MONEYMAX 銀豐

MONEYMAX FINANCIAL SERVICES LTD.

Professional Expertise

Pawnbroking & Retail Services

Innovative Digital Transformation

Annual Report **2019**

WHO WE ARE

Revenue (S$'000)

182,242

Profit Before Tax (S$'000)

12,620

Net Asset Value (S$'000)

83,530

Profit Net Of Tax (S$'000)

9,566

Earning Per Share (cents)

2.40

MoneyMax Financial Services Ltd. and its group of companies is a leading pawnbroker, retailer and trader of brand-new and pre-owned jewellery, luxury bags and timepieces, as well as a service provider for automotive financing. Headquartered in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), we have a network of 71 outlets in Singapore and Malaysia, making us one of the largest pawnbroking chains in the region.

This annual report has been prepared by MoneyMax Financial Services Ltd. (the "Company") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This annual report has not been examined or approved by the SGX-ST. 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

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.

MoneyMax Financial Services Ltd. ("**MoneyMax**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a leading pawnbroker, retailer and trader of brand-new and pre-owned luxury items. Since establishing its first store in 2008, the Group has evolved and expanded its network to 71 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 gold and jewellery in addition to pre-owned offerings. 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 in 2018.

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 providing a one-stop solution for automotive ownership services through MoneyMax Leasing and MoneyMax Assurance Agency.

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. MoneyMax is proud to be named by The Straits Times as one of "Singapore's Fastest Growing Companies 2020".

CHAIRMAN STATEMENT

MESSAGE FROM EXECUTIVE CHAIRMAN AND CEO

It is a year of results built on the foundation of work ethics and an ability to execute, and their efforts will undoubtedly lay the foundation for the long term growth of the Group in the future.

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 2019 ("**FY2019**").

Performance Review

We faced a challenging year in FY2019 as the Group operated in a dynamic environment with significant headwinds such as the US-China trade tensions, gold price and interest rates volatility, intense international and local competition and weaker consumer sentiments in general.

Notwithstanding these events, FY2019 was in many aspects a stellar year for the Group. The Group registered higher revenue of S$182.2 million in FY2019, an increase of S$35.7 million or 24.4% from S$146.5 million for the financial year ended 31 December 2018 ("**FY2018**"). This was mainly due to an increase in revenue across all business segments in both Singapore and Malaysia. **Total comprehensive income attributable to owners of the Company was S$8.5 million, an increase of 89.7% from S$4.5 million in FY2018.**

The Group remains committed to delivering consistent and sustainable financial results to our shareholders. As such, business diversification, brand building, market expansion and cost management remain high on the Group's corporate agenda as we seek to entrench our position as leasing financial services provider and retailer.

As at the date of the annual report, the Group, with 43 outlets in Singapore and 28 outlets across Malaysia, remains as one of the largest pawnbroking chains in both countries. The Group continues to seek business opportunities and capitalise on its regional network to strategically position itself in markets that will provide it with long term growth.

Product and Service Innovation

As a leading provider of financial services and retailer of luxury products, the Group constantly seeks to innovate and increase our value proposition to our customers. The customer centric ethos of the Group places the needs of our clientele base and our service standards at its core as we continuously seek to refine our product and service offerings to maintain the Group's competitive advantage in its industries.

Value creation is a key driver for our businesses. In line with our long term strategy, the Group strived to enhance its brand equity on an international stage through partnerships and collaborations with global brands. Riding on the global wave of the popularity of the Peppa Pig series for instance, the Group attained an exclusive license to design, manufacture and retail Peppa Pig styled jewellery in our stores. A first-of-its kind in the ASEAN region, the Peppa Pig series is a prime example of how a strong global partnership, coupled with a keen awareness of prevailing consumer trends, allows the Group to reach and connect with younger customer demographics.

The Group made a concerted effort in FY2019 to invest significant resources in upgrading our existing capabilities on the Group's digital transformation roadmap. In 2018, the Group launched an online platform for our pawnbroking customers to renew their pawn tickets without having to visit our stores physically. As at end 2019, we continue to see a significant uptake in our e-Renewal services as the Group expands the payment options available. The Group also placed a heavy emphasis on its digital marketing and customer relations management systems with the aim of providing seamless, on demand services to our customers.

We will continue to evolve strategically to meet the demands of an ever dynamic consumer landscape.

The Group has devoted itself to streamline our e-store and online platforms with the aim of making our online presence as intuitive as possible for our customers. There is also a need for the Group to continually capture fresh consumer segments, as such we moved into popular online marketplaces such as Shopee and Lazada, widening our brand reach in the process. With the advent of the Group's O2O (Online to Offline) retail, as well as the strength of our traditional brick and mortar stores, we remain committed to maintain our service quality, while maximising value for our customers. Moving forward, the Group will continue to embrace new technologies and work towards further optimising our operational efficiency and maximising convenience for our customers.

In 2019, the Group made the decision to move into the automotive financing industry on the back of a growing demand from motor vehicle owners from emerging online marketplaces. With a myriad of financial solutions available to both vehicle owners and car dealers, and a recognition of being a reputable financial services provider, this new business unit quickly established itself as a premier one-stop automotive financial solutions provider in Singapore.

Synergistic businesses allow the Group to achieve growth quickly by tapping on our existing infrastructure. With this in mind, the Group concurrently set up its insurance agency arm, MoneyMax Assurance Agency, to offer motor and general insurance services to our existing customers as well.

The hard work of hundreds of colleagues at MoneyMax has resulted in a fiscal year that we can be proud of. It is a year of results built on the foundation of work ethics and an ability to execute, and their efforts will undoubtedly lay the foundation for the long term growth of the Group in the future.

Enhancing Brand Equity and Giving Back to the Society

Our focus on sustainable long term growth drives the Group's strategic decisions to create value for

our stakeholders through enhancing our brand equity and innovation across our businesses. The Group is pleased to be listed as one of "Singapore's Fastest Growing Companies 2020" by the Straits Times in January 2020. The recognition is an affirmation of the Group's dedication towards creating a brand that is trusted and professional, as well as the Group's ability to adapt and to pursue opportunities as they arise throughout the years.

The Group remains keenly aware of its role as a responsible corporate citizen and to be responsive to the needs of the wider communities in which we are involved in. The Group for instance, participated in a year-long community based project to reach out to underprivileged families in a bid to provide them with regular household items.

Outlook on 2020

With Covid-19 affecting the global economy on an unprecedented scale, we foresee 2020 to be another challenging and uncertain year. We expect consumer sentiment to remain generally lacklustre.

Faced with such uncertainties, the Group will continue to focus on providing sustainable growth to our stakeholders by prioritising cost management, digital transformation, driving new service innovations and business offerings.

Despite the challenges, we will continue to diligently invest in staff training, brand enhancement and work process efficiencies so as to prime the Group for the next phase of growth.

In all our endeavours, we shall act cautiously and remain vigilant to the risks we take, whilst investing in our future strategic plans and look for opportunities to capitalise and grow in these challenging times.

On behalf of the Board, I would like to thank our management team and staff at MoneyMax for their continued dedication and contribution towards driving our business. I would also like to express my heartfelt appreciation to our business associates, partners, shareholders and customers for their continued support throughout the year. As we progress into the new fiscal year, let us look forward to a better 2020.

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

EXPANSION AND GROWTH BEYOND SINGAPORE

MONEYMAX

One of the largest pawnbroking chains with a network of 71 outlets in Singapore and Malaysia.

SG e-Auction

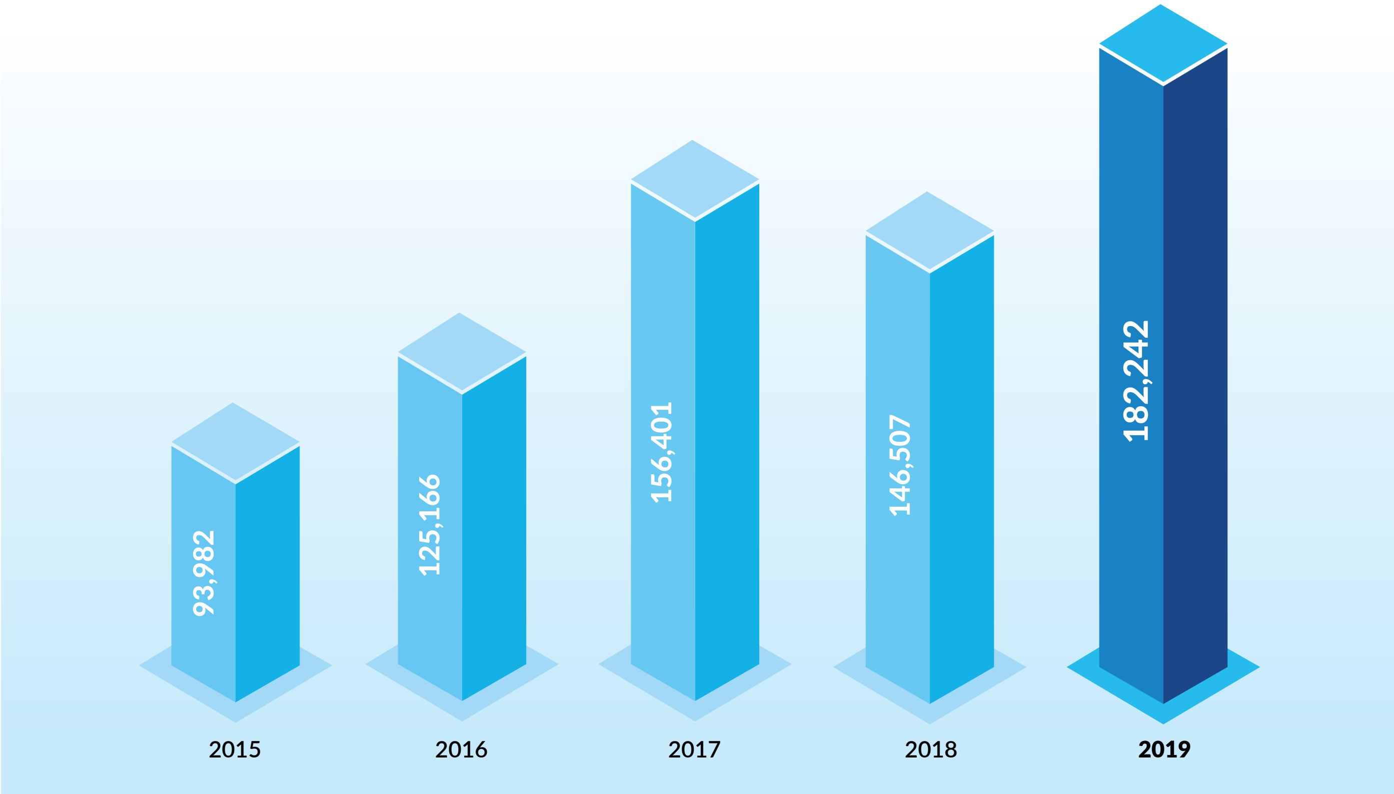
Singapore's first LIVE B2B online auction platform focusing on luxury branded merchandise, gold and diamond goods.

FINANCIAL LEASING

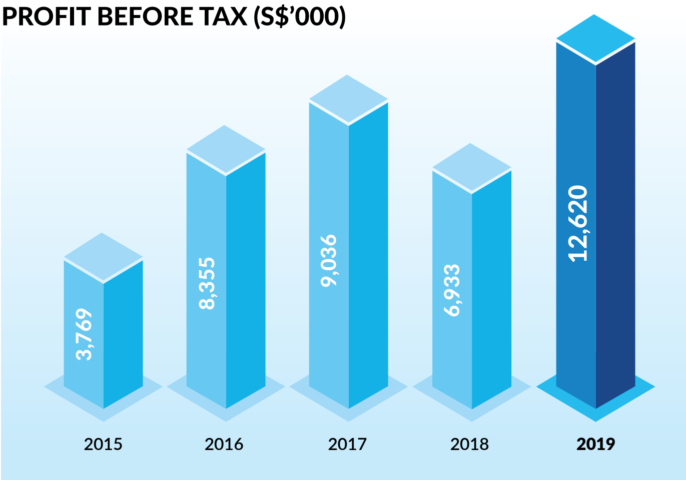
MoneyMax makes foray into the PRC with joint venture to provide financial leasing services in Chongqing.

FINANCIAL HIGHLIGHTS

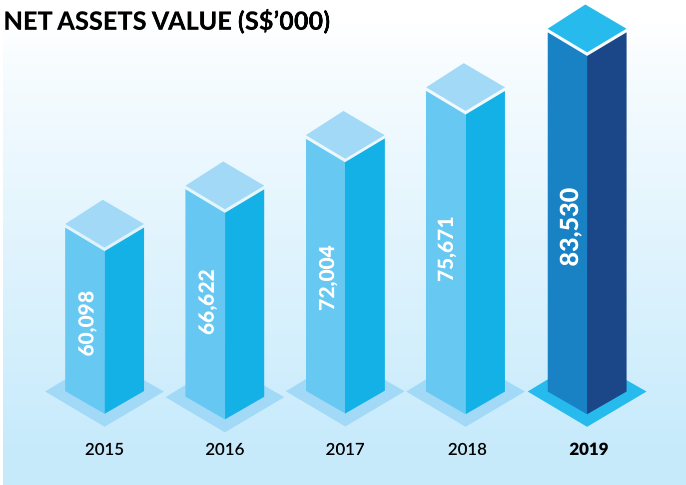
REVENUE (S$'000)



PROFIT BEFORE TAX (S$'000)



NET ASSETS VALUE (S$'000)



Key Financial Information (S$'000)

Year	2015	2016	2017	2018	2019
Revenue	93,982	125,166	156,401	146,507	182,242
Profit before tax	3,769	8,355	9,036	6,933	12,620
Profit net of tax	3,098	6,506	7,288	5,490	9,566
Net asset value	60,098	66,622	72,004	75,671	83,530
Earnings per share (cents)	0.88	1.76	1.93	1.41	2.40

CORPORATE INFORMATION

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

FINANCIAL & OPERATIONAL REVIEW

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated group revenue increased by 24.4% from S$146.5 million in FY2018 to S$182.2 million in FY2019 due mainly to increase in revenue in all business segments, mainly comprising retail and trading of luxury items, pawnbroking and auto financing segments. Other gains remained consistent at S$1.0 million for FY2018 and FY2019.

Material costs increased by 28.1% from S$99.6 million in FY2018 to S$127.6 million in FY2019. The increase in material costs was generally in line with the increase in revenue from the retail and trading of pre-owned items segment in FY2019. Employee benefits expense remained consistent at S$16.1 million for FY2018 and FY2019.

Depreciation and amortisation expenses increased by 351.8% from S$2.6 million in FY2018 to S$11.8 million in FY2019. This increase was mainly due to the depreciation of right-of-use assets arising from the adoption of SFRS(I)16 Leases.

Finance costs increased by 26.8% from S$6.3 million in FY2018 to S$8.0 million in FY2019. The increase was due to accounting for interest of S$0.5 million on lease liabilities arising from the adoption of SFRS(I)16 Leases and increased utilisation of bank facilities for the Group's operational cash requirements as well as expansion into vehicle financing.

Other losses increased by 78.6% from S$0.2 million in FY2018 to S$0.4 million in FY2019 due mainly to losses on disposal of fixed assets resulting from rationalisation of outlet locations and closures for FY2019 and an increase in foreign exchange losses in FY2018.

Other expenses decreased by 57.5% from S$15.7 million in FY2018 to S$6.7 million in FY2019. This is due mainly to the reclassification of rental expenses to depreciation of rights-of-use assets and interest adjustment arising from the adoption of SFRS(I)16 Leases, partially offset by an increase in other expenses. As a result of the above, profit before tax increased by 82.0% from S$6.9 million in FY2018 to S$12.6 million in FY2019.

Consolidated Statement of Financial Position

Non-current assets increased by 179.8% from S$14.6 million as at 31 December 2018 to S$40.9 million as at 31 December 2019. The increase was mainly attributable to (i) an increase in right-of-use assets of S$12.0 million pertaining to the Group's leases arising from the adoption of SFRS(I)16 Leases, (ii) an increase of non-current other assets of S$1.4 million, and (iii) an increase in trade and other receivables, non-current of S$14.9 million, mainly from auto financing business. The increase was partially offset by the decrease in book value of fixed assets of S$1.9 million and amortisation of intangible assets of S$0.2 million.

Current assets increased by 4.6% from S$255.9 million as at 31 December 2018 to S$267.6 million as at 31 December 2019. This was mainly due to (i) an increase in trade and other receivables of S$12.8 million mainly arising from an increase in pledged loans extended to customers, and (ii) an increase in cash and cash equivalents of S$0.8 million. The increase was partially

offset by (i) a decrease in inventories of S$1.6 million mainly due to the improvement in inventories management, and (ii) a decrease in other assets of S$0.2 million.

Non-current liabilities increased by S$17.8 million from S$0.8 million as at 31 December 2018 to S$18.6 million as at 31 December 2019. This was due to increased drawdown of bank facilities of S$11.8 million and the recognition of non-current portion of lease liabilities arising from the adoption of SFRS(I)16 Leases of S$5.9 million.

Current liabilities increased by 6.4% from S$194.0 million as at 31 December 2018 to S$206.3 million as at 31 December 2019. This was mainly due to (i) an increase in lease liabilities of S$6.5 million as a result of the adoption of SFRS(I)16 Leases, (ii) an increase in trade and other payables of S$3.6 million, (iii) an increase in other financial liabilities of S$0.9 million from increased drawdown of bank facilities, (iv) an increase in income tax payable of S$1.0 million, and (v) an increase in other liabilities of S$0.2 million.

Equity attributable to owners of the Company increased by 9.4% from S$72.1 million as at 31 December 2018 to S$78.8 million as at 31 December 2019. The increase was mainly due to total comprehensive income attributable to owners of the Company of S$8.5 million for FY2019, offset by interim dividends paid in relation to FY2019 of S$1.8 million.

Consolidated Statement of Cash Flows

Net cash generated from operating activities before changes in working capital in FY2019 was S$33.0 million.

Net cash used in working capital amounted to S$22.0 million. This was mainly due to an increase in trade and other receivables of S$27.3 million, partially offset by (i) a decrease in inventories of S$1.6 million, (ii) a decrease in other assets of S$0.2 million, (iii) an increase in trade and other payables of S$3.6 million, and (iv) an increase in other liabilities of S$0.2 million. Net cash generated from operating activities amounted to S$9.1 million after deducting income tax paid of S$1.8 million.

Net cash used in investing activities amounted to S$1.9 million, mainly due to purchase of plant and equipment in relation to our expansion in existing and new businesses and increase in other assets relating to the exercised option to purchase two properties in Lucky Plaza, partially offset by amount received for government grant related to fixed asset purchase.

Net cash used in financing activities of S$3.8 million was mainly due to dividends paid, interest paid, repayment of lease liabilities and bank borrowings of S$1.8 million, S$8.0 million, S$9.4 million and S$13.2 million respectively, partially offset by an increase in new bank borrowings of S$28.6 million.

As a result of the above, there was a net increase of S$3.4 million in cash and cash equivalents from a net cash balance of S$5.2 million as at 31 December 2018 to S$8.6 million as at 31 December 2019.

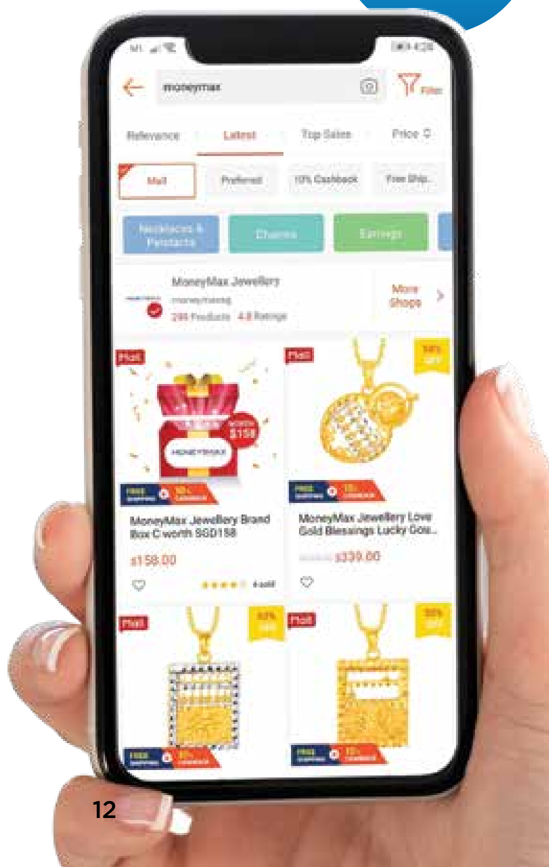
2019 HIGHLIGHTS

New Business Developments

Launch of MoneyMax Leasing and MoneyMax Assurance Agency

MoneyMax launched a professional automotive financing hub to offer a one-stop solution for car owners with its smart financing and hassle free service. Its financial services include COE renewal , new and used car financing to help automotive customers with their vehicle ownership needs. The Group has also taken a huge step forward into its new business venture, Moneymax Assurance Agency. This new business targets at our customers who are looking for extensive range of insurance coverage for their motor, home and travel needs.

Digitalisation & Growing Online Presence



Expansion Into New Online Marketplaces

MoneyMax aimed to engage and reach out to newer and younger audiences via our expansion into online marketplaces such as Shopee and Lazada, as well as our own MoneyMax e-Store. Over the months, we have seen a significant growth in our online sales and we have been gaining new customers each month. We see the opportunity in this area, and moving forward, we will continue to grow our presence in these platforms.

Exciting Events & Activities

Customer Engagement Programmes

MoneyMax organised various customer engagement activities such as lucky draw campaigns, giving our customers a chance to win cash bi-weekly. We also held birthday celebrations for our customers at selected stores to show our appreciation to them on their special day. For our new Peppa Pig collection, we also organised an island-wide colouring contest to engage with children of all ages. These various activities gave us the opportunity to reward our customers and to show them how much we value their support.

Innovative Product Development

Launch of Auspicious & Prosperity Collection

MoneyMax introduced a wide range of auspicious symbols of good fortune, happiness and bliss in our gold jewellery designs. These include multi-coloured abacus pendants and earrings, lucky charms and an elegant prosperity fish collection. These symbolic designs proved to be popular with our customers as gifts or for their own daily wear.

BOARD OF DIRECTORS

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

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 instrumental 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 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 30 April 2019.

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 Ltd., 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 Ltd., 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, Lead Independent Director

Mr. Ng Cher Yan was appointed Lead Independent Director of the Company 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 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 of Bull Will Co. Ltd., a company listed in Taiwan. In the preceding 3 years, Mr Ng was an Independent Director of Mermaid Maritime Public Co Ltd which is listed on the SGX-ST.

Mr. Ng holds a Bachelor of Accountancy degree 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. Khua Kian Kheng, Ivan, Independent Director

Mr. Khua Kian Kheng, Ivan was appointed Independent Director of the Company on 27 June 2013. He was last re-elected as Independent Director on 30 April 2019. 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.

Mr. Foo Say Tun, Independent Director

Mr. Foo Say Tun was appointed Independent Director of the Company on 27 June 2013. He is also currently the Chief Executive Officer of ZWEEC Analytics Pte. Ltd. He was last re-elected as Independent Director on 28 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 currently serves as an Independent Director on the board of Fu Yu Corporation Limited, a SGX-listed company. He was previously the Non-Executive Chairman and Independent Director of Jubilee Industries Holdings Ltd, and an Independent Director of Qingmei Group Holdings Limited and Sino Techfibre Limited, all SGX - listed companies.

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.

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

MANAGEMENT TEAM

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 annual report)

Mdm. Tan Yang Hong, Chief Operating Officer

Mdm. Tan Yang Hong was appointed the Chief Operating Officer of the Group 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 SK Jewellery Group Ltd. 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 SK Jewellery Group Ltd. from 1991 to 2012. She holds a Diploma in Chemical Process Technology from the Singapore Polytechnic.

Mr. Lim Chun Seng, Head – Auto Financing Operations

Mr. Lim Chun Seng joined the Group in June 2018 as an Assistant Business Development Manager and helped to develop the auction business as well as support initiatives for pawnbroking and jewellery segments. With the establishment of Auto Financing Operations in 2019, he was appointed Head – Auto Financing Operations on 1 July 2019. He is responsible for the management of the auto financing division, including overseeing the division's daily operations, recruitment and branding.

Mr. Lim graduated with a Bachelor of Laws from University of Birmingham.

Ms. Lee Su Yi, Assistant Financial Controller

Ms. Lee Su Yi joined the Group on 28 November 2015 and was appointed as Assistant Financial Controller on 1 May 2019. She is currently overseeing the finance and accounting matters for the Group. Prior to joining the Group, she was an Audit Manager with RSM Chio Lim LLP from 2013 to 2015. Ms. Lee holds a Bachelor of Accountancy from the Nanyang Technological University. She is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants.

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 2018 (the "**Code**").

The Board is pleased to report on the compliance of the Group with the Code, where appropriate. 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 Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board comprises:

Dato' Sri Dr. Lim Yong Guan, Executive Chairman and Chief Executive Officer ("**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 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 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;
- Considers sustainability issues as part of its strategic formulation; 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. Any director facing conflicts of interest would recuse himself from discussion and decision involving the issue of conflict.

CORPORATE GOVERNANCE REPORT

The Board 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**"). These Board Committees operate under clearly defined terms of reference. 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 remains with the Board.

The management keeps the Directors updated on relevant 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 with continual development through relevant training courses, seminars and workshops as relevant and/or applicable, at the Company's expense. The Executive Chairman and CEO updates the Board on the business and strategic developments of the Group.

New incoming Directors are briefed on the Group's business, strategies, operations, organisation structures and governance practices to enable them to integrate 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 Catalist Rules. Newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

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.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2019 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	4	-	-	-
Mr. Lim Yong Sheng	4	-	-	-
Mr. Ng Cher Yan	4	4	1	1
Mr. Khua Kian Kheng Ivan	4	4	1	1
Mr. Foo Say Tun	4	4	1	1

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;
- Annual 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.

CORPORATE GOVERNANCE REPORT

All Directors are required to declare their board representations. Given their full attendance at all the board and committee meetings, the Board is satisfied that the Directors are able to devote sufficient time and attention to the affairs of the Group.

The management ensures the provision 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 "**Company Secretary**");
- the external auditor (the "**External Auditor**");
- the internal auditor (the "**Internal Auditor**"); and
- other professional parties (where relevant).

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

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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 is also the CEO, Independent Directors make up a majority of the Board in accordance with recommendation of the Code.

The Independent Directors have each confirmed that they are independent in conduct, character and judgement and have no relationship with the Company, its related corporations, its substantial 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 Company.

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.

CORPORATE GOVERNANCE REPORT

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. The Chairman of such meetings would provide feedback to the Executive Chairman and CEO and the Non-Executive Director after such meetings, whenever applicable

Principle 3: Chairman and CEO

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 Executive Chairman and CEO of the Group. 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. In addition, all major proposals and decisions made by the Executive Chairman and CEO are discussed, reviewed and approved by the Board.

Further, 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.

The Board has appointed an Independent Director, Mr. Ng Cher Yan, as the Lead Independent Director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director will be available to Shareholders where they have concerns and for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises 3 members, all of whom, including the NC Chairman, are Independent Directors. The Lead Independent Director is a member of the NC.

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, review of training and professional development programs for the Board and evaluating the performance of the Board, the Board Committees and each Director.

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

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

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 and working experience;

- 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.

Key information regarding the Directors such as date of first appointment, date of last re-appointment, directorships or 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.

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 (if any).

No Director has appointed an alternate director in FY2019.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 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 FY2019 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 the Executive Chairman and CEO as well as of each Director to the performance and effectiveness of the Board and Board Committees.

The NC may engage an external facilitator in conducting the assessment of the performance of the Board and the Board Committees. For FY2019, the NC did not engage any external facilitator.

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises 3 members all of whom, including the RC Chairman, are Independent Directors.

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 FY2019, the RC did not engage any external remuneration consultant.

CORPORATE GOVERNANCE REPORT

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 key management personnel'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 and ensure that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Group and key management personnel to successfully manage the Group for the long term.

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

For FY2019, 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 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 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.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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, variable 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 variable 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.

CORPORATE GOVERNANCE REPORT

Details on the remuneration of Directors and key management personnel for FY2019 are presented below.

Remuneration of Directors for FY2019

Remuneration band	Directors' fee	Salary(1)	Benefits-in-kind	Bonus(1)	Total
S$1,000,000 to $1,250,000					
Dato' Sri Dr. Lim Yong Guan	10.4%	40.1%	1.5%	48.0%	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 FY2019

Remuneration band	Salary(1)	Benefits-in-kind	Bonus(1)	Total
S$500,000 to $750,000				
Mdm. Tan Yang Hong	45.4%	4.8%	49.8%	100.0%
Up to S$250,000				
Mdm. Lim Liang Soh	71.8%	6.7%	21.5%	100.0%
Mr. Wee Sung Leng(2)	82.1%	-	17.9%	100.0%

Notes:

(1) Inclusive of employer provident funds. Bonus for the Executive Director included profit sharing in accordance with the terms of the service agreement.
(2) Mr. Wee Sung Leng resigned as the Chief Financial Officer of the Group on 6 June 2019.

The aggregate remuneration paid to the Group's key management personnel (who are not Directors or the CEO) in FY2019 was approximately S$924,000.

No compensation was paid or is to be paid in the form of share awards to the Directors and key management personnel in FY2019. There were no termination, retirement or post-employment benefits granted to the Directors and key management personnel in FY2019.

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.

CORPORATE GOVERNANCE REPORT

The names and breakdown of the total remuneration of employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder and whose remuneration exceeds S$100,000 in FY2019 are set out below:

Name	Remuneration for FY2019
Mdm. Lim Liang Keng(1)	Between S$100,001 and S$200,000
Ms. Lau Wan Lin Elim(2)	Between S$100,001 and S$200,000

Notes:

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

Save as disclosed above, there is no other employee who a substantial Shareholder, or is an immediate family member of a Director, the CEO or a substantial Shareholder and whose remuneration exceeded S$100,000 during FY2019.

The Company has implemented the PSP which is employed as a long-term incentive in the remuneration of the Executive Chairman and CEO, the Directors and employees, 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 employees 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. Since the inception of the PSP, no awards have been granted.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board determines the nature and extent of the significant risks that it is prepared to accept in achieving the Group's strategic objectives and value creation. In this regard, major strategic decisions are deliberated by the Board to ensure that identifiable risks are adequately managed.

The Board is responsible for the governance of risk and recognises the importance of maintaining a sound system of internal controls and risk management 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 internal controls and risk management 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 AC and the management, the Board confirms that the internal controls (including financial, operational, compliance and IT controls) and risk management systems are effective and adequate for FY2019. The AC concurs with the Board's comments.

The Board has also received assurances from the Executive Chairman and CEO and the Assistant Financial Controller ("**AFC**") 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, and the Group's 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 Group 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 10: Audit Committee

The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises 3 members all of whom, including the AC Chairman, are Independent Directors.

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, reviewing the assurance from the CEO and AFC on the financial records and financial statements, the adequacy, effectiveness, independence, scope and results of its external audit and its internal audit function which is currently outsourced to the Internal Auditor, regulatory compliance matters, 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 on a quarterly basis.

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

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 FY2019.

The internal audit function of the Group has currently been outsourced to an external professional firm, Nexia TS Risk Advisory Pte. Ltd. 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.

The Internal Auditor has confirmed its independence to the AC. The AC is satisfied that the Internal Auditor is adequately resourced and is staffed with persons with the relevant qualifications and experience. The internal audit is carried out according to 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 FY2019.

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 AC reviews the independence of the External Auditor annually and evaluates the performance of the External Auditor, taking into consideration the Audit Quality Indicators disclosure provided by the External Auditor. The AC is satisfied that based on the nature and extent of non-audit service provided to the Group by the External Auditor in FY2019, 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 2020. A breakdown of the fees for audit and non-audit services payable to the External Auditor in respect of FY2019 is set out in the Notes to the Financial Statements on page 67 of this annual report. The non-audit fees relate to corporate secretarial and tax advisory fees.

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, 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 receives 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 FY2019.

Principle 11: Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are invited to participate effectively in and vote at the annual general meeting held by the Company. 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 Board ensures that there are separate resolutions at general meetings on each distinct issue. Separate resolutions are proposed for substantially separate issues at Shareholders' meetings for approval. "Bundling" of resolutions is done only where the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of the meeting.

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.

Voting in absentia such as voting via email, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of Shareholders through the web is not compromised.

All Directors, including the chairpersons of the Board, the AC, the NC and the RC, as well as the AFC, 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. All Directors have attended the annual general meeting held in FY2019.

CORPORATE GOVERNANCE REPORT

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. The Company is proposing a final tax exempt one-tier dividend of S$0.005 per share for the approval of Shareholders at the forthcoming AGM.

The Company will publish the minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and management.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company engages stakeholders through various channels to understand and address stakeholder concerns and feedback to manage stakeholder expectations and align the Company's interests.

The Company has identified our customers, our investors, our employees, our business partners, regulatory authorities and our community as our key stakeholders. The Company has identified material environmental, social and governance factors which are assessed to have significance on the Company's business processes. Further details will be disclosed in a sustainability report to be published by the Company by end of May 2020. The Board reviews these factors annually. The Company addresses these factors in its sustainability report.

The Company welcomes feedback from its stakeholders with regards to the Company's sustainability efforts. The stakeholders may send feedback to the Company at: enquiry@moneymax.com.sg.

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 half-year and full year results financial statements. 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.

CORPORATE GOVERNANCE REPORT

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2019.

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 FY2019 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules) S$'000
Purchases of pre-owned jewellery	
SK Jewellery Group Ltd. and its subsidiaries (the "**SK Group of Companies**")	108
Sin Lian Pawnshop Pte. Ltd.	106
Sales of products	
SK Group of Companies	180
Central support services	
SK Group of Companies	312
Rental expenses	
SK Group of Companies	311
SK Properties Pte. Ltd.	870
Soo Kee Investment Pte. Ltd.	554
Sin Lian Pawnshop Pte. Ltd.	12
Interest payable/paid	
Soo Kee Capital Pte Ltd	49
Money Farm Pte Ltd	40
Lim Yong Guan	304
Lim Yong Sheng	107
Total	**2,953**

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save for those previously disclosed in the Offer Document and the service agreement, 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 FY2019 or, if not then subsisting, entered into since the end of FY2018.

CORPORATE SOCIAL RESPONSIBILITY

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

During FY2019, 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), Migrant Workers' Assistance Fund (a non-government organisation which assists with the well-being of migrant workers in Singapore), Sikh Welfare Council (an association promoting overall community policies in respect of welfare services in Singapore), Radin Mas Citizens' Consultative Committee Community Development and Welfare Fund ("**Radin Mas CCC CDWF**").

The Company also participated in the second year of Project Sayang, a goodwill initiative organized by Radin Mas CCC CDWF. During Project Sayang, employees of the Group 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 2019, we are focusing our efforts on anti-corruption and anti-money laundering policies, energy management, diversity and equal opportunity, training and education and customers' privacy. The Company will publish its sustainability report for FY2019 by end of May 2020.

Information on 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:

Details	**Name of Director**	**Name of Director**
	Ng Cher Yan	**Foo Say Tun**
Date of Appointment	27 June 2013	27 June 2013
Date of last re-appointment (if applicable)	26 April 2017	24 April 2018
Age	61	54
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. Ng Cher Yan as Lead Independent 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. Foo Say Tun as Independent Director

CORPORATE GOVERNANCE REPORT

Details	Name of Director	Name of Director
	Ng Cher Yan	**Foo Say Tun**
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 - Chairman, Audit Committee - Member, Nominating Committee - Member, Remuneration Committee	- Board Member - Chairman, Remuneration Committee - Member, Nominating Committee - Member, Audit Committee
Professional qualifications	- Bachelor of Accountancy degree from National University of Singapore - Chartered Accountants, Australia - Fellow member of the Institute of Singapore Chartered Accountants - Member of the Institute of Chartered Accountants in Australia	- Bachelor of Laws degree from University of East Anglia (UK) - Admission to Middle Temple (UK) as a Barrister-at-Law
Working experience and occupation(s) during the past 10 years	2009 to present - Partner with Plus LLP	2009 to present - Lawyer practicing civil litigation, arbitration and corporate law January 2020 to present - CEO of ZWEEC Analytics Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 25,000 shares in the Company	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	None	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) or Appendix 7H (Catalist Rule 704(6))	Yes	Yes

CORPORATE GOVERNANCE REPORT

<table>
<tr><th colspan="2" rowspan="2">Details</th><th>Name of Director</th><th>Name of Director</th></tr>
<tr><th>Ng Cher Yan</th><th>Foo Say Tun</th></tr>
<tr><td colspan="2">Other Principal Commitments Including Directorships</td><td>Present:
Non-Executive and Independent Director of:
(1) Samko Timber Limited
(2) Vicplas International Limited
(3) Serial Systems Limited
(4) Bull Will Co. Ltd.

Past (for the last 5 years):
Non-Executive and Independent Director of:
(1) Ecowise Holdings Ltd
(2) Mermaid Maritime Public Co Ltd

Director of:
(1) Mermaid Drilling (Singapore) Pte Ltd
(2) MTR-1 (Singapore) Pte Ltd
(3) MTR-2 (Singapore) Pte Ltd
(4) MTR-3 (Singapore) Pte Ltd
(5) MTR-4 (Singapore) Pte Ltd
(6) Mermaid MTN Pte Ltd
(7) Seascape Surveys Pte Ltd
(8) Bonython Trading Pte Ltd
(9) Lancashire General Properties (S) Pte Ltd
(10) Mermaid Offshore Services Pte. Ltd.</td><td>Present:
Non-Executive and Independent Director of:
(1) Fu Yu Corporation Limited

Past (for the last 5 years):
Non-Executive and Independent Director of:
(1) Jubilee Holdings Ltd.
(2) Qingmei Group Holdings Limited
(3) Sino Techfibre Limited</td></tr>
<tr><td>a.</td><td>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?</td><td>No</td><td>No</td></tr>
<tr><td>b.</td><td>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?</td><td>No</td><td>No</td></tr>
<tr><td>c.</td><td>Whether there is any unsatisfied judgment against him?</td><td>No</td><td>No</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Details		Name of Director	Name of Director
		Ng Cher Yan	Foo Say Tun
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. In February 2017, a civil suit has been initiated by the Securities and Futures Investors Protection Centre of Taiwan (SFIPC) against amongst others, Bull Will Co., Ltd ("Bull Will"), its directors, independent directors, supervisors, accounting supervisors, legal shareholder and external auditors. The civil suit is currently in progress. Mr. Ng Cher Yan is a Non-Executive Director of Bull Will.	No
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 (inducing 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?	On 7 July 2000, a Summon was issued against him as a nominee director of SFL-Boiler Installation Pte Ltd ("SFL") relating to a failure by SFL to file annual return within the requisite period. Above was resolved upon payment of a fine.	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

CORPORATE GOVERNANCE REPORT

Details		Name of Director	Name of Director
		Ng Cher Yan	Foo Say Tun
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
	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
	iii. any business trust which has been investigated fora 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.		Samko Timber Limited Vicplas International Limited Serial Systems Limited	Jubilee Holdings Ltd. Fu Yu Corporation Limited Qingmei Group Holdings Limited Sino Techfibre Limited
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.

FINANCIAL STATEMENTS CONTENTS

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 2019.

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:

	Direct Interest		**Deemed Interest**	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company		Number of shares of no par value		
Lim Yong Guan	44,370,000	44,370,000	218,007,000	221,954,300
Lim Yong Sheng	38,280,000	38,280,000	216,507,000	220,454,300
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 2020 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 Catalist).

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 28 February 2020, 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	Lim Yong Sheng
Director	Director

6 April 2020

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 2019, 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 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 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 2019 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 19 for the breakdown of inventory for the reporting year end.

The carrying amount of inventories amounted to $33,189,000 which accounted for approximately 10.8% of the group's total assets as at the reporting year end. Inventories comprise mainly gold, jewelleries, watches and bags. 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.

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 20 for the pledged loan receivables balance for the reporting year end.

The carrying amount of pledged loan receivables amounted to $210,602,000 which accounted for approximately 68.3% of the group’s total assets as at the reporting year end. Pledged loan receivables are collateralised loans, whose value are secured by items such as gold, jewelleries, watches and bags. 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 15A for the key assumptions used in impairment testing of goodwill.

The group had goodwill of $4,044,000 (via acquisitions of subsidiaries in Malaysia) allocated to several cash generating units (“CGUs”) as at the reporting year end. Refer to Note 15A 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.

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.

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

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

6 April 2020

Engagement partner - effective from year ended 31 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Reporting Year Ended 31 December 2019

	Notes	Group 2019 $'000	Group 2018 $'000
Revenue	5	182,242	146,507
Other gains	6	979	1,036
Material costs		(127,576)	(99,614)
Employee benefits expense	7	(16,143)	(16,101)
Depreciation and amortisation expense	13,14 & 15B	(11,755)	(2,602)
Other losses	6	(400)	(224)
Finance costs	8	(8,040)	(6,341)
Other expenses	9	(6,687)	(15,728)
Profit before income tax		12,620	6,933
Income tax expense	10	(3,054)	(1,443)
Profit, net of tax		9,566	5,490
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	24A	1	18
Cash flow hedges, net of tax	24B	33	(503)
Other comprehensive income / (loss) for the year, net of tax		34	(485)
Total comprehensive income		9,600	5,005
Profit for the year attributable to:			
Owners of the parent		8,494	4,980
Non-controlling interest		1,072	510
		9,566	5,490
Total comprehensive income attributable to:			
Owners of the parent		8,528	4,495
Non-controlling interests		1,072	510
		9,600	5,005
Earnings per share		**2019 Cents**	**2018 Cents**
Basic and diluted	11	2.40	1.41

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Notes	2019	2018	2019	2018
ASSETS		$'000	$'000	$'000	$'000
Non-current assets					
Plant and equipment	13	2,559	4,467	–	–
Right-of-use assets	14	12,016	–	–	–
Intangible assets	15	4,300	4,464	–	–
Investments in subsidiaries	16	–	–	57,930	57,930
Deferred tax assets	10	187	163	–	–
Trade and other receivables, non-current	20	14,927	48	–	–
Other assets, non-current	21	1,429	–	–	–
Other financial assets	18	5,471	5,471	5,471	5,471
Total non-current assets		40,889	14,613	63,401	63,401
Current assets					
Inventories	19	33,189	34,808	–	–
Trade and other receivables, current	20	218,415	205,588	26,829	20,877
Other assets	21	4,031	4,193	62	66
Income tax recoverable		–	162	–	–
Cash and cash equivalents	22	11,963	11,153	456	48
Total current assets		267,598	255,904	27,347	20,991
Total assets		308,487	270,517	90,748	84,392
EQUITY AND LIABILITIES					
Equity					
Share capital	23	56,144	56,144	56,144	56,144
Retained earnings		23,089	16,364	5,317	4,183
Other reserves	24	(412)	(446)	–	–
Equity attributable to owners of the parent		78,821	72,062	61,461	60,327
Non-controlling interests		4,709	3,609	–	–
Total equity		83,530	75,671	61,461	60,327
Non-current liabilities					
Other financial liabilities	25	12,611	780	–	–
Financial liabilities – lease liabilities	26	5,918	20	–	–
Deferred tax liabilities	10	100	30	–	–
Total non-current liabilities		18,629	830	–	–
Current liabilities					
Income tax payable		2,523	1,506	12	52
Trade and other payables	27	25,503	21,868	26,275	21,013
Other financial liabilities, current	25	169,935	169,016	3,000	3,000
Financial liabilities – lease liabilities	26	6,506	9	–	–
Other liabilities	28	1,861	1,617	–	–
Total current liabilities		206,328	194,016	29,287	24,065
Total liabilities		224,957	194,846	29,287	24,065
Total equity and liabilities		308,487	270,517	90,748	84,392

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

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2019

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 2019	56,144	16,364	(446)	72,062	3,609	75,671
Total comprehensive income for the year	–	8,494	34	8,528	1,072	9,600
Dividends paid (Note 12)	–	(1,769)	–	(1,769)	–	(1,769)
Loss on write off balances in subsidiary in process of striking off	–	–	–	–	28	28
Closing balance at 31 December 2019	56,144	23,089	(412)	78,821	4,709	83,530
Previous 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 subsidiary	–	–	–	–	903	903
Capital contribution	–	–	–	–	(4,660)	(4,660)
Acquisition of subsidiaries (Note 30A)	–	–	–	–	4,188	4,188
Closing balance at 31 December 2018	56,144	16,364	(446)	72,062	3,609	75,671

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

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2019

<u>Company:</u>	**Share Capital $'000**	**Retained Earnings $'000**	**Total Equity $'000**
Current year:			
Opening balance at 1 January 2019	56,144	4,183	60,327
Total comprehensive income for the year	–	2,903	2,903
Dividends paid (Note 12)	–	(1,769)	(1,769)
Closing balance at 31 December 2019	56,144	5,317	61,461
Previous year:			
Opening balance at 1 January 2018	56,144	5,020	61,164
Total comprehensive income for the year	–	932	932
Dividends paid (Note 12)	–	(1,769)	(1,769)
Closing balance at 31 December 2018	56,144	4,183	60,327

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting Year Ended 31 December 2019

	Group	
	2019	**2018**
	$'000	**$'000**
<u>Cash flows from operating activities</u>		
Profit before income tax	12,620	6,933
Adjustments for:		
Amortisation of intangible assets	235	191
Depreciation of plant and equipment	2,088	2,411
Depreciation of right-of-use assets	9,432	–
Interest expense	8,040	6,341
Negative goodwill arising on acquisition (Note 30B)	(67)	–
Amount written off from subsidiary in the process of striking off	32	–
Loss on disposal of plant and equipment	288	147
Provisions	–	1
Net effect of exchange rate changes in consolidating foreign operations	17	77
Operating cash flows before changes in working capital	32,685	16,101
Inventories	1,619	(4,805)
Trade and other receivables	(27,329)	(10,056)
Other assets	162	74
Trade and other payables	3,635	6,581
Other liabilities	193	409
Net cash flows from operations	10,911	8,304
Income taxes paid	(1,795)	(1,690)
Net cash flows from operating activities	9,116	6,614
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries (net of cash acquired)	–	(2,881)
Purchase of intangible assets	–	(360)
Proceed from disposal of property, plant and equipment	134	–
Purchase of plant and equipment (Notes 13 and 22B)	(621)	(1,592)
Other assets, non-current (Note 21)	(1,429)	–
Net cash flows used in investing activities	(1,916)	(4,833)
<u>Cash flows from financing activities</u>		
Dividend paid (Note 12)	(1,769)	(1,769)
Interest expense paid	(8,040)	(6,341)
Issuance of shares to non-controlling interests	–	257
Lease liabilities – principal portion paid	(9,357)	–
Payment to non-controlling interest of subsidiary in the process of striking off	(4)	–
Proceeds from bank loans	28,642	14,378
Repayment of bank loans	(13,245)	(7,599)
Repayment of finance lease liabilities	(9)	(10)
Net cash flows used in financing activities	(3,782)	(1,084)
Net increase in cash and cash equivalents	3,418	697
Cash and cash equivalents, beginning balance	5,223	4,526
Cash and cash equivalents, ending balance (Note 22A)	8,641	5,223

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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 ("$'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 directors have the power to amend and reissue the financial statements.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are described in Note 38 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. **General (cont'd)**

Basis of presentation (cont'd)

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.

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.

Term charged on hire purchases are recognised over the term of the hire purchases using the Rule of 78 (sum of digits) method. The balance of such term charges at the end of reporting period is carried forward as unearned charges.

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the assets 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.

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

2A. Significant accounting policies (cont'd)

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.

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 company 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 a company 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 company.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

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

2A. Significant accounting policies (cont'd)

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.

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 28 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:

Leasehold improvements	-	Over lease term
Plant, fixture and fittings	-	20% to 100%

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.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-to-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight-line basis over the remaining lease term. For these leases, a right-of-use asset is recognised.

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

2A. Significant accounting policies (cont'd)

Lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

When the group is an intermediate lessor and the sublease is assessed as a finance lease, the group derecognises the right-of-use assets relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

2A. Significant accounting policies (cont'd)

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.

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.

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

2A. Significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

2A. **Significant accounting policies (cont'd)**

Financial instruments (cont'd)

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.

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.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

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.

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 19.

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 20.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

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

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 15A 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.

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 16.

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 18 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, 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.

Assessment of impairment of right-of-use assets:

Significant judgment is applied by management when determining impairment of the right-of-use asset. Impairment is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgment is also involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that has extension or termination options. The amount at the end of the reporting year are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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.

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	
	2019 $'000	2018 $'000
Parent company		
Interest expense	(40)	(41)
Other related parties		
Sales of pre-owned luxury items	180	56
Purchase of pre-owned luxury items	(214)	(160)
Purchase of plant and equipment	–	(12)
Rental expense	(1,747)	(1,541)
Central support services	(312)	(255)
Interest expense	(49)	(50)
Directors		
Interest expense	(411)	(250)

The related parties and the group have common directors.

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

3C. Key management compensation

	Group	
	2019	2018
	$'000	$'000
Salaries and other short-term employee benefits	2,292	1,942

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

	Group	
	2019	2018
	$'000	$'000
Remuneration of directors of the company	1,060	833
Fees to directors of the company [a]	308	288

[a] Included in fees to directors of the company is an amount of $123,000 (2018: $123,000) paid by a subsidiary.

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

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.

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	
	2019	2018
	$'000	$'000
Other payable to parent company:		
Balance at beginning of the year	900	900
Amounts paid in and settlement of liabilities on behalf of group	800	–
Balance at end of the year (Note 27)	1,700	900
Other related parties:		
Balance at beginning of the year	(4,582)	(3,245)
Amounts paid out and settlement of liabilities on behalf of other related parties	2,649	2,417
Amounts paid in and settlement of liabilities on behalf of the group	(2,853)	(3,754)
Written-off	20	–
Balance at end of the year	(4,766)	(4,582)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

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

	Group	
Other related parties:	**2019**	**2018**
	$'000	**$'000**
Presented in the statement of financial position as follows:		
Other receivables (Note 20)	330	51
Other payables (Note 27)	(5,096)	(4,633)
	(4,766)	(4,582)
Other payables due from directors:		
Balance at beginning of the year	(8,678)	(2,478)
Amounts paid out and settlement of liabilities on behalf of directors	1,510	2,179
Amounts paid in and settlement of liabilities on behalf of directors	(2,700)	(8,379)
Balance at end of the year (Note 27)	(9,868)	(8,678)

	Company	
	2019	**2018**
	$'000	**$'000**
Other payable to parent company:		
Balance at beginning of the year	900	900
Amounts paid in and settlement of liabilities on behalf of group	800	–
Balance at end of the year (Note 27)	1,700	900

	Company	
	2019	**2018**
	$'000	**$'000**
Subsidiaries:		
Balance at beginning of the year	9,391	8,979
Amounts paid out and settlement of liabilities on behalf of subsidiaries	9,445	15,493
Amounts paid in and settlement of liabilities on behalf of the company	(8,472)	(16,081)
Dividend receivable	2,800	1,000
Balance at end of the year	13,164	9,391
Presented in the statement of financial position as follows:		
Other receivables (Note 20)	26,406	20,405
Other payables (Note 27)	(13,242)	(11,014)
Balance at end of the year	13,164	9,391
Other related parties:		
Balance at beginning of the year	(1,100)	(1,100)
Amounts paid out and settlement of liabilities on behalf of other related parties	333	339
Amounts paid in and settlement of liabilities on behalf of the group	(533)	(339)
Balance at end of the year (Note 27)	(1,300)	(1,100)

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

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

	Company	
	2019	2018
	$'000	$'000
Other payables due from directors:		
Balance at beginning of the year	(7,200)	(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	(1,190)	(7,379)
Balance at end of the year (Note 27)	(8,390)	(7,200)

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

Other operations include provision of auto-financing and 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

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

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
2019						
Revenue by segment						
Revenues from external customers	39,030	141,506	1,706	–		182,242
Inter-segment revenues	29,801	–	15	(29,816)	A	–
Results						
Segment results	16,673	4,216	2,582	(2,811)	B	20,660
Finance costs	(6,651)	(496)	(893)	–		(8,040)
Profit before income tax	10,022	3,720	1,689	(2,811)	B	12,620
Income tax expense	(2,213)	(855)	14	–		(3,054)
Profit, net of tax	7,809	2,865	1,703	(2,811)	B	9,566
Segment assets	265,524	45,909	39,136	(42,269)	C	308,300
Unallocated assets						187
Total group assets						308,487
Segment liabilities	166,402	41,907	72,615	(58,590)	D	222,334
Unallocated liabilities						2,623
Total group liabilities						224,957
Capital expenditure	301	344	27	–		672
Depreciation and amortisation	9,342	2,388	25	–		11,755
Loss on disposal of plant and equipment	15	273	–	–		288
Loss on collateral loan services	33	–	–	–		33

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

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

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)	–		(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
Segment assets	193,889	48,128	67,145	(38,808)	C	270,354
Unallocated assets						163
Total group assets						270,517
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

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:

	2019 $'000	2018 $'000
Profit from inter-segment sales	2,811	988

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

	2019 $'000	2018 $'000
Inter-segment balances	42,224	38,726
Unrealised profit on unsold inventories	45	82
	42,269	38,808

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

Notes (cont'd)

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

	2019 $'000	2018 $'000
Inter-segment balances	58,590	38,824

Geographical information

	Revenue		Non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore	170,749	136,801	35,202	9,236
Malaysia	11,493	9,706	5,500	5,214
	182,242	146,507	40,702	14,450

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

	2019 $'000	2018 $'000
Top 1 customer	40,207	24,270
Top 2 customers	65,897	38,691

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

5. Revenue

5A. Classification by type of goods or services

	Group	
	2019 $'000	2018 $'000
Interest income - from collateral loan services	33,599	32,826
Sales of pre-owned luxury items	147,246	113,633
Others	1,397	48
	182,242	146,507

5. Revenue (cont'd)

5B. Classification by duration of contracts

	Group	
	2019 $'000	2018 $'000
Short-term contracts – less than 12 months	181,715	146,507
Long-term contracts – over 12 months	527	–
	182,242	146,507

5C. Classification by timing of revenue recognition

	Group	
	2019 $'000	2018 $'000
Point in time	147,963	113,681
Over time	34,279	32,826
	182,242	146,507

The customers are mainly individuals and wholesalers based in Singapore and Malaysia.

6. Other gains and (other losses)

	Group	
	2019 $'000	2018 $'000
Dividend income	196	–
Foreign exchange adjustments loss	(79)	(67)
Government grants	203	300
Goodwill on acquisition	67	–
Loss on collateral loan services	(33)	(5)
Loss on disposal of plant and equipment	(288)	(147)
Loss on goods in transit	–	(5)
Miscellaneous income	141	220
Rental income (Note 32)	372	516
Net	579	812
Presented in profit or loss as:		
Other gains	979	1,036
Other losses	(400)	(224)
Net	579	812

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

7. Employee benefits expense

	Group	
	2019 $'000	2018 $'000
Short term employee benefits expense	14,891	14,814
Contributions to defined contribution plan	1,252	1,287
	16,143	16,101

8. Finance costs

	Group	
	2019 $'000	2018 $'000
Interest expense	7,500	6,341
Interest on lease liabilities	540	–
	8,040	6,341

9. Other expenses

The major components include the following:

	Group	
	2019 $'000	2018 $'000
Advertisement and promotions	872	821
Audit fees to the independent auditor of the company	194	192
Audit fees to the other independent auditors	72	59
Other fees to the independent auditor of the company	76	52
Other fees to the other independent auditors	2	2

10. Income tax

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

	Group	
	2019	2018
	$'000	$'000
Current income tax expense:		
Current income tax expense	2,893	1,771
Under / (over) adjustments in respect of prior periods	68	(212)
Withholding tax	54	31
Subtotal	3,015	1,590
Deferred tax (income) / expense:		
Deferred tax income	(187)	(231)
Under adjustments in respect of prior periods	226	84
Subtotal	39	(147)
Total income tax expense	3,054	1,443

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% (2018: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019	2018
	$'000	$'000
Profit before income tax	12,620	6,933
Income tax expense at the above rate	2,145	1,179
Effect of different tax rates in different country	195	92
Expenses not deductible for tax purposes	450	398
Tax exemptions and rebates	(84)	(164)
Withholding tax	54	31
Under / (over) adjustments to tax in respect of prior periods	294	(128)
Other minor item less than 3% each	–	35
Total income tax expense	3,054	1,443

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

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

	Group	
	2019	2018
	$'000	$'000
Difference between book value over tax value of plant and equipment	56	24
Intangible assets	38	(29)
Provision	16	18
Tax losses carryforwards	(72)	(159)
Deferred tax asset not recognised	1	(1)
Total deferred income tax income / (expense) recognised in profit or loss	39	(147)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

10. Income tax (cont'd)

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

	Group	
	2019 $'000	2018 $'000
Deferred tax (liabilities) / assets recognised in profit or loss:		
Difference between book value over tax value of plant and equipment	(275)	(219)
Difference between tax value over book value of plant and equipment	10	10
Intangible assets	(10)	28
Provisions	(20)	(4)
Tax losses carryforwards	286	214
Deferred tax not recognised	–	1
Subtotal	(9)	30
Deferred tax assets recognised in other comprehensive income:		
Cash flow hedges	96	103
Net balance	87	133
Presented in the statement of financial position as follows:		
Deferred tax assets	187	163
Deferred tax liabilities	(100)	(30)
Net balance	87	133

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 $1,676,000 (2018: $1,259,000).

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	
	2019 $'000	2018 $'000
Numerators: earnings attributable to equity		
Profit attributable to owners of the parent, net of tax	8,494	4,980
Denominators: weighted average number of equity shares		
Basic and diluted	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.

12. Dividends on equity shares

	Rate per share – cents		Company	
	2019	2018	2019 $'000	2018 $'000
First and final tax exempt (one-tier) dividend paid	0.5	0.5	1,769	1,769

13. Plant and equipment

Group:	Leasehold improvements $'000	Plant, fixture and fittings $'000	Total $'000
Cost:			
At 1 January 2018	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
Foreign exchange adjustments	(4)	(4)	(8)
Transfer to right-of-use assets	–	(78)	(78)
Additions	207	465	672
Disposals	(543)	(387)	(930)
At 31 December 2019	9,487	7,913	17,400
Accumulated depreciation:			
At 1 January 2018	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
Foreign exchange adjustments	(2)	(2)	(4)
Transfer to right-of-use assets	–	(12)	(12)
Depreciation for the year	1,056	1,032	2,088
Disposals	(382)	(126)	(508)
At 31 December 2019	8,369	6,472	14,841
Carrying amount:			
At 1 January 2018	2,499	2,533	5,032
At 31 December 2018	2,130	2,337	4,467
At 31 December 2019	1,118	1,441	2,559

Certain items are under finance lease agreements (Note 26A).

A fixed and floating charge has been placed on plant and equipment with a carrying amount of $2,123,000 (2018: $3,243,000) as security for bank borrowings (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

14. Right-of-use assets

The right-of-use assets are in the statement of financial position. The details are as follows:

	Retail outlets
Group:	$'000
Cost:	
At 1 January 2019	14,126
Foreign exchange adjustments	(3)
Additions	7,526
Transfer from plant and equipment	66
Re-measurement	(60)
Disposals	(207)
At 31 December 2019	21,448
Accumulated depreciation and impairment losses:	
At 1 January 2019	–
Depreciation for the year	9,432
At 31 December 2019	9,432
Carrying value:	
At 1 January 2019	14,126
At 31 December 2019	12,016

The right-of-use assets for operating leases in existence at 1 January 2019 do not include initial direct costs.

Other information relating to the right-to-use assets are summarised as follows:

	Retail outlets
Number of right-to-use assets	76
Remaining term - range	1 - 10 years
Remaining term - average	2 years

There are restrictions or covenants imposed by the leases to sublet the asset to another party. Unless permitted by the owner, the right-of-use asset can only be used by the lessee. Typically the leases are non-cancellable. Some leases contain an option to extend the lease for a further term. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance, and maintenance fees on right-of-use assets are usually required under the lease contracts.

15. Intangible assets

	Group	
	2019	2018
	$'000	$'000
Goodwill (Note 15A)	4,044	4,052
Other intangible assets (Note 15B)	256	412
Total	4,300	4,464

15. Intangible assets (cont'd)

	Group 2019 $'000	Group 2018 $'000
Cost:		
Balance at beginning of the year	4,052	2,767
Arising from acquisition of subsidiaries	–	1,322
Foreign currency translation adjustments	(8)	(37)
Balance at end of the year	4,044	4,052

15A. Goodwill

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 2019 $'000	Group 2018 $'000
Name of the subsidiaries		
Easimine group of companies [a]	955	957
Kedai Pajak Heng Soon Sdn. Bhd.	395	395
Pajak Gadai T&M Sdn. Bhd.	196	197
Pajak Gadai Money Mine Sdn. Bhd.	198	198
Pajak Gadai Malim Maju Sdn. Bhd.	111	111
Pajak Gadai Semabok Sdn. Bhd.	173	174
Pajak Gadai Hen Teck Sdn. Bhd.	109	109
Pajak Gadai Pasir Gudang Sdn. Bhd.	149	150
Pajak Gadai Rengit Sdn. Bhd.	145	145
Pajak Gadai Simpang Renggam Sdn. Bhd.	141	141
Pajak Gadai Bukit Mertajam Sdn. Bhd.	160	160
Pajak Gadai Bukit Gambir Sdn. Bhd.	148	149
Pajak Gadai Senai Sdn. Bhd.	198	198
Pajak Gadai Pagoh Sdn. Bhd.	168	168
Pajak Gadai Kulai Sdn. Bhd.	195	195
Pajak Gadai Masai Sdn. Bhd.	180	181
Pajak Gadai Sungai Petani Sdn. Bhd.	201	201
Pajak Gadai Butterworth Sdn. Bhd.	190	191
Various subsidiaries [b]	32	32
	4,044	4,052

[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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

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:

Discounted cash flow method and unobservable inputs:	2019 $'000	2018 $'000
Pledged loan growth rates [i]	Refer below	Refer below
Terminal growth rates [ii]	2.3%	2.3%
Pre-tax cost of debts [i]	6.5%	5.6%
Debts to pledged loans ratio [i]	80.0%	80.0%
Pre-tax discount rates [iii]	16.1%	16.1%
Operating expenses growth rates [i]	2% - 5%	2% - 5%
Cash flow forecasts [i]	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.

Name of the CGUs	2019 $'000	2018 $'000
Pledged loan growth rates (per annum)		
Easimine group of companies	1.0% - 15.0%	0.0% - 15.0%
Kedai Pajak Heng Soon Sdn. Bhd.	0.0%	0.0%
Pajak Gadai T&M Sdn. Bhd.	15.0%	0.0%
Pajak Gadai Money Mine Sdn. Bhd.	10.0%	15.0%
Pajak Gadai Malim Maju Sdn. Bhd.	15.00% - 34.27%	12.68% - 26.82%
Pajak Gadai Semabok Sdn. Bhd.	15.00% - 50.18%	26.82% - 60.10%
Pajak Gadai Hen Teck Sdn. Bhd.	2.50% - 2.87%	26.82% - 60.10%
Pajak Gadai Pasir Gudang Sdn. Bhd.	15.00% - 52.65%	26.82% - 60.10%
Pajak Gadai Rengit Sdn. Bhd.	15.00% - 22.25%	26.82% - 60.10%
Pajak Gadai Simpang Renggam Sdn. Bhd.	15.00% - 44.90%	26.82% - 60.10%
Pajak Gadai Bukit Mertajam Sdn. Bhd.	15.00% - 184.02%	26.82% - 60.10%
Pajak Gadai Bukit Gambir Sdn. Bhd.	5.00% - 47.50%	12.68% - 42.58%
Pajak Gadai Senai Sdn. Bhd.	15.00% - 44.11%	26.82% - 60.10%
Pajak Gadai Pagoh Sdn. Bhd.	15.00% - 19.94%	26.82% - 60.10%
Pajak Gadai Kulai Sdn. Bhd.	15.00% - 133.24%	12.68% - 26.82%
Pajak Gadai Masai Sdn. Bhd.	10.00% - 67.10%	26.82% - 60.10%
Pajak Gadai Sungai Petani Sdn. Bhd.	15.00% - 98.27%	12.68% - 26.82%
Pajak Gadai Butterworth Sdn. Bhd.	15.00% - 68.35%	26.82% - 60.10%

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.

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

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. (2018: Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd) where the carrying value of goodwill would be reduced by $38,000 (2018: $10,000 and $29,000).

If the pre-tax cost of debts at the end of the reporting year had been revised from 6.5% to 7.5% 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 Gadak Hen Teck Sdn. Bhd. where the carrying value of goodwill would be reduced by $13,000 and $8,000 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. (2018: Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd.) where the carrying value of goodwill would be reduced by $44,000 (2018: $35,000 and $28,000 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 Pajak Gadai T&M Sdn. Bhd. and Pajak Gadak Hen Teck Sdn. Bhd. (2018: Pajak Gadai T&M Sdn. Bhd. and Pajak Gadai Money Mine Sdn. Bhd.) where the carrying value of goodwill would be reduced by $33,000 and $6,000 (2018: $26,000 and $35,000) respectively.

15B. Other intangible assets

Group:	Lease assignment fees $'000	Customer lists $'000	Total $'000
Cost:			
At 1 January 2018	1,140	707	1,847
Foreign exchange adjustments	360	–	360
At 31 December 2018	1,500	707	2,207
Foreign exchange adjustments	–	(2)	(2)
Additions	–	81	81
At 31 December 2019	1,500	786	2,286
Accumulated amortisation:			
At 1 January 2018	1,140	464	1,604
Amortisation for the year	50	141	191
At 31 December 2018	1,190	605	1,795
Amortisation for the year	121	114	235
At 31 December 2019	1,311	719	2,030
Carrying amount:			
At 1 January 2018	–	243	243
At 31 December 2018	310	102	412
At 31 December 2019	189	67	256

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

16. Investments in subsidiaries

	Group	
	2019	2018
	$'000	$'000
Unquoted equity shares at cost:		
Balance at beginning of the year	57,930	51,405
Addition during the year (Note 30)	–	6,525
Balance at the end of the year	57,930	57,930

The listing of and information on the subsidiaries are given in Note 38.

17. Lease payment receivables

Group:	Minimum payments	Finance charges	Present value
2019	$'000	$'000	$'000
Minimum lease payments receivable:			
Due within 1 year	5,705	(1,027)	4,678
Due within 2 to 5 years	14,076	(1,889)	12,187
Due over 5 years	2,893	(153)	2,740
Total	22,674	(3,069)	19,605

Group:	Minimum payments	Finance charges	Present value
2018	$'000	$'000	$'000
Minimum lease payments receivable:			
Due within 1 year	66	(4)	62
Due within 2 to 5 years	52	(4)	48
Total	118	(8)	110

The average lease term ranging from 2 to 7 years. The rate of interest is at 3.80% - 8.43% (2018: 3.87% - 7.21%) 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.

18. Other financial assets

	Group and Company	
	2019	2018
	$'000	$'000
Unquoted equity shares		
Investment at fair value through profit or loss	5,471	5,471

	Group and Company	
	2019	2018
	$'000	$'000
Fair value at beginning of the year and at the end of the year	5,471	5,471

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").

18. Other financial assets (cont'd)

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 2019 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. There is no transfer between Level 2 to Level 3 during the year. Significant increases (decreases) in adjusted net asset in isolation would result in a significantly lower (higher) fair value measurement.

19. Inventories

	Group	
	2019	**2018**
	$'000	**$'000**
Finished goods	33,189	34,808
Inventories are stated after movements in allowance as follows:		
Balance at beginning and end of the year	8	8

A fixed and floating charge has been placed on inventories with a carrying value of $33,189,000 (2018: $34,773,000) as security for bank borrowings (Note 25).

20. Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Pledged loans receivables [(a)]	210,602	204,249	–	–
Lease payment receivables (Note 17)	19,605	110	–	–
Outside parties	1,225	754	–	–
Subsidiaries	–	–	412	464
Related parties	1,384	–	–	–
Sub-total	232,816	205,113	412	464
Other receivables:				
Outside parties	99	396	11	8
Subsidiaries (Note 3)	–	–	26,406	20,405
Related parties (Note 3)	330	51	–	–
Advances	97	76	–	–
Sub-total	526	523	26,417	20,413
Total trade and other receivables	233,342	205,636	26,829	20,877
Presented as:				
Current	218,415	205,588	26,829	20,877
Non-current	14,927	48	–	–
	233,342	205,636	26,829	20,877

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

20. Trade and other receivables (cont'd)

(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 pledge loans receivables bear interest ranging from 0.95% to 2% (2018: 0.95% to 2%) per month.

A fixed and floating charge has been placed on trade and other receivables with a carrying value of $206,840,000 (2018: $200,785,000) as security for bank borrowings (Note 25).

20A. 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. The group also assess probability of default based on historical non-renewal and non-redemption and adjusts for forward-looking macroeconomic data obtained from the monitoring process of the volatility of market prices of gold.

Lease payment receivables amounting to $19,385,000 (2018: $62,000) are secured by collateral or secured collaterals. Receivables from related parties of $1,380,000 (2018: Nil) are secured by personal guarantees from shareholders of the related parties.

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.

21. Other assets

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current:				
Deposits [(a)]	1,429	–	–	–
Current:				
Prepayments	867	3,303	46	50
Deposits	3,164	890	16	16
Sub-total	4,031	4,193	62	66
Total	5,460	4,193	62	66

(a) Deposits include deposit of $900,000 (2018: Nil) paid for the acquisition of properties. The acquisition of properties is completed subsequent to year end (see Note 31(b)).

22. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash on hand and in bank (not restricted in use)	11,963	11,153	456	48

The interest earning balances are not significant.

A fixed and floating charge has been placed on cash and bank balances with a carrying value at $10,286,000 (2018: $9,962,000) as security for bank borrowings (Note 25).

22A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2019	2018
	$'000	$'000
Amount as shown above	11,963	11,153
Bank overdrafts (Note 25)	(3,322)	(5,930)
Cash and cash equivalents for statement of cash flows purposes at end of the year	8,641	5,223

22B. Non-cash transactions:

a. Included in additions to plant and equipment is an amount of $51,000 (2018: $60,000) being provision for restoration costs capitalised (Note 28).

b. There were acquisitions of certain assets under right-of-use assets relating to property, plant and equipment with a total cost of $7,526,000 acquired by means of finance leases related to right-of-use assets (Note 14).

22C. Reconciliation of liabilities arising from financing activities:

	At beginning of year $'000	Cash flows $'000	Non-cash changes $'000		At end of year $'000
2019					
Lease liabilities	–	9,357	3,047		12,404
Bank loans	160,360	4,925	–		165,285
Term loans	2,900	10,472	–		13,372
Finance lease liabilities	29	(9)	–		20
Derivative financial instruments	606	–	(39)	(b)	567
Total liabilities from financing activities	163,895	15,388	(39)		179,244
2018					
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	156,514	6,769	612		163,895

(a) Foreign exchange movements.
(b) Unrealised fair value (gains) / losses of derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

23. Share capital

	Group and Company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at 1 January 2018, 31 December 2018 and 31 December 2019	353,800	56,144

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.

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.

	2019 $'000	2018 $'000
Group:		
Net debt:		
All current and non-current borrowings including lease liabilities	194,403	169,219
Less: cash and cash equivalents (Note 22)	(11,963)	(11,153)
Net debt	182,440	158,066
Capital:		
Total equity	83,530	75,671
Less: amounts accumulated in equity relating to cash flow hedges	(470)	(503)
Adjusted capital	83,060	75,168
Debt-to-capital ratio	219%	210%

There are significant borrowings but these are secured by specific assets. The unfavourable change in 2019 as shown by the increase in the debt-to-capital ratio for the reporting year resulted primarily due to increased borrowings and other lease liabilities recognised during the year.

24. Other reserves

	Group 2019 $'000	Group 2018 $'000
Foreign currency translation reserve (Note 24A)	58	57
Hedging reserve (Note 24B)	(470)	(503)
Total at the end of the year	(412)	(446)

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.

24A. Foreign currency translation reserve

	Group 2019 $'000	Group 2018 $'000
At beginning of the year	57	39
Exchange differences on translating foreign operations	1	18
At end of the year	58	57

The foreign currency translation reserve accumulates all foreign exchange differences.

24B. Hedging reserve

	Group 2019 $'000	Group 2018 $'000
At beginning of the year	(503)	–
Cash flow hedge gains / (losses) from interest rate swaps	39	(606)
Deferred tax thereon	(6)	103
At end of the year	(470)	(503)

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

25. Other financial liabilities

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current:				
Financial instruments with floating interest rates:				
Term loans (secured) (Note 25B)	12,611	780	–	–
Subtotal	12,611	780	–	–
Current:				
Financial instruments with floating interest rates:				
Bank overdrafts (secured) (Note 25A)	3,322	5,930	–	–
Bank loans (secured) (Note 25A)	165,285	160,360	3,000	3,000
Term loans (secured) (Note 25B)	761	2,120	–	–
Financial instruments with fixed interest rates:				
Derivative financial instruments (Note 29)	567	606	–	–
Subtotal	169,935	169,016	3,000	3,000
Total	182,546	169,796	3,000	3,000

The non-current portion is repayable as follows:

	Group	
	2019	2018
	$'000	$'000
Due within 2 – 5 years	12,611	780

The range of floating interest rates paid were as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Bank overdrafts (secured)	5.00 – 7.57	5.00 – 7.82	–	–
Bank loans and term loans (secured)	3.14 – 5.95	2.63 – 5.95	4.77 – 5.07	4.52 – 5.07

25A. 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 29, 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.

25. Other financial liabilities (cont'd)

25A. Bank overdrafts and bank loans (secured) (cont'd)

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;
6. Personal guarantee granted by a non-controlling shareholder
7. Master and recourse block discounting agreement and assignment of hire purchase agreements; and
8. Mortgage over property and assignment of finance lease agreements.

25B. 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.

26. Financial liabilities – lease liabilities

	Group	
	2019	2018
	$'000	$'000
Non-current:		
Finance lease liability (Note 26A)	10	20
Other lease liabilities (Note 26B)	5,908	–
Sub-total	5,918	20
Current:		
Finance lease liability (Note 26A)	10	9
Other lease liabilities (Note 26B)	6,496	–
Sub-total	6,506	9
Total	12,424	29

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

26. Financial liabilities – lease liabilities (cont'd)

26A. Finance leases

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group:			
2019			
Minimum lease payments payable:			
Due within one year	11	(1)	10
Due within 2 to 5 years	12	(2)	10
Total	23	(3)	20
Net book value of plant and equipment under finance leases			22

	Minimum payments $'000	Finance charges $'000	Present value $'000
2018			
Minimum lease payments payable:			
Due within one year	12	(3)	9
Due within 2 to 5 years	22	(2)	20
Total	34	(5)	29
Net book value of plant and equipment under finance leases			33

It is a policy to lease certain of its plant and equipment under finance lease. The average lease term is 2 to 7 years (2018: 2 to 7 years). The range of effective interest for finance lease is about 3.87% to 7.21% (2018: 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 finance lease liabilities approximate their fair values.

26B. Other lease liabilities

Movements of other lease liabilities for the reporting year are as follows:

	Group 2019 $'000
Total lease liabilities recognised at 1 January 2019	14,503
Additions	7,526
Remeasurement	(60)
Disposals	(207)
Lease payments – principal portion paid	(9,357)
Foreign exchange adjustments	(1)
Total lease liabilities at end of reporting year	12,404

26. Financial liabilities – lease liabilities (cont'd)

26B. Other lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group:			
2019			
Due within 1 year	6,825	(329)	6,496
Due within 2 to 5 years	5,973	(212)	5,761
Due after 5 years	169	(22)	147
	12,967	(563)	12,404

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 31 December 2018 are presented.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets. The right-of-use assets are disclosed in Note 14.

Variable lease payments that based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 3.36% to 5.95%. The finance leases, the right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

Total cash outflow for leases for the year ended 31 December 2019 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

Reconciliation of lease commitments and lease liability at the date of initial application:

	Group 2019 $'000
Operating lease commitments as at 31 December 2018	15,278
Relief from short-term leases	(381)
Other minor adjustments	(107)
Subtotal - Operating lease liabilities before discounting	14,790
Discounted using incremental borrowing rate	(676)
Operating lease liabilities, net	14,114
Reasonably certain extension options	389
Total lease liabilities recognised at 1 January 2019	14,503

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

26. Financial liabilities – lease liabilities (cont'd)

26B. Other lease liabilities (cont'd)

Apart from the disclosures made in other Notes to the financial statements, amounts relating to leases include the following:

	Group
	2019
	$'000
Income from subleasing right-of-use assets	162

27. Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Surplus payable [a]	1	1	–	–
Outside parties and accrued liabilities	7,808	6,024	1,616	781
Sub-total	7,809	6,025	1,616	781
Other payables:				
Outside parties	1,030	1,632	27	18
Parent company (Note 3)	1,700	900	1,700	900
Subsidiaries (Note 3)	–	–	13,242	11,014
Related parties (Note 3) [b] [c]	5,096	4,633	1,300	1,100
Directors (Note 3) [d]	9,868	8,678	8,390	7,200
Sub-total	17,694	15,843	24,659	20,232
Total trade and other payables	25,503	21,868	26,275	21,013

[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 $3,777,000 (2018: $3,485,000) owing to the non-controlling interest.

[c] Included in balance is a loan from a related party of $1,300,000 (2018: $1,100,000) which bears interest 4.5% (2018: 4.5%) per annum and is repayable on demand.

[d] Advances from directors are interest bearing at 4.5% (2018: 4.5%) per annum and are repayable on demand.

[e] Included in balance is a loan from parent company of $900,000 (2018: $900,000) which bears interest at 4.5% (2018: 4.5%) per annum and is repayable on demand.

28. Other liabilities

	Group	
	2019	2018
	$'000	$'000
Deposits	749	497
Provision for restoration costs [a]	1,111	1,119
Other liabilities	1	1
Total	1,861	1,617
Movements in above provision:		
At beginning of the year	1,119	958
Arising from acquisition of subsidiaries	–	144
Additions	51	60
Used	(58)	(39)
Foreign exchange adjustments	(1)	(4)
At end of the year	1,111	1,119

[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.

29. Derivative financial instruments

	Group	
	2019	2018
	$'000	$'000
Liabilities – Contracts with negative fair values:		
Derivatives designated as hedging instruments:		
Cash flow hedges - Interest rate swaps	567	606

The notional amount of the interest rate swaps was $40,000,000 (2018: $40,000,000). They are designed to convert floating rate borrowings at 3.13% to 3.82% per annum (2018: 3.54% to 3.60%) to fixed rate exposure for the next two to three years at 4.03% to 4.13% per annum (2018: 4.03% to 4.13%). At the end of the reporting year, the interest rates vary from 4.03% to 4.13% (2018: 4.03% to 4.13%). Information on the maturities of the loans is provided in Note 25.

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 2019

30. Acquisition of subsidiaries

30A. 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. 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., 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 became subsidiaries of the group (also see Note 38 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

As at 31 December 2018, 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 were as follows:

Net assets acquired:	Plant and equipment $'000	Trade and other receivables $'000	Other assets $'000	Cash and cash equivalents $'000	Trade and other payables $'000	Deferred tax liabilities $'000	Total net assets $'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

Goodwill arising on acquisition:	Consideration transferred $'000	Non-controlling interests $'000	Fair value of identifiable net assets acquired $'000	Goodwill arising on acquisition $'000
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
	5,677	4,188	(8,543)	1,322

30. Acquisition of subsidiaries (cont'd)

30A. 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)

Net cash outflows on acquisition:	Consideration transferred $'000	Less: capitalisation of advances $'000	Cash consideration $'000	Less: cash and cash equivalents acquired $'000	Net cash outflows $'000
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)
	5,677	(5,320)	357	(131)	226

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.

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 $'000	For the reporting year 2018 $'000	From date of acquisition in 2018 $'000	For the reporting year 2018 $'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)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

30. Acquisition of subsidiaries (cont'd)

30B. 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 38 for the principal activity) at consideration of S$3.3 million. 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 and liabilities. The fair values of identifiable net assets acquired arising from the acquisition are as follows:

Net assets acquired:	Fair value used $'000
Plant and equipment	+
Trade and other receivables	2,565
Other assets	108
Customer list	81
Cash and cash equivalents	693
Trade and other payables	(10)
Income tax payable	(8)
	3,429

	$'000
Consideration transferred	3,348
Fair value of identifiable net assets acquired	(3,429)
Deferred tax liabilities	14
Negative goodwill arising on acquisition	(67)

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.

The goodwill is not deductible for tax purposes.

31. Capital commitments

(a) Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements relates 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 2018 respectively. A remaining RM6.17 million (approximately $2.03 million) will be payable for the transfer by Chong of 22 new companies.

(b) The Group entered into an option to purchase two properties for a purchase consideration of S$18.0 million. As at 31 December 2019, the Group has paid a deposit of $0.9 million upon the acceptance and exercise of the option (Note 21). A remaining $17.1 million has been settled upon the completion of the acquisition of properties on 26 February 2020.

32. 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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Not later than one year	172	448	2	83
Later than one year and not later than five years	125	186	–	3
Rental income for the year	372	516	70	68

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.

33. Financial instruments: information on financial risks

33A. 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		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets:				
Financial assets at amortised costs	245,305	216,789	27,285	20,925
Financial assets at fair value through profit or loss	5,471	5,471	5,471	5,471
	250,776	222,260	32,756	26,396
Financial liabilities:				
Financial liabilities at amortised costs	219,906	191,087	29,275	24,013
Financial liabilities at fair value through other comprehensive income	567	606	–	–
	220,473	191,693	29,275	24,013

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

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

33B. 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.

33C. 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.

33D. 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 22 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.

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

33E. 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 (2018: 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):

Group: Non-derivative financial liabilities:	Less than 1 year $'000	1 – 5 years $'000	Over 5 years $'000	Total $'000
2019				
Gross borrowing commitments	170,113	11,391	2,172	183,676
Gross lease liabilities	6,825	5,973	169	12,967
Gross finance lease liabilities	11	12	–	23
Trade and other payables	25,503	–	–	25,503
At end of the year	202,452	17,376	2,341	222,169

Group: Non-derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	Total $'000
2018			
Gross borrowing commitments	169,587	784	170,371
Gross finance lease liabilities	12	22	34
Trade and other payables	21,868	–	21,868
At end of the year	191,467	806	192,273

Company: Non-derivative financial liabilities:	2019 $'000	2018 $'000
Less than 1 year		
Gross borrowing commitments	3,025	3,033
Trade and other payables	26,275	21,013
At end of the year	29,300	24,046

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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

33E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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

Group:	1 – 3 Years
Non-derivative financial liabilities:	$'000
2019	
Net settled:	
Interest rate swaps	567

Group:	1 – 3 Years
Non-derivative financial liabilities:	$'000
2018	
Net settled:	
Interest rate swaps	606

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.

33F. 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	
	2019	2018
	$'000	$'000
Financial liabilities with interest:		
Fixed rate	15,746	29
Floating rate	178,657	169,190
Total at end of the year	194,403	169,219

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in Note 25. 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.

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

33F. Interest rate risk (cont'd)

Sensitivity analysis:

	2019 $'000	2018 $'000
Financial liabilities:		
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	1,949	1,692

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).

33G. 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.

34. Events after the end of the reporting year

On 30 March 2020, the group increased the issued and paid-up capital in its wholly-owned subsidiary, MoneyMax Leasing Pte. Ltd. from $500,000 to $800,000. This investment was funded by internal resources and borrowings.

35. 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 No.	Title
SFRS (I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS (I) INT 23	Uncertainty over Income Tax Treatments
SFRS (I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS (I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS (I) 3	Improvements (2017) – Amendments: Business Combinations

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

36. 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. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS No.	Title	Effective date for periods beginning on or after
SFRS (I) 3	Definition of a Business – Amendments	1 January 2020
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to	1 January 2020
	The Conceptual Framework for Financial Reporting	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
SFRS (I)10 and SFRS (I) 1-28	Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Not fixed yet

37. Changes in accounting policies and restatements of comparative figures

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 lessee, almost all leases are 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. Thus, the entity has recognised 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. The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2019 by the application of the new standard on leases are disclosed in the relevant Notes to the financial statements. The reporting entity elected to apply the modified retrospective approach for this new standard on leases. Under the modified retrospective approach the comparative information is not restated and therefore there is no presentation of a third column for the statement of financial position. Any cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application.

38. 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	
	2019 $'000	2018 $'000	2019 %	2018 %
Held by the company:				
MoneyMax Pawnshop Pte. Ltd.[(a)] Singapore Pawn brokerage	18,014	18,014	100	100
MoneyMax Group Pte. Ltd. [(a)] Singapore Pawn brokerage	18,477	18,477	100	100
MoneyMax Pte. Ltd. [(a)] Singapore Pawn brokerage	11,618	11,618	100	100
MoneyMax Express Pte. Ltd. [(a)(e)] Singapore Pawn brokerage	6,725	6,725	100	100
MoneyMax Jewellery Pte. Ltd. [(a)] Singapore Retail of luxury items	2,542	2,542	100	100
MoneyMax Credit Pte. Ltd. [(a)] Singapore Dormant	29	29	100	100
MoneyMax Holdings Pte. Ltd. [(a)] Singapore Investment holding	+	+	100	100
MoneyMax Leasing Pte. Ltd. [(b)] Singapore Finance leasing (Verity Partners)	500	500	100	100
Moneymax Assurance Agency Pte. Ltd. [(b)] Singapore Insurance agency services (Verity Partners)	25	25	100	100
MoneyMax Capital Pte. Ltd. [(b)] Singapore Dormant (Verity Partners)	+	+	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

38. 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	
	2019 $'000	2018 $'000	2019 %	2018 %
Held by the company: (cont'd)				
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
Held by MoneyMax Jewellery Pte. Ltd.				
Vista Jewellery Pte. Ltd.[(d)] (In process of striking off) Singapore Refurbishment and repair services			60	60
Held by MoneyMax Express Pte. Ltd.				
Ban Joo Pawnshop Pte. Ltd. [(a) (e)] (Amalgamated on 5 July 2019) Singapore Pawn brokerage			–	100
Held by MoneyMax Holdings Pte. Ltd.				
SG e-Auction Pte. Ltd. [(a) (f)] Singapore Online auction platform			51	51
Held by Cash Online Sdn. Bhd.				
Easimine Group Sdn. Bhd. [(c)] Malaysia Investment holding			51	51
Yong Mei Group Sdn. Bhd. [(c)] Malaysia Investment holding			51	51
Guan Sang Group Sdn. Bhd. [(c)] Malaysia Investment holding			51	51

38. 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**	
	2019 %	**2018 %**
<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
Easigram (Pandan) Sdn. Bhd. [c] Malaysia Pawn brokerage	51	51
Easigram (Batu Pahat) Sdn. Bhd. [c] Malaysia Pawn brokerage	51	51

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

38. 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	
	2019 %	2018 %
Held by Easigold Group Sdn. Bhd.		
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
Held by Yong Mei Group Sdn. Bhd.		
Pajak Gadai Pagoh Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51
Pajak Gadai Hen Teck Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

38. 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	
	2019 %	2018 %
Held by Yong Mei Group Sdn. Bhd. (cont'd)		
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) Malaysia Pawn brokerage	51	51
Pajak Gadai Masai Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51
Pajak Gadai Kulai Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51
Pajak Gadai Bukit Gambir Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51
Held by Guan Sang Group Sdn. Bhd.		
Pajak Gadai Bukit Mertajam Sdn. Bhd. (c) Malaysia Pawn brokerage	51	51
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

38. 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	
	2019 %	2018 %
Held by Guan Sang Group Sdn. Bhd. (cont'd)		
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)] Malaysia Pawn brokerage	51	51
Pajak Gadai Butterworth Sdn. Bhd. [(c)] Malaysia Pawn brokerage	51	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) The wholly owned subsidiary of MoneyMax Jewellery Pte. Ltd. has applied for the striking off of its subsidiary, Vista Jewellery Pte. Ltd. and the process expected to complete on 6 April 2020.

(e) On 5 July 2019, Ban Joo Pawnshop Pte. Ltd. and MoneyMax Express Pte. Ltd. amalgamated to become MoneyMax Express Pte. Ltd.

(f) The group recognises the company as a subsidiary as it has control over the financial and operational matters.

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 2020

Number of shares issued	:	353,800,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share
Number of treasury shares and 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	139	12.86	129,300	0.03
1,001 – 10,000	499	46.16	2,435,100	0.69
10,001 – 1,000,000	432	39.96	33,675,920	9.52
1,000,001 and above	10	0.93	317,559,593	89.76
Total	1,081	100.00	353,800,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 19 March 2020, approximately 12.21% of the total issued shares in the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (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	220,454,300	62.31
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	CGS-CIMB Securities (Singapore) Pte Ltd	2,986,193	0.85
6	DBS Nominees Pte Ltd	1,937,600	0.55
7	Lim Liang Cheng	1,571,400	0.44
8	Tan Yang Hong	1,500,000	0.42
9	Lew Tuan Tat	1,089,100	0.31
10	Tan Yong Jin	1,021,000	0.29
11	Kok Sip Chon	968,400	0.27
12	Poh Boon Kher Melvin (Fu Wenke Melvin)	932,000	0.26
13	Maybank Kim Eng Securities Pte. Ltd	876,300	0.25
14	UOB Kay Hian Pte Ltd	820,500	0.23
15	Lee Mee Ing	815,000	0.23
16	Ng Siew Hwa	640,100	0.18
17	Tuah Pei Koon	626,900	0.18
18	Citibank Nominees Singapore Pte Ltd	602,000	0.17
19	Goh Chye Heang	600,000	0.17
20	Chan Soue Lien	500,000	0.14
	Total	324,940,793	91.84

STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of shareholders	Direct interest No. of shares	Direct interest %	Deemed interest No. of shares	Deemed interest %
Money Farm Pte. Ltd.[1]	220,454,300	62.31	-	-
Lim Yong Guan[2, 3, 4]	44,370,000	12.54	221,954,300	62.73
Lim Yong Sheng[3, 4]	38,280,000	10.82	220,454,300	62.31
Lim Liang Eng[3, 4]	4,350,000	1.23	220,454,300	62.31

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.

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

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