



IFS Capital Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700827C)

RESPONSE TO QUERIES RAISED BY SGX REGCO ON IFS CAPITAL LIMITED'S 2021 ANNUAL REPORT

The Board of Directors of IFS Capital Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) on 11 April 2022 in relation to the Company’s Annual Report for the financial year ended 31 December 2021 (the “**2021 Annual Report**”) and would like to set out its response to the queries as follows:

SGX RegCo’s Query (1):

Pursuant to Rule 907, an issuer is required to disclose the name of the interested person, nature of the relationship and the corresponding aggregate value of the interested person transactions (“IPT”) in the prescribed format. We note that:

- i. The Company has not disclosed its IPT in accordance with the format prescribed under Rule 907. Please disclose the information in the prescribed format accordingly.
- ii. The Company has not disclosed the nature of relationship between the Company and Phillip Credit Pte Ltd (“Phillip”). Please clarify the relationship between Phillip and the Company’s director, chief executive officer, controlling shareholder or their associate, as required.
- iii. Under Note 40 to the financial statements (Significant Related Parties Transactions) on pages 126 to 127, the Company had disclosed, inter alia, the following related parties transactions:
 - a. Interest charges on borrowings
 - b. Professional and brokerage fees incurred
 - c. Custodian fee
 - d. Fund management fees incurred
 - e. Rental income

The above transactions were, however, not disclosed under the “Interested Persons Transactions” on page 39. Please reconcile the amounts under both sections and explain any differences and to whom the related party transactions were transacted, if not disclosed as “Interested Persons Transactions” on page 39.



Company's Response:

Disclosure of interested person transactions in accordance with the format prescribed under Rule 907 is as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		12 months 31 December 2021 S\$'000	12 months 31 December 2021 S\$'000
Phillip Credit Pte Ltd	Controlling shareholder Lim Hua Min	34	NIL

The followings related parties' transactions are not disclosed under IPT as each transaction is less than \$100,000 for FY2021:

	S\$ '000
• Professional fees	41
• Brokerage fee	67
• Custodian fee*	27
• Fund management fee incurred*	66
• Rental income	18

**Exempted under Rule 915(6) of SGX-ST Listing Manual – The provision of financial assistance of service by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in ordinary course of business.*



SGX RegCo's Query (2):

Pursuant to Rule 704(6), if an issuer has previously announced its preliminary full-year results, the issuer must immediately announce any material adjustments to its preliminary full-year results made subsequently by auditors. We note that the company had announced its full-year results for FY2021 on 24 February 2022 ("Preliminary Full-year Results") and subsequently, its annual report for FY2021 on 4 April 2022 ("Annual Report"). There is, however, a variance of more than 5% (i.e. S\$2,342,000) between the total non-current assets reported in the Preliminary Full-year Results and the Annual Report. The Company has not made any announcement relating to this. Please disclose the item to which this amount of adjustment of S\$2,342,000 was made and the reason for the adjustment/reclassification, whichever is applicable.

Please provide further details regarding such variance, including breakdown if applicable, and explain why the Company did not disclose such variance as required under Rule 704(6).

Company's Response:

The variance of S\$2,342,000 between the total non-current assets reported in the Preliminary Full-year Results and the Annual Report was solely due to reclassification of investment in bonds maturing in 2022. These investments were previously classified and reported as non-current assets in the Preliminary Full-year Results.

As there were no impact on the Total Assets, we did not make any announcement.

SGX RegCo's Query (3):

Pursuant to Listing Rule 1207(10C), the annual report must contain the Audit Committee's ("AC") comment on whether the internal audit ("IA") function is independent, effective and adequately resource. Please provide further details to substantiate the AC's comment with regard to the in-house IA function, including its size, experience and qualifications of the team and head of IA function.

Company's Response:

The Company refers to page 35 of the 2021 Annual Report. The Company stated that the Group has an in-house internal audit function that is independent of the activities it audits and the internal auditors report functionally to the Chairman of the Audit Committee on audit matters. The Audit Committee has assessed the effectiveness of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports and their independence of the areas reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced. The Audit Committee ensures that the internal audit function has adequate resources, is staffed with persons with relevant qualifications and expertise and has appropriate standing within the Group. Currently, the internal audit team comprises three staff, of whom two, including the Head of Internal Audit, are based in Singapore office and one is based in Malaysia office. The Head of Internal Audit is



a Chartered Accountant with the Institute of Singapore Chartered Accountants, with 17 years of working experience in external audit, internal audit and risk management. The other two staff have more than 10 years of working experience in internal audit. All the internal auditors of the Company are members of the Institute of Internal Auditors.

By Order of the Board

Chionh Yi Chian/Angeline Ng
Company Secretary/Assistant Company Secretary
13 April 2022

