sdn. Bhd. | 788 | (673) | 115 | (11) | 104 |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 788 | (788) | - | (11) | (11) |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 788 | (788) | - | (12) | (12) |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 788 | (788) | - | (8) | (8) |
| | <u>4,728</u> | <u>(4,383)</u> | <u>345</u> | <u>(57)</u> | <u>288</u> |

The non-controlling interest of 49% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The goodwill is not deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28D. Acquisition of Pajak Gadai Malim Maju Sdn. Bhd., Pajak Gadai Semabok Sdn. Bhd., Pajak Gadai Pasir Gudang Sdn. Bhd., Pajak Gadai Rengit Sdn. Bhd., Pajak Gadai Simpang Renggam Sdn. Bhd. and Pajak Gadai Bukit Mertajam Sdn. Bhd. (cont'd)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

| | Revenue | | (Loss) / Profit before income tax | |
|---------------------------------------|----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | From date of acquisition in 2017 | For the reporting year 2017 | From date of acquisition in 2017 | For the reporting year 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Pajak Gadai Malim Maju Sdn. Bhd. | 32 | 302 | (15) | 33 |
| Pajak Gadai Semabok Sdn. Bhd. | 26 | 57 | (4) | (72) |
| Pajak Gadai Rengit Sdn. Bhd. | 14 | 180 | (3) | (6) |
| Pajak Gadai Simpang Renggam Sdn. Bhd. | 4 | 36 | (3) | (6) |
| Pajak Gadai Pasir Gudang Sdn. Bhd. | 7 | 44 | (4) | (33) |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. | 1 | 4 | (14) | (55) |

28E. Acquisition of Poh San Sdn. Bhd., Poh Guan Sdn. Bhd., Poh Fook Sdn. Bhd. and Poh Mei Sdn. Bhd.

On 18 July 2017, the group acquired 51.0% in Pajak Gadai Poh San Sdn. Bhd. and Pajak Gadai Poh Guan Sdn. Bhd. by subscription of new shares at the consideration of RM2.04 million or approximately \$0.65 million for each subsidiary, and from that date the group gained control, they became subsidiaries (also see Note 35 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

On 6 September 2017, the group acquired 51.0% in Pajak Gadai Poh Fook Sdn. Bhd. and Pajak Gadai Poh Mei Sdn. Bhd. by subscription of new shares at the consideration of RM2.04 million or approximately \$0.65 million for each subsidiary, and from that date the group gained control, they became subsidiaries (also see Note 35 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

| | Plant and equipment | Trade and other receivables | Other assets | Cash and cash equivalents | Trade and other payables | Total net assets |
|--------------------------------|---------------------|-----------------------------|--------------|---------------------------|--------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Net assets acquired: | | | | | | |
| Pajak Gadai Poh San Sdn. Bhd. | 100 | 1,272 | 3 | 2 | (124) | 1,253 |
| Pajak Gadai Poh Guan Sdn. Bhd. | 100 | 1,272 | 2 | + | (120) | 1,254 |
| Pajak Gadai Poh Fook Sdn. Bhd. | 102 | 1,285 | 4 | + | (127) | 1,264 |
| Pajak Gadai Poh Mei Sdn. Bhd. | - | 1,285 | + | 1 | (4) | 1,282 |
| | 302 | 5,114 | 9 | 3 | (375) | 5,053 |

| | Consideration transferred | Non-controlling interests | Fair value of identifiable net assets acquired | Goodwill arising on acquisition |
|---|---------------------------|---------------------------|--|---------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Goodwill arising on acquisition: | | | | |
| Pajak Gadai Poh San Sdn. Bhd. | 649 | 614 | (1,253) | 10 |
| Pajak Gadai Poh Guan Sdn. Bhd. | 649 | 614 | (1,254) | 9 |
| Pajak Gadai Poh Fook Sdn. Bhd. | 655 | 620 | (1,264) | 11 |
| Pajak Gadai Poh Mei Sdn. Bhd. | 655 | 628 | (1,282) | 1 |
| | 2,608 | 2,476 | (5,053) | 31 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

28. Acquisition of subsidiaries (cont'd)

28E. Acquisition of Poh San Sdn. Bhd., Poh Guan Sdn. Bhd., Poh Fook Sdn. Bhd. and Poh Mei Sdn. Bhd. (cont'd)

The non-controlling interest of 49% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The goodwill is not deductible for tax purposes.

| | Consideration transferred \$'000 | Less: capitalisation of advances \$'000 | Cash consideration \$'000 | Less: cash and cash equivalents acquired \$'000 | Net cash outflows \$'000 |
|--|--|--|---------------------------------|---|--------------------------------|
| <u>Net cash outflows on acquisition:</u> | | | | | |
| Pajak Gadai Poh San Sdn. Bhd. | 649 | (649) | - | (2) | (2) |
| Pajak Gadai Poh Guan Sdn. Bhd. | 649 | (649) | - | + | + |
| Pajak Gadai Poh Fook Sdn. Bhd. | 655 | (655) | - | + | + |
| Pajak Gadai Poh Mei Sdn. Bhd. | 655 | (655) | - | (1) | (1) |
| | <u>2,608</u> | <u>(2,608)</u> | <u>-</u> | <u>(3)</u> | <u>(3)</u> |

+ Amount is less than \$1,000.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

| | Revenue | | Loss before income tax | |
|--------------------------------|--|---|--|---|
| | From date of acquisition in 2017 \$'000 | For the reporting year 2017 \$'000 | From date of acquisition in 2017 \$'000 | For the reporting year 2017 \$'000 |
| Pajak Gadai Poh San Sdn. Bhd. | - | - | (7) | (19) |
| Pajak Gadai Poh Guan Sdn. Bhd. | - | - | (7) | (18) |
| Pajak Gadai Poh Fook Sdn. Bhd. | - | - | (5) | (20) |
| Pajak Gadai Poh Mei Sdn. Bhd. | - | - | (1) | (1) |

29. Operating lease payment commitments - as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are not significant.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Not later than one year | 9,479 | 8,378 | 311 | - |
| Later than one year and not later than five years | <u>5,799</u> | <u>8,435</u> | <u>-</u> | <u>-</u> |
| Rental expenses for the year | <u>9,793</u> | <u>8,691</u> | <u>311</u> | <u>192</u> |

Operating lease payments are for rental payable for retail outlets and office premise. The lease terms are for an average term of one to five years. Certain lease terms are subjected to an escalation clause based on a percentage of sales derived. However, such contingent rentals have not been included in above. The sub-lease rental income from outside parties was \$516,000 (2017: \$532,000) as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

30. Operating lease income commitments - as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are not significant.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Not later than one year | 448 | 391 | 83 | - |
| Later than one year and not later than five years | 186 | 86 | 3 | - |
| Rental income for the year | 516 | 532 | 68 | 36 |

Operating lease income commitments are for sub-lease rental receivables from outside parties and a subsidiary for the retail outlet premises and office premise respectively. The lease rental terms range from one to five years and are not subject to an escalation clause.

31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements relate to the conditional share purchase agreement, joint venture and shareholders agreement and addendum joint venture and shareholders agreement with Mr. Chong Mei Sang ("Chong") dated 20 June 2014, 15 August 2014 and 24 January 2017 respectively. A remaining RM6.17 million (approximately \$2.03 million) will be payable in cash for the transfer by Chong of 22 new companies.

32. Financial instruments: information on financial risks

32A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

| | Group | | |
|--|----------------------|----------------------|----------------------|
| | 31.12.2018 \$'000 | 31.12.2017 \$'000 | 01.01.2017 \$'000 |
| <u>Financial assets:</u> | | | |
| Financial assets at amortised costs | 216,789 | 204,799 | 191,461 |
| Financial assets at fair value through profit or loss | 5,471 | 5,471 | - |
| | 222,260 | 210,270 | 191,461 |
| <u>Financial liabilities:</u> | | | |
| Financial liabilities at amortised costs | 191,087 | 177,675 | 154,636 |
| Financial liabilities at fair value through other comprehensive income | 606 | - | - |
| | 191,693 | 177,675 | 154,636 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

32. Financial instruments: information on financial risks (cont'd)

32A. Categories of financial assets and liabilities (cont'd)

| | Company | | |
|---|---------------|---------------|---------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Financial assets:</u> | | | |
| Financial assets at amortised costs | 20,925 | 20,162 | 18,049 |
| Financial assets at fair value through profit or loss | 5,471 | 5,471 | - |
| | <u>26,396</u> | <u>25,633</u> | <u>18,049</u> |
| <u>Financial liabilities:</u> | | | |
| Financial liabilities at amortised costs | <u>24,013</u> | <u>15,927</u> | <u>8,857</u> |

Further quantitative disclosures are included throughout these financial statements.

32B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief executive officer who monitors the procedures reports to the board.

32C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

32. Financial instruments: information on financial risks (cont'd)

32D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents as disclosed in Note 21 are amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

32E. Liquidity risk - financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2017: 60 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| <u>Group</u> | Less than 1 year \$'000 | 1 - 3 years \$'000 | Total \$'000 |
|--|--|-----------------------------------|-------------------------|
| <u>Non-derivative financial liabilities:</u> | | | |
| <u>31.12.2018:</u> | | | |
| Gross borrowing commitments | 169,587 | 784 | 170,371 |
| Gross finance lease obligations | 12 | 23 | 35 |
| Trade and other payables | 21,868 | - | 21,868 |
| At end of the year | <u>191,467</u> | <u>807</u> | <u>192,274</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

32. Financial instruments: information on financial risks (cont'd)

32E. Liquidity risk - financial liabilities maturity analysis (cont'd)

| <u>Group</u> | Less than 1 year \$'000 | 1 - 3 years \$'000 | Total \$'000 |
|--|--|-----------------------------------|-------------------------|
| <u>Non-derivative financial liabilities:</u> | | | |
| <u>31.12.2017:</u> | | | |
| Gross borrowing commitments | 161,573 | 2,940 | 164,513 |
| Gross finance lease obligations | 11 | 33 | 44 |
| Trade and other payables | 13,837 | - | 13,837 |
| At end of the year | <u>175,421</u> | <u>2,973</u> | <u>178,394</u> |
| <u>01.01.2017:</u> | | | |
| Gross borrowing commitments | 146,494 | 1,523 | 148,017 |
| Gross finance lease obligations | 4 | - | 4 |
| Trade and other payables | 8,293 | - | 8,293 |
| At end of the year | <u>154,791</u> | <u>1,523</u> | <u>156,314</u> |
| <u>Company</u> | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| <u>Non-derivative financial liabilities:</u> | \$'000 | \$'000 | \$'000 |
| <u>Less than 1 year</u> | | | |
| Gross borrowing commitments | 3,033 | 3,029 | 2,087 |
| Trade and other payables | 21,013 | 12,927 | 6,857 |
| At end of the year | <u>24,046</u> | <u>15,956</u> | <u>8,944</u> |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

| <u>Group</u> | 1 - 3 years \$'000 |
|--|-----------------------------------|
| <u>Non-derivative financial liabilities:</u> | |
| <u>31.12.2018:</u> | |
| Net settled: | |
| Interest rate swaps | <u>606</u> |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

32. Financial instruments: information on financial risks (cont'd)

32F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

| | Group | | |
|---|----------------|----------------|----------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities with interest:</u> | | | |
| Fixed rate | 30 | 39 | 3 |
| Floating rate | 169,190 | 163,799 | 146,340 |
| Total at end of the year | <u>169,220</u> | <u>163,838</u> | <u>146,343</u> |

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in Note 24. When considered appropriate, in order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk relating to fixed-interest assets or liabilities and the cash flow risk related to variable interest rate assets and liabilities.

Sensitivity analysis:

| | Group | | |
|--|--------------|--------------|--------------|
| | 31.12.2018 | 31.12.2017 | 01.01.2017 |
| | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities:</u> | | | |
| A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by | <u>1,692</u> | <u>1,638</u> | <u>1,463</u> |

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair values. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

32G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The group and the company is not exposed to significant foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

33. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

| SFRS (I) No. | Title |
|------------------|--|
| SFRS (I) 9 | Financial Instruments |
| SFRS (I) 15 | Revenue from Contracts with Customers |
| | Amendments to, Clarifications to SFRS (I) 15 Revenue from Contracts with Customers |
| SFRS (I) INT 122 | Foreign Currency Transactions and Advance Consideration |

34. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

| SFRS (I) No. | Title | Effective date for periods beginning on or after |
|-----------------|---|--|
| SFRS (I) 16 | Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards) | 1 January 2019 |
| SFRS (I) 1-2 | Improvements (2017) - Amendments: Income Taxes | 1 January 2019 |
| SFRS (I) 1-23 | Improvements (2017) - Amendments: Borrowing Costs | 1 January 2019 |
| SFRS (I) 3 | Improvements (2017) - Amendments: Business Combinations | 1 January 2019 |
| SFRS (I) INT 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements.

For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 29, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries

The listing of and information on the subsidiaries are given below.

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Cost in books of company | | Effective percentage of equity held | |
|--|-----------------------------|----------------|--|-----------|
| | 2018 \$'000 | 2017 \$'000 | 2018 % | 2017 % |
| <u>Held by the company:</u> | | | | |
| MoneyMax Pawnshop Pte. Ltd. ^(a) Singapore Pawn brokerage | 18,014 | 17,014 | 100 | 100 |
| MoneyMax Group Pte. Ltd. ^(a) Singapore Pawn brokerage | 18,477 | 16,477 | 100 | 100 |
| MoneyMax Pte. Ltd. ^(a) Singapore Pawn brokerage | 11,618 | 11,618 | 100 | 100 |
| MoneyMax Express Pte. Ltd. ^(a) Singapore Pawn brokerage | 6,725 | 2,725 | 100 | 100 |
| MoneyMax Jewellery Pte. Ltd. ^(a) Singapore Retail of luxury items | 2,542 | 2,542 | 100 | 100 |
| MoneyMax Credit Pte. Ltd. ^(a) (formerly known as Cash Online Jewellery Pte. Ltd.) Singapore Dormant | 29 | 29 | 100 | 100 |
| MoneyMax Holdings Pte. Ltd. ^(a) (formerly known as MoneyMax Capital Pte. Ltd.) Singapore Investment holding | + | + | 100 | 100 |
| MoneyMax Leasing Pte. Ltd. ^(b) (formerly known as Lady Paris Pte. Ltd.) Singapore Finance leasing (Verity Partners) | 500 | + | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Cost in books of company | | Effective percentage of equity held | |
|---|-----------------------------|----------------|--|-----------|
| | 2018 \$'000 | 2017 \$'000 | 2018 % | 2017 % |
| MoneyMax Assurance Agency Pte. Ltd. ^(d) Singapore Dormant | 25 | - | 100 | - |
| MoneyMax Capital Pte. Ltd. ^(d) Singapore Dormant | + | + | 100 | 100 |
| MoneyMax Pawnshop Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia) | + | + | 100 | 100 |
| MoneyMax Jewellery Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia) | + | + | 100 | 100 |
| Cash Online Sdn. Bhd. ^(c) Malaysia Dormant | + | + | 100 | 100 |
| Lady Paris Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia) | + | + | 100 | 100 |
| <u>Held by MoneyMax Jewellery Pte. Ltd.</u> Vista Jewellery Pte. Ltd. ^(a) Singapore Refurbishment and repair services | | | 60 | 60 |
| <u>Held by MoneyMax Express Pte. Ltd.</u> Ban Joo Pawnshop Pte. Ltd. ^(a) Singapore Pawn brokerage | | | 100 | - |
| <u>Held by MoneyMax Holdings Pte. Ltd.</u> SG e-Auction Pte Ltd ^(a) Singapore Online auction platform | | | 51 | 51 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Effective percentage of equity held | |
|---|--|-----------|
| | 2018 % | 2017 % |
| <u>Held by Cash Online Sdn. Bhd.</u> | | |
| Easimine Group Sdn. Bhd. ^(c) Malaysia Investment holding | 51 | 51 |
| Yong Mei Group Sdn. Bhd. ^(c) Malaysia Investment holding | 51 | 51 |
| Guan Seng Group Sdn. Bhd. ^(c) Malaysia Investment holding | 51 | 51 |
| <u>Held by Easimine Group Sdn. Bhd.</u> | | |
| Easigram Group Sdn. Bhd. ^(c) Malaysia Investment holding | 51 | 51 |
| Easigold Group Sdn. Bhd. ^(c) Malaysia Investment holding | 51 | 51 |
| <u>Held by Easigram Group Sdn. Bhd.</u> | | |
| MS 1 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| MS 2 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| MS 3 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| MS 4 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| MS 5 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| MS 10 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Effective percentage of equity held | |
|---|--|-----------|
| | 2018 % | 2017 % |
| <u>Held by Easigram Group Sdn. Bhd. (cont'd)</u> | | |
| Easigram (Pandan) Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Easigram (Batu Pahat) Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| <u>Held by Easigold Group Sdn. Bhd.</u> | | |
| Pajak Gadai Pure Merit Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Aeon Fountain Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Kedai Pajak Heng Soon Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Poh Heng Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai T&M Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Money Mine Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Malim Maju Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Semabok Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| <u>Held by Yong Mei Group Sdn. Bhd.</u> | | |
| Pajak Gadai Pagoh Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Effective percentage of equity held | |
|---|--|-----------|
| | 2018 % | 2017 % |
| <u>Held by Yong Mei Group Sdn. Bhd. (cont'd)</u> | | |
| Pajak Gadai Hen Teck Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Pasir Gudang Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Rengit Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Simpang Renggam Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |
| Pajak Gadai Senai Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |
| Pajak Gadai Masai Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |
| Pajak Gadai Kulai Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |
| Pajak Gadai Bukit Gambir Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |
| <u>Held by Guan Sang Group Sdn. Bhd.</u> | | |
| Pajak Gadai Bukit Mertajam Sdn. Bhd. ^(c) Malaysia Pawn brokerage | 51 | 51 |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

35. Listing of and information on subsidiaries (cont'd)

| Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors) | Effective percentage of equity held | |
|---|--|-----------|
| | 2018 % | 2017 % |
| <u>Held by Guan Sang Group Sdn. Bhd. (cont'd)</u> | | |
| Pajak Gadai Poh San Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia) | 51 | 51 |
| Pajak Gadai Poh Guan Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia) | 51 | 51 |
| Pajak Gadai Poh Fook Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia) | 51 | 51 |
| Pajak Gadai Poh Mei Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia) | 51 | 51 |
| Pajak Gadai Sungai Petani Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |
| Pajak Gadai Butterworth Sdn. Bhd. ^(c) (acquired on 21 March 2018) Malaysia Pawn brokerage | 51 | - |

+ Amount less than \$1,000.

^(a) Audited by RSM Chio Lim LLP in Singapore, a member firm of RSM International.

^(b) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

^(c) Audited by RSM Malaysia, a member firm of RSM International.

^(d) Unaudited management financial statements at 31 December 2018.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2019

| | |
|-------------------------------|----------------------------------|
| Number of shares issued | : 353,800,000 |
| Class of shares | : Ordinary shares |
| Voting rights | : 1 vote for each ordinary share |
| Number of treasury shares | : Nil |
| Number of subsidiary holdings | : Nil |

DISTRIBUTION OF SHAREHOLDINGS

| Size of shareholdings | No. of shareholders | % | No. of shares | % |
|-----------------------|---------------------|--------|---------------|--------|
| 1 – 99 | 1 | 0.09 | 87 | 0.00 |
| 100 – 1,000 | 140 | 12.50 | 129,300 | 0.03 |
| 1,001 – 10,000 | 520 | 46.43 | 2,580,700 | 0.73 |
| 10,001 – 1,000,000 | 446 | 39.82 | 32,681,100 | 9.24 |
| 1,000,001 and above | 13 | 1.16 | 318,408,813 | 90.00 |
| Total | 1,120 | 100.00 | 353,800,000 | 100.00 |

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 19 March 2019, approximately 13.31% of the total issued shares in the Company was held in the hands of the public as defined in the Catalist Rules. Accordingly, Rule 723 of the Catalist Rules has been complied with.

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of shares | % |
|-----|---|---------------|-------|
| 1 | Money Farm Pte Ltd | 216,507,000 | 61.20 |
| 2 | Lim Yong Guan | 44,370,000 | 12.54 |
| 3 | Lim Yong Sheng | 38,280,000 | 10.82 |
| 4 | Lim Liang Eng | 4,350,000 | 1.23 |
| 5 | Citibank Nominees Singapore Pte Ltd | 3,249,000 | 0.92 |
| 6 | CGS-CIMB Securities (Singapore) Pte Ltd | 2,468,413 | 0.70 |
| 7 | DBS Nominees Pte Ltd | 1,716,400 | 0.49 |
| 8 | Lim Liang Cheng | 1,571,400 | 0.44 |
| 9 | Tan Yang Hong | 1,500,000 | 0.42 |
| 10 | Khoo Hang Choong | 1,250,000 | 0.35 |
| 11 | Lew Tuan Tat | 1,089,100 | 0.31 |
| 12 | Maybank Kim Eng Securities Pte. Ltd. | 1,036,500 | 0.29 |
| 13 | Tan Yong Jin | 1,021,000 | 0.29 |
| 14 | Poh Boon Kher Melvin (Fu Wenke Melvin) | 932,000 | 0.26 |
| 15 | Kok Sip Chon | 926,500 | 0.26 |
| 16 | UOB Kay Hian Pte Ltd | 833,600 | 0.24 |
| 17 | Lee Mee Ing | 815,000 | 0.23 |
| 18 | Ng Siew Hwa | 640,100 | 0.18 |
| 19 | Tuah Pei Koon | 626,900 | 0.18 |
| 20 | Goh Chye Heang | 600,000 | 0.17 |
| | Total | 323,782,913 | 91.52 |

STATISTICS OF SHAREHOLDINGS

As at 19 March 2019

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

| Name of shareholders | Direct interest | | Deemed interest | |
|--|-----------------|-------|-----------------|-------|
| | No. of shares | % | No. of shares | % |
| Money Farm Pte. Ltd. ⁽¹⁾ | 216,507,000 | 61.20 | - | - |
| Lim Yong Guan ^{(2), (3), (4)} | 44,370,000 | 12.54 | 218,007,000 | 61.62 |
| Lim Yong Sheng ^{(3), (4)} | 38,280,000 | 10.82 | 216,507,000 | 61.20 |
| Lim Liang Eng ^{(3), (4)} | 4,350,000 | 1.23 | 216,507,000 | 61.20 |

Notes:

- (1) Money Farm Pte. Ltd. is an investment holding company. All of the equity interest in Money Farm Pte. Ltd. is collectively held by Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.
- (2) Lim Yong Guan is deemed interested in the 1,500,000 shares held by his spouse, Tan Yang Hong, by virtue of Section 164 (15) of the Companies Act, Chapter 50 of Singapore.
- (3) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are siblings.
- (4) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng and their associates are entitled to exercise all the votes attached to the voting shares in Money Farm Pte. Ltd. As such, pursuant to Section 4 of the Securities and Futures Act, each of them is deemed to be interested in the shares which Money Farm Pte. Ltd. holds in MoneyMax Financial Services Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting ("**Annual General Meeting**") of MoneyMax Financial Services Ltd. (the "**Company**") will be held at 7 Changi Business Park Vista, #01-01 SOOKEE HQ, Singapore 486042 on Tuesday, 30 April 2019 at 10:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 ("**FY2018**") together with the Independent Auditor's Report thereon. Resolution 1
2. To re-elect Mr. Lim Yong Sheng who is retiring in accordance with Article 89 of the constitution of the Company ("**Constitution**"), as a director of the Company ("**Director**"). Resolution 2

Mr. Lim Yong Sheng, if re-elected as a Director, will remain as Non-Executive Director.

[See Explanatory Note (i)]
3. To re-elect Mr. Khua Kian Kheng Ivan who is retiring in accordance with Article 89 of the Constitution, as a Director. Resolution 3

Mr. Khua Kian Kheng Ivan shall, upon re-election as a Director, remain as Chairman of the Nominating Committee and as a member of the Remuneration Committee and the Audit Committee. Mr. Khua Kian Kheng Ivan shall be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").

[See Explanatory Note (ii)]
4. To approve the Directors' fees of S\$185,000 for the financial year ending 31 December 2019, payable quarterly in arrears. Resolution 4
5. To re-appoint Messrs RSM Chio Lim LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without amendments:

6. **Authority to allot and issue shares in the capital of the Company** Resolution 6

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to allot and issue shares ("**Shares**") and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:
 - (i) the aggregate number of Shares and convertible securities to be issued pursuant to this resolution does not exceed 100% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company ("**Shareholders**") does not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (ii) below);

NOTICE OF ANNUAL GENERAL MEETING

- (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (i) above, the percentage of the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time this resolution is passed after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or sub-division of Shares;
- (iii) unless revoked or varied by the Company in a general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

7. **Authority to grant awards and to allot and issue Shares under the MoneyMax Performance Share Plan**

Resolution 7

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, approval be and is hereby given to the Directors to:

- i) offer and grant awards in accordance with the provisions of the MoneyMax Performance Share Plan ("**Plan**"); and
- ii) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time;

and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Detailed information on Mr. Lim Yong Sheng can be found in the Company's annual report 2018. Mr. Lim Yong Sheng is the brother of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and Chief Executive Officer) and Ms. Lim Liang Eng (controlling Shareholder). Mr. Lim Yong Sheng is also a controlling Shareholder. Save as disclosed in the Company's annual report 2018, there are no relationships including family relationships between Mr. Lim Yong Sheng and the other Directors, the Company, and its related corporations, its 10% Shareholders or its officers.
- (ii) Detailed information on Mr. Khua Kian Kheng Ivan can be found in the Company's annual report 2018. There are no relationships including family relationships between Mr. Khua Kian Kheng Ivan and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers.
- (iii) The proposed resolution 6, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this resolution shall not exceed 100% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time of passing this resolution. For allotment and issuance of Shares and convertible securities other than on a pro rata basis to all Shareholders, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.
- (iv) The proposed resolution 7, if passed, will empower the Directors to offer and grant awards and to allot and issue Shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan is limited to 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings).

By Order Of the Board

Goh Hoi Lai
Company Secretary

Date: 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- b) If a proxy is to be appointed, the form must be deposited at the Company's Share Registrar, B.A.C.S Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the Annual General Meeting.
- c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- d) In the case of joint Shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

MONEYMAX FINANCIAL SERVICES LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 200819689Z

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than 2 proxies to attend, speak and vote at the AGM.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notes to this Proxy Form.

I/We* _____ (Name), NRIC/Passport number _____

of _____ (Address)

being a member /members of MoneyMax Financial Services Ltd. (the "**Company**") hereby appoint:

| Name | NRIC/Passport number | Proportion of shareholdings | |
|---------|----------------------|-----------------------------|---|
| | | No. of shares | % |
| Address | | | |

*and/or (delete as appropriate)

| Name | NRIC/Passport number | Proportion of shareholdings | |
|---------|----------------------|-----------------------------|---|
| | | No. of shares | % |
| Address | | | |

or failing whom the Chairman of the annual general meeting ("**AGM**") as *my/our proxy/proxies to vote for *me/us on my/our behalf at the AGM of the Company to be held at 7 Changi Business Park Vista, #01-01 SOOKEE HQ, Singapore 486042 on Tuesday, 30 April 2019 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

| No. | ORDINARY BUSINESS | Number of votes for ⁽¹⁾ | Number of votes against ⁽¹⁾ |
|-----|---|------------------------------------|--|
| 1 | To receive and consider the Audited Financial Statements, the Directors' Statement and the Independent Auditor's Report for the financial year ended 31 December 2018 | | |
| 2 | To re-elect Mr. Lim Yong Sheng as Director | | |
| 3 | To re-elect Mr. Khua Kian Kheng Ivan as Director | | |
| 4 | To approve Directors' fees of S\$185,000 for financial year ending 31 December 2019, payable quarterly in arrears | | |
| 5 | To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company | | |
| 6 | To authorise the Directors to allot and issue shares in the capital of the Company | | |
| 7 | To authorise the Directors to grant awards and to allot and issue shares in accordance with the MoneyMax Performance Share Plan | | |

(1) If you wish to exercise all your votes "For" or "Against" the resolution, please tick [✓] within the box provided. Alternatively, if you wish to exercise your votes both "For" or "Against" the relevant resolution, please indicate the number of shares in the relevant boxes provided.

* delete where inapplicable

Dated this _____ day of _____ 2019

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

| | |
|----------------------------|---------------|
| Total number of Shares in: | No. of Shares |
| (a) CDP Register | |
| (b) Register of Members | |



NOTES :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all shares held by you.
2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint 1 or 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than 2 proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than 2 proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:-

- a) A banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - c) The Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with at subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
 6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, B.A.C.S Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the AGM.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such as person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
 9. An investor who buys shares using SRS monies may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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MONEYMAX FINANCIAL SERVICES LTD.

(Incorporated in the Republic of Singapore on 9 October 2008)
Company Registration No. 200819689Z

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