



Maxi-Cash 大興當



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MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

ANNUAL REPORT 2016

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Koh Wee Seng  
(Non-Executive Chairman)  
Ng Leok Cheng  
(Chief Executive Officer)  
Koh Lee Hwee  
(Non-Executive Director)  
Ko Lee Meng  
(Non-Executive Director)  
Tan Keh Yan, Peter  
(Lead Independent Director)  
Lee Sai Sing  
(Independent Director)  
Goh Bee Leong  
(Independent Director)  
Tan Soo Kiang  
(Independent Director)

## COMPANY SECRETARIES

Lim Swee Ann (CPA, ACIS)  
Janet Tan, LLB (Hons)

## REGISTERED OFFICE

80 Raffles Place  
#32-01 UOB Plaza 1  
Singapore 048624  
Tel: +65 6225 2626  
Fax: +65 6557 0765

## SHARE REGISTRAR

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

## SPONSOR

SAC Advisors Private Limited  
1 Robinson Road #21-02  
AIA Tower  
Singapore 048542

## AUDITOR

Ernst & Young LLP  
One Raffles Quay  
North Tower Level 18  
Singapore 048583

Partner-in-charge  
Ho Shyan Yan  
(Chartered Accountant, a member  
of the Institute of Singapore  
Chartered Accountants)  
(Since the financial year ended 31  
December 2016)

## PRINCIPAL BANKERS

United Overseas Bank Limited  
DBS Bank Ltd.  
CIMB Bank Berhad  
Oversea-Chinese Banking  
Corporation Limited

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.*

*The contact person for the Sponsor is Mr Ong Hwee Li, SAC Advisors Private Limited, at 1 Robinson Road #21-02 AIA Tower Singapore 048542, telephone (65) 6532-3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*



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## MESSAGE FROM NON-EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### DEAR SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present to you Maxi-Cash Financial Services Corporation Ltd's annual report for the financial year ended 31 December 2016 ("FY2016").

The strategic initiatives we executed in 2016, together with our commitment to our core fundamentals, have enabled the Group to build on its strengths, and will continue to move us towards new opportunities for growth.

In the midst of a challenging operating environment, the Group delivered a revenue increase of 34.8% from S\$121.1 million in FY2015 to S\$163.2 million in FY2016. The increase was primarily attributable to the higher interest income from the pawnbroking business and higher sales from the retail and trading of pre-owned jewellery, watches and branded bags, as well as the Group's expansion into the new gold jewellery retail business, with its new "LeGold" product range.

Moreover, the Group's earnings per ordinary share significantly increased from 0.68 cents in FY2015 to 1.88 cents in FY2016. Net asset value per ordinary share stood at 13.17 cents, compared to 11.87 cents in the preceding year. The Group was able to maintain its healthy cash position, which increased to S\$10.5 million in FY2016 as compared to S\$9.5 million in FY2015.

The Group has proposed a final dividend of 1.0 Singapore cent per ordinary share subject to shareholders' approval at the forthcoming annual general meeting of the Company.

### LOOKING AHEAD TO 2017

In our pursuit of enhancing our operations, we continue to enhance our existing stores, while planning new ventures to grow the "Maxi-Cash" brand. Our strategy involves focusing on local market trends and implementing effective cost management practices. These elements will allow us not only to increase our footprint, but will also make us stronger and more resilient in the long-term.

As part of our strategic initiatives this year, we have expanded our service offerings into the retail market with our foray in the sale of pre-owned luxury designer bags. The Group recognises Singapore's ever-growing luxury goods segment as an opportunity to extend our product line, tap into a new growth avenue and extend our customer base. With the inclusion of this new business, our customers can expect a diverse range of products in our stores.

The Group will also continue to establish its brand in areas where new and exciting market opportunities can be seized and maximised. With the rise of social media in recent years, we consider online engagement as an integral part in strengthening and increasing our digital presence, as well as giving another avenue to communicate with our customers. Utilising these new means of engagement has allowed us to further expand our consumer reach and brand equity.

As we move forward, we will further develop and execute an effective business strategy to better position our brand. To meet the challenges of an ever-changing economy, the Group will continue to review its store network, merchandise and further improve staff and operational efficiencies.

## MESSAGE FROM NON-EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### COMMUNITY ENGAGEMENT

We believe that it is important to establish a socially responsible corporate culture that enables us to contribute to the needs of the community. Through the years, we have remained committed in our Corporate Social Responsibility practices by being involved in various social projects, activities and campaigns.

As part of our initiative to foster positive relationships within communities, we have encouraged our employees to play active roles that address diverse local needs.

### ACKNOWLEDGEMENTS

We would like to take this opportunity to welcome Mr Tan Soo Kiang, who was appointed as Independent Director to our Board on 12 July 2016. Mr Tan brings to the Board a wealth of senior level experience in legal practice and we look forward to working closely with him.

I would also like to express my sincere appreciation to our customers, business partners and associates for their loyalty and trust over the years, who have contributed greatly to our success and growth. Lastly, I would like to thank the management and staff of the Group for their unwavering commitment, hard work and dedication, which are crucial to our long-term goal development.

### KOH WEE SENG

*Non-Executive Chairman*

### NG LEOK CHENG

*Chief Executive Officer*

## BUSINESS REVIEW

### PAWNBROKING BUSINESS

Revenue from the Group's pawnbroking business increased by 15.7% from S\$28.1 million in FY2015 to S\$32.5 million in FY2016. In FY2016, profit after tax for this business segment amounted to S\$7.7 million, up 140.6% from S\$3.2 million in the preceding year.

To maintain our position as the largest pawnshop chain in Singapore, we seek to further expand our presence in key parts of the country. The Group opened eight new stores at Waterway Point, Boon Keng MRT, Pasir Ris Drive, Sembawang MRT, HarbourFront Centre, Bukit Panjang

Plaza, Tiong Bahru Plaza and Jurong West to grow its pawning and retail business. As at the end of 2016, our network of 41 outlets located in strategic areas serves a wide clientele base.

To provide our customers with quality experience that the "Maxi-Cash" brand is known for, our stores have undergone design upgrades to improve convenience and accessibility, as well as enhance overall customer experience. We will continue to leverage our existing retail outlets that offer modern, professional and efficient services.



## BUSINESS REVIEW

### RETAIL AND TRADING OF JEWELLERY, WATCHES AND BRANDED BAGS

The Group's retail and trading of pre-owned jewellery, watches and branded bags and "LeGold", a brand new gold jewellery segment, recorded an increase in revenue of S\$130.7 million in FY2016, from S\$92.9 million recorded in the preceding year.

We are constantly seeking to expand our business and bring new products to our customers. The Group has recently ventured into the sale of pre-owned luxury bags. This strategic expansion allows us to broaden our offerings in the luxury goods market segment and meet the lifestyle needs of our customers. Our stores offer a wide variety of high-end designer bags from reputable brands at reasonable price points.

Aside from this, the Group aims to strengthen its relationship with its customers, who have trusted our fair trading and assessment practices.

In 2016, the Group undertook several initiatives to expand its product range in response to high customer demand for gold jewellery. This includes the launch of its new "LeGold" collection which provides our customers with quality jewellery at exceptional value.



## BUSINESS REVIEW

### RETAIL AND TRADING OF JEWELLERY, WATCHES AND BRANDED BAGS (continued)

The collection comprises modern designs of new 916 and 999 gold jewellery suitable for different personalities at accessible price points. Serving as the collection's ambassador is celebrated actress and model Kate Pang, who embodies the timeless grace and elegance of the gold pieces.

Due to the success of the "LeGold" collection and positive response of our customers, the Group launched the "LeGold

Perfect Joy" collection comprising of impeccable 916 gold jewellery sets with distinct designs ranging from minimalist to ornate. The Group also launched "LeGold Fantasi", a collections of unique 916 gold charms and pendants which can be mixed and matched to perfectly complement any look. These latest collections are Maxi-Cash's testament to bring to its customers jewellery products of the finest value.







LEGOLD COLLECTION worn by Kate Pang, Mediacorp Artiste

## BOARD OF DIRECTORS

### KOH WEE SENG

is our Non-Executive Chairman. He is also the president and CEO of Aspial Corporation Limited ("Aspial"), its subsidiaries and associated companies ("Aspial Group") and is responsible for the strategic planning, overall management and business development of Aspial Group. Since late 1994 when the new management led by him took over the reins, Aspial Group has overcome the challenges posed by changing consumer demand by implementing wide ranging and fundamental changes in its jewellery business. Mr Koh has also successfully led Aspial's diversification into the property and financial service businesses. Mr Koh holds a Bachelor degree in Business Administration from the National University of Singapore.

### NG LEOK CHENG

was appointed Chief Executive Officer of the Group on 5 January 2015 and he oversees the overall management and business development of our Group. Mr Ng has been an Independent Director of the Group since April 2012 and has held the positions of Chairman of the Remuneration and Nominating Committees as well as member of the Audit Committee. He began his career with Kuwait Asia Bank as a Credit Officer in 1985. Between 1986 and 1989, he was with the credit and marketing division of United Overseas Bank as an Assistant Manager. He then joined ABN Bank as a Relationship Manager in 1989 before leaving to take up a similar position with Generale Bank in the same year. In 1990, he took up the position of Director (Corporate Banking) with American Express bank, a position he held for three years until 1993. From 1993 to 2014, he was a Director of Datapulse Technology Limited, a company listed on the mainboard of the SGX-ST. Mr Ng also sits as an Independent Director on the board of TT International Limited, a company listed on the mainboard of the SGX-ST. Mr Ng holds a Bachelor degree in Business Administration (Honours) from the National University of Singapore.

### KOH LEE HWEE

was our CEO since the Group's listing on the Singapore bourse in 2012. Mdm Koh stepped down from the position on 5 January 2015 and remained as an Executive Director of the Company. She was re-designated as a Non-Executive Director of the Company on 5 August 2015. Prior to her appointment as the CEO of our Group, Mdm Koh was the Vice President (Manufacturing)/Executive Director of Aspial, where she oversaw and spearheaded the growth of Aspial's jewellery manufacturing division and was responsible for the overall production plans, technology, management and development of Aspial's jewellery production. Mdm Koh has more than 20 years of experience in the jewellery industry before joining the Company. Mdm Koh holds a Bachelor degree in Arts from the National University of Singapore.

### KO LEE MENG

was appointed as our Non-Executive Director on 28 July 2008. Mdm Ko has accumulated more than 25 years of experience in the jewellery industry. Mdm Ko helped to set up the merchandising team for our Company when it was incorporated in 2008. Mdm Ko is currently a Non-Executive Director of Aspial and also the Executive Director, Deputy Chairman and CEO of Global Premium Hotels Limited. Mdm Ko holds a Bachelor degree in Arts from the National University of Singapore.

## BOARD OF DIRECTORS

### TAN KEH YAN, PETER

is our Lead Independent Director. Between 1972 and 2003, he was employed by DBS Bank Ltd and last held the position of Managing Director of Enterprise Banking at DBS Bank Singapore. In early 2004, he joined Redwood Capital Pte Ltd, a wealth management and advisory firm as its Managing Director until 2005 when he left the company. Mr Tan sits as an Independent Director on the boards of two other companies listed on the SGX-ST, namely Asia Enterprises Holding Limited and Sin Heng Heavy Machinery Limited. Mr Tan graduated with a Bachelor of Science degree (Honours) from the University of Singapore in 1972 and from the University of California, Los Angeles, with a Master of Business Administration in 1985.

### LEE SAI SING

is our Independent Director. He is presently the Executive Director of Maxi-Harvest Group Pte. Ltd. which focuses on investments in South East Asia. Mr Lee has extensive experience in investing in unlisted and listed Asian equities. He is also involved in advising corporations in restructurings, pre-initial public offerings and initial public offerings. Mr Lee had worked in the fund management industry for many years in major financial institutions like Government of Singapore Investment Corp, BNPParibas Private Bank and Maybank-Kim Eng. Mr Lee graduated with a Bachelor degree in Applied Science (Computer Engineering) from Nanyang Technological University in 1995.

### GOH BEE LEONG

was appointed as our Independent Director on 19 October 2015. She comes with 40 years of extensive experience in the healthcare industry. During this time, she has held several senior management positions across diversified functions. These include manufacturing, quality control, product development and marketing of generic pharmaceuticals. Ms Goh has been with Haw Par Healthcare Limited since 2003 and is currently serving as its General Manager (Manufacturing) and Director. Ms Goh holds a Bachelor of Science (Pharmacy) from the National University of Singapore.

### TAN SOO KIANG

was appointed as our Independent Director on 12 July 2016. Mr Tan brings to the Board over 40 years of experience in legal practice and has held various appointments in the legal and judicial branch of the Legal Service before entering private practice in 1992. He joined Messrs Wee Swee Teow & Company as a Partner and his areas of practice encompassed general commercial, civil and criminal litigation, corporate and banking litigation, construction litigation, trusts, property litigation and professional negligence litigation. Mr Tan retired from law practice in 2015. He has also been an active volunteer in social and community services for many years for which he was awarded the Public Service Medal in 2007 and the Public Service Star in 2013. Mr Tan has held various appointments and directorships through the years, including serving as Principal member, panel of mediators of the Singapore Mediation Centre; Chairman, Institutional and Disciplinary Advisory Committee / Discipline Advisory Committee for Prison Service under Ministry of Home Affairs; Independent Director of Pertama Holdings Pte. Ltd.; Independent Director of Singapore Pools (Private) Limited; Independent Director of All Elite Security Pte. Ltd.; Independent Director of COGES Asia Pte. Ltd.; Board Member, St Andrew's Mission Hospital Board; Chairman, St Andrew's Autism Centre and St Andrew's Autism School; Chairman, St Andrew's Junior College Board of Governors; and Deputy Chairman, St Andrew School Board of Governors. Mr Tan graduated from the University of Singapore with a Bachelor of Laws (Honours) degree and was admitted as Advocate and Solicitor of the Supreme Court of Singapore in 1977.

## KEY MANAGEMENT

### YEO YEN PHING

is our Assistant Finance Director and is responsible for the overall accounting and finance functions of our Group. Since our establishment, she has overseen and has been responsible for the implementation of financial policies, the coordination and maintenance of our Group's accounting and internal control systems, budgeting, analysis of financial and accounting information, financial forecasts and compliance with audit and statutory requirements. Mdm Yeo joined Aspial in 2006 as an Assistant Finance Manager and rose to the rank of Senior Finance Manager in 2010. Subsequently in 2012, Mdm Yeo was appointed as Group Senior Finance Manager of our Group and rose to the rank of Assistant Finance Director in 2015. Before joining Aspial Group in 2006, Mdm Yeo was an Assistant Accountant at Lingo Technology Pte Ltd from 1990 to 1991 and a Senior Accountant with Keppel Land International Limited from 1991 to 2004. Mdm Yeo holds a Bachelor degree in Accountancy from the National University of Singapore and is a Chartered Accountant of Singapore.

### CHUA WEE KIONG

is our Group's Director for Operations. His primary responsibility is to implement and enforce the operational processes and procedures at our pawnshops and retail outlets. Mr Chua is also responsible for ensuring that they are compliant with our Group's policies and practices and with governmental regulatory aspects. He was an Executive with the Public Utility Board from 1990 to 1993 and was part of the pastoral staff at Faith Community Baptist Church between 1993 and 1999. From 1999 to 2003, he took on the role of Finance Executive at Faith Community Baptist Church. He also served as an Account Manager at Touch Community Services from 2000 to 2003 before going on to join AJI International as a Business Development Manager from 2004 to 2005. Prior to joining our Group in September 2008, Mr Chua was the General Manager at Goldin Enterprises Pte Ltd from 2005 to 2008, where he was responsible for its daily operational matters, maintenance of customer relationships and development of new businesses. Mr Chua holds a Bachelor degree in Arts from the National University of Singapore.

### ENG SEOK CHENG MAGDALENE

is our Group's Assistant Brand Director and is in charge of brand management, planning, managing and implementing marketing strategies and brand budgets, and managing public relations and visual merchandising. Prior to joining our Group in 2009, Mdm Eng was with Aspial from 1999 to 2008, where she last held the position of Senior Brand Manager and was responsible for developing and implementing brand strategies and planning and reviewing budgets for Aspial Group. She left Aspial in July 2008 to take up the position of Marketing Manager at Montblanc Singapore, where she was responsible for the overall operations of Montblanc's wholesale and retail channels, establishing marketing plans, implementation of sales strategies, managing events and planning and reviewing budgetary matters. Mdm Eng holds a Bachelor degree in Science, Business Administration from the Oklahoma City University.

### PHUA HUE TIAN

is our Group's Assistant Merchandising Director and is in charge of the inventory management team of our Group. She is also responsible for handling the auction process for our pawnbroking business and the product pricing and budget allocation at our retail outlets. Mdm Phua has accumulated more than 30 years of experience in the jewellery industry. Over the years, she has worked at various jewellery companies and was involved in the retailing, wholesaling and export of jewellery. She joined Poh Heng Jewellery as a Sales Executive in 1980 and was later promoted to Sales Manager. She then left Poh Heng Jewellery in 1985 and was a Sales Manager with Singapore Jewellery Industries from 1986 to 1991. She later took on the same role as Sales Manager with Siang Hoa Goldsmith from 1992 to 1998. Prior to joining our Group as our Senior Merchandising Manager in 2009, she was the Purchasing Manager at Aspial from 1999 to 2004 until she left to run her own jewellery business from 2005 to 2009.

## CORPORATE SOCIAL RESPONSIBILITY

The Group has long recognised its responsibility to pursue altruistic endeavours that enhance corporate value and more importantly, to benefit the community.

Over the years, the Group has aimed to make a substantive difference within Singapore by aiding communities through charitable programmes and activities, as well as supporting worthy causes. Our goal of building a socially responsible corporate culture is shared by our employees, who have been actively involved in various outreach initiatives.

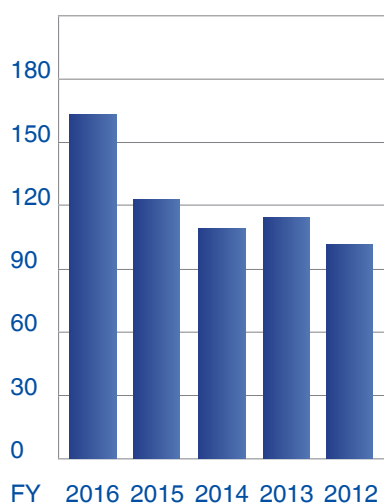
In 2016 the Group along with its customers, continued its involvement in the annual Happiness Charity Drive. Part of the proceeds from the sale of “LeGold” jewellery during the Drive were donated to SPD (formerly the Society for the Physically Disabled). SPD is a voluntary welfare organisation which helps people with disabilities maximise their potential and helps to integrate them into mainstream society. The Happiness Charity Drive allows our customers to acquire a meaningful memento while supporting SPD’s noble cause.

The Group is committed to continue its social contributions that align our business strategy and operations with civic values which generate sustainable benefits to each member of society. We will also uplift the spirit of volunteerism by forging strong and positive relationships with our customers and stakeholders who share our vision of giving back to the community.

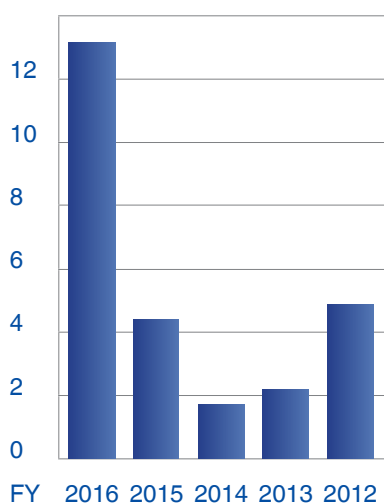


## FINANCIAL HIGHLIGHTS

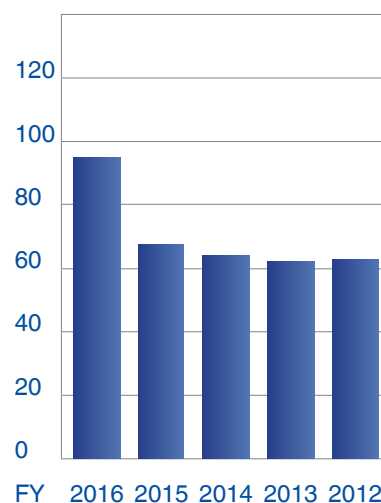
**Revenue**  
(\$ Million)



**Profit Before Tax**  
(\$ Million)



**Net Asset Value**  
(\$ Million)



### Group's Financial Highlights

	2016	2015	2014	2013	2012
(\$'000)					
Revenue	163,188	121,053	109,605	113,098	100,545
Profit Before Tax	13,149	4,335	1,804	2,121	4,937
Profit After Tax	11,450	3,910	1,856	2,253	4,217
Total Equity	96,622	67,491	64,706	64,022	64,184
Net Asset Value	95,812	66,782	64,064	63,424	63,624
Earnings Per Share (cents)	1.9	0.7	0.3	0.4	1.0

# CORPORATE GOVERNANCE REPORT



## CORPORATE GOVERNANCE REPORT

Maxi-Cash Financial Services Corporation Ltd (the “**Company**”) is committed to observing and maintaining high standards of corporate governance with specific reference made to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “**Code**”). This report describes the Company’s corporate governance practices with specific references to the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Board of Directors (the “**Board**” or “**Directors**”) is pleased to report that the Company has complied with the Code for the financial year ended 31 December 2016 (“**FY2016**”), except where otherwise explained. In areas where we have not complied with the Code, the Company will continue to assess its needs and implement appropriate measures accordingly.

### BOARD MATTERS (Principles 1, 2 and 3)

**Principle 1:** Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management of the company (the “**Management**”) to achieve this objective and the Management remains accountable to the Board.

**Principle 2:** There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision-making.

**Principle 3:** There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

### THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board’s role is to:

- provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- review the performance of the Management; and
- set the Group’s corporate values and ensure that obligations to shareholders and other stakeholders are understood and met.

The Company has adopted internal guidelines setting forth matters that require the Board’s approval and clear directions have also been given to the Management that the following matters must be approved by the Board under such guidelines:

- Quarterly results announcements;
- Annual results and accounts;
- Declaration of interim dividends and proposal for final dividends;
- Convening of shareholders’ meetings;
- Authorisation of merger and acquisition transactions; and
- Authorisation of major transactions.



## CORPORATE GOVERNANCE REPORT

### THE BOARD'S CONDUCT OF ITS AFFAIRS (continued)

The Board has, without abdicating its responsibility, delegated certain matters to specialised committees of the Board. These committees include the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The majority of the members of the Board Committees, including the Chairman, are independent. The Board Committees function within clearly defined terms of references and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis.

For FY2016, the Board had met on a quarterly basis as warranted. Ad hoc meetings were also convened to discuss and deliberate on urgent substantive matters or issues. The constitution<sup>1</sup> of the Company (the "Constitution") provides for the Board to convene meetings via telephone conferencing and video conferencing. The details of the number of Board and Board Committees meetings held in FY2016 and the attendance of each Director at those meetings are disclosed below:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended
Koh Wee Seng	4	4	4	4	1	1	1	1
Ng Leok Cheng	4	4	4	4	1	1	1	1
Koh Lee Hwee	4	4	4	4	1	1	1	1
Ko Lee Meng	4	4	4	4	1	1	1	1
Tan Keh Yan, Peter	4	4	4	4	1	1	1	1
Lee Sai Sing	4	4	4	4	1	1	1	1
Goh Bee Leong	4	4	4	4	1	1	1	1
Tan Soo Kiang <sup>1</sup>	2	2	2	2	–	–	–	–

<sup>1</sup> Mr Tan Soo Kiang was appointed as an Independent Director of the Company on 12 July 2016. He was appointed as a member of each of the AC, the NC and the RC on the same day.

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group.

Upon appointment of a new Director, the Company will provide a formal letter to the Director setting out, amongst others, his duties and obligations. Newly appointed Directors will be briefed on the Group's business, its strategic directions and corporate governance policies. Familiarisation visits can be organised, if necessary, to facilitate a better understanding of the Group's business operations. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. During the period under review, Directors are provided with briefings and updates (i) on the developments in financial reporting and governance standards by the external auditors, Ernst & Young LLP; and (ii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings, so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members.

<sup>1</sup> Pursuant to the recent amendments of the Companies Act (Chapter 50 of Singapore), the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

## CORPORATE GOVERNANCE REPORT

### THE BOARD'S CONDUCT OF ITS AFFAIRS (continued)

As at 31 December 2016, the composition of the Board is as follows:

Name of Director	Appointment Position	Appointment Date	Re-election Date	Length of Service	Board Committee(s) Served on	Past and Present Directorship held in the Last Three (3) Years in Other Listed Companies	Academic and Professional Qualifications/ Experience
Koh Wee Seng <sup>(1)</sup>	Chairman and Non-Executive Director	10 April 2008	27 April 2016	8 years 8 months	Nil	- Aspial Corporation Limited - AF Global Limited	Bachelor of Business Administration, National University of Singapore
Ng Leok Cheng	Chief Executive Officer and Executive Director	5 January 2015	28 April 2015	2 years	Nil	- Datapulse Technology Limited (past) - TT International Limited	Bachelor of Business Administration (Honours), National University of Singapore
Koh Lee Hwee <sup>(1)</sup>	Non-Executive and Non-Independent Director	10 April 2008	24 April 2014	8 years 8 months	- Nominating Committee	- Aspial Corporation Limited	Bachelor of Arts, National University of Singapore
Ko Lee Meng <sup>(1)</sup>	Non-Executive Director and Non-Independent Director	28 July 2008	24 April 2014	8 years 5 months	- Audit Committee - Remuneration Committee	- Aspial Corporation Limited - Global Premium Hotels Limited	Bachelor of Arts, National University of Singapore
Tan Keh Yan, Peter	Non-Executive Director and Lead Independent Director	16 April 2012	27 April 2016	4 years 8 months	- Audit Committee (Chairman) - Nominating Committee - Remuneration Committee	- Asia Enterprises Holding Limited - Sin Heng Heavy Machinery Limited	Bachelor of Science (Honours), University of Singapore  Master of Business Administration, University of California, USA
Lee Sai Sing	Non-Executive Director and Independent Director	16 April 2012	28 April 2015	4 years 8 months	- Remuneration Committee (Chairman) - Nominating Committee - Audit Committee	Nil <sup>(3)</sup>	Bachelor of Applied Science (Computer Engineering), Nanyang Technological University, Singapore

## CORPORATE GOVERNANCE REPORT

### THE BOARD'S CONDUCT OF ITS AFFAIRS (continued)

Name of Director	Appointment Position	Appointment Date	Re-election Date	Length of Service	Board Committee(s) Served on	Past and Present Directorship held in the Last Three (3) Years in Other Listed Companies	Academic and Professional Qualifications/ Experience
Goh Bee Leong	Non-Executive Director and Independent Director	19 October 2015	27 April 2016	1 year 2 months	- Nominating Committee (Chairman) - Remuneration Committee - Audit Committee	Nil	Bachelor of Science (Pharmacy), University of Singapore
Tan Soo Kiang <sup>(2)</sup>	Non-Executive Director and Independent Director	12 July 2016	N.A.	5 months	- Nominating Committee - Remuneration Committee - Audit Committee	UE E&C Ltd. (past)	Bachelor of Law (Honours), University of Singapore

Notes:

- (1) Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng are siblings.
- (2) Mr Tan Soo Kiang was appointed as a member of each of the AC, the NC and the RC on 12 July 2016.
- (3) Mr Lee Sai Sing was appointed as a non-independent and non-executive director of GS Holdings Limited on 3 March 2017.

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

In identifying the need for new director, the Board's primary consideration is to ensure that the Board consists of an appropriate mix of members with complementary skills, core competencies and experience that could contribute effectively to the Group, regardless of gender.

To maintain or enhance the balance and diversity of the Board, the Board's composition is reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons whose diverse skills, experience and knowledge to the Company and provides a diversity of gender with five (5) male Directors and three (3) female Directors. The Board members also collectively possess the necessary core competencies such as accounting, finance, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process.

The roles of the Chairman and the Chief Executive Officer are separate and distinct, each having their own areas of responsibilities.

The responsibilities of the Chairman include:

- leading the Board to ensure its effectiveness;
- setting agenda for Board meetings and ensuring adequate time for discussion;
- promoting openness and discussion during Board meetings;
- ensuring that Directors receive complete, adequate and timely information;
- ensuring effective communication with the shareholders;
- encouraging constructive relations within the Board and between the Board and the Management;
- facilitating effective contributions of the Non-Executive Directors; and
- promoting high standards of corporate governance.

## CORPORATE GOVERNANCE REPORT

### THE BOARD'S CONDUCT OF ITS AFFAIRS (continued)

The Company believes that a distinctive separation of responsibilities between the Chairman and the Chief Executive Officer will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. For FY2016, the positions of the Chairman and the Chief Executive Officer are held by Mr Koh Wee Seng and Mr Ng Leok Cheng respectively.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence.

For good corporate governance, the Board has appointed Mr Tan Keh Yan, Peter as the Lead Independent Director of the Company to address the concerns of the shareholders and employees in the event that interactions with the Non-Executive Chairman, Chief Executive Officer or Assistant Finance Director cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate. Where necessary, the Lead Independent Director, together with the other Independent Directors, will meet without the presence of the other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman, if it is necessary.

The Independent Directors have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees meetings, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management.

The Board currently comprises eight (8) Directors, four (4) of whom are Independent Directors. Accordingly, the Board has satisfied the requirement for independent directors to make up at least half of the Board where the Chairman is not an independent director (Guideline 2.2 of the Code).

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his appointment.

The independence of each Director will be reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC has reviewed and determined that Mr Tan Keh Yan, Peter, Mr Lee Sai Sing, Ms Goh Bee Leong and Mr Tan Soo Kiang are independent.

### BOARD MEMBERSHIP & PERFORMANCE (Principles 4 and 5)

**Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

**Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees, and the contribution by each director to the effectiveness of the Board.**

### NOMINATING COMMITTEE

The NC comprises five (5) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. The members of the NC are as follows:

Goh Bee Leong	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead Independent Director
Lee Sai Sing	Member	Independent Director
Tan Soo Kiang <sup>1</sup>	Member	Independent Director
Koh Lee Hwee	Member	Non-Executive Director

<sup>1</sup> Mr Tan Soo Kiang was appointed as an Independent Director of the Company and a member of the NC on 12 July 2016.

## CORPORATE GOVERNANCE REPORT

### NOMINATING COMMITTEE (continued)

The NC will meet at least once a year. The NC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of Directors having regard to the Directors' contribution and performance;
- developing a process for the selection, appointment and re-appointment of Directors to the Board;
- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and
- reviewing and approving any new employment of related persons and the proposed terms of their employment.

In its selection of new Directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. The Board conducts an initial assessment to review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidate's independence, expertise, background and right skills will be considered before the Board makes its final decision on the appointment. For re-appointment of Directors to the Board, the Board will take into consideration, amongst others, the Director's integrity, competencies, independence, commitment, contribution and performance (such as attendance, participation, preparedness and candour).

The NC determines the criteria on which Board performance is to be evaluated and, subject to the approval of the Board, proposes objective performance criteria which address how the Board has enhanced long-term shareholders' value.

The Board has implemented a formal annual process to be carried out by the NC to assess the effectiveness of the Board as a whole and its Board Committees. For FY2016, the Directors participated in the evaluation by providing feedback to the NC in the form of completing a Board Performance Evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with shareholders. To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year. The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory.

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorship each of its Directors can hold after taking into considerations factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size. As a guide, Directors should not have more than six (6) listed company board representations.

The NC has reviewed and is satisfied that in FY2016, where Directors had other listed company board representations, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

The NC will continue to review formal assessment processes for evaluating Board performance, as well as the contribution of individual Directors to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The Company's Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting ("AGM"). The NC has reviewed and is satisfied that the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions.

## CORPORATE GOVERNANCE REPORT

### NOMINATING COMMITTEE (continued)

The NC recommended to the Board that Ms Koh Lee Hwee and Ms Ko Lee Meng who are retiring pursuant to Article 93 of the Company's Constitution, be nominated for re-election as Directors at the Company's forthcoming AGM. The NC has also recommended to the Board that Mr Tan Soo Kiang, who is retiring pursuant Article 92 of the Company's Constitution, be nominated for re-election as a Director at the Company's forthcoming AGM. Please refer to pages 16 and 17 of this Annual Report for more information on Ms Koh Lee Hwee, Ms Ko Lee Meng and Mr Tan Soo Kiang. The re-appointments of Ms Koh Lee Hwee, Ms Ko Lee Meng and Mr Tan Soo Kiang shall be subject to shareholders' approval at the forthcoming AGM.

The NC also determines, on an annual basis, the independence of Directors. For FY2016, the NC has assessed and affirmed the status of each Director as follows:

Koh Wee Seng	Non-Independent
Ng Leok Cheng	Non-Independent
Koh Lee Hwee	Non-Independent
Ko Lee Meng	Non-Independent
Tan Keh Yan, Peter	Independent
Lee Sai Sing	Independent
Goh Bee Leong	Independent
Tan Soo Kiang	Independent

The key information of the Directors, including their appointment dates, directorships held in other listed companies in the past three (3) years and their principal commitments, are set out on pages 8, 9, 16 and 17 of this Annual Report.

### ACCESS TO INFORMATION (Principle 6)

**Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

To enable the Board to fulfill its responsibilities, the Management provides the Board with management reports on a regular and timely basis, with relevant and adequate information prior to the Board meetings. Prior to each Board meeting, the Board is provided with the relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. During each Board meeting, progress reports of the Group's business operations are also presented to the Board by the Management. The Board also has separate and independent access to the Company Secretary and the Company's Senior Management.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the requirements under the Companies Act (Chapter 50 of Singapore) ("**Companies Act**") and all others regulations of the SGX-ST are complied with.

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

In the furtherance of its duties, the Board may obtain professional advice and assistance from the Company Secretary or independent professionals if necessary, and the cost of such advice and assistance will be borne by the Company.

### REMUNERATION MATTERS (Principles 7, 8 and 9)

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

**Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

**Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

## CORPORATE GOVERNANCE REPORT

### REMUNERATION COMMITTEE

The RC comprises five (5) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the RC Chairman, are independent. The members of the RC are as follows:

Lee Sai Sing	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead Independent Director
Goh Bee Leong	Member	Independent Director
Tan Soo Kiang <sup>1</sup>	Member	Independent Director
Ko Lee Meng	Member	Non-Executive Director

<sup>1</sup> Mr Tan Soo Kiang was appointed as an Independent Director of the Company and a member of the RC on 12 July 2016.

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each of the Directors and key management executives;
- reviewing and administering the award of shares to Directors and employees under the employee performance share plan adopted by the Company; and
- reviewing and determining the contents of any service contracts for any Directors or key management executives.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management executives. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

No remuneration consultants were engaged by the Company in FY2016. The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. Where remuneration consultants are appointed, the Company will disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management executives of the required experience and expertise.

Executive Directors do not receive Directors' fees but are remunerated as members of the Management. The remuneration package of the Executive Directors and the key management executives comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors with those of the shareholders and link rewards to the Group's financial performance. Service agreements for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

The Non-Executive Directors do not have service agreements with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

In addition, the Company has implemented an employee performance share plan as part of a compensation plan to motivate Directors and employees of the Group of dedication, loyalty and higher standards of performance. The Maxi-Cash Performance Share Plan (the "Share Plan") was approved and adopted by the shareholders of the Company at an extraordinary general meeting held on 11 April 2012.

The Share Plan is administered by the RC. The names of the members of the RC are as stated above.

## CORPORATE GOVERNANCE REPORT

### REMUNERATION COMMITTEE (continued)

A participant's award under the Share Plan will be determined at the sole discretion of the RC. In considering the grant of an award to a participant, the RC may take into account, amongst others, the participant's capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skill set.

Awards granted under the Share Plan will be performance based, with performance targets set over a designated performance period. Performance targets set are intended to be premised on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Awards are granted when and after pre-determined performance or service conditions are accomplished.

The aggregate number of shares which may be issued or transferred pursuant to the awards granted under the Share Plan, when added to (i) the number of shares issued and issuable and/or transferred or transferable in respect of all awards granted under the Share Plan; and (ii) all shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent.(15%) of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

During FY2016, no awards have been granted under the Share Plan. For further details of the Share Plan, please refer to the Company's offer document dated 12 June 2012.

Save for Mr Koh Wee Seng (Non-Executive Chairman), Ms Koh Lee Hwee (Non-Executive Director) and Ms Ko Lee Meng (Non-Executive Director) who are siblings, there was no employee of the Group who is an immediate family member of a Director or the Chief Executive Officer and was paid more than S\$50,000 during FY2016.

The Board has reviewed the disclosure of the remuneration of the Directors and the key management personnel and has decided not to fully disclose their remuneration and the names of the key management personnel as the Board believes that the disclosure may be prejudicial to its businesses given the competitive business environment and the disadvantages that it may bring.

### Disclosure on Directors' Fees and Remuneration

A breakdown showing the level and mix of the remuneration of each individual Director for FY2016 is set out below:

Remuneration bands	Salary <sup>(1)</sup> (%)	Benefits (%)	Variable or performance bonus (%)	Directors' Fees <sup>(2)</sup> (%)	Total (%)
<b>Directors</b>					
<u>S\$1,000,000 to S\$1,250,000</u>					
Ng Leok Cheng	30.69	–	69.31	–	100.00
<u>Below S\$250,000</u>					
Koh Lee Hwee	–	–	–	100.00	100.00
Koh Wee Seng	–	–	–	100.00	100.00
Ko Lee Meng	–	–	–	100.00	100.00
Tan Keh Yan, Peter	–	–	–	100.00	100.00
Lee Sai Sing	–	–	–	100.00	100.00
Goh Bee Leong	–	–	–	100.00	100.00
Tan Soo Kiang	–	–	–	100.00	100.00

#### Notes:

- (1) Salary is inclusive of salary, allowances and Central Provident Fund contributions.
- (2) Directors' fees are subject to the approval of the shareholders of the Company at the forthcoming AGM.



## CORPORATE GOVERNANCE REPORT

### REMUNERATION COMMITTEE (continued)

#### The Remuneration of Key Management Personnel (who are not Directors or the CEO)

The Group has only top four (4) key management personnel. The remuneration of the top four (4) key management personnel comprises of fixed component and variable component. Fixed component is in the form of fixed salary whereas variable component is linked to the performance of the Group's business and individual performance.

The remuneration of the top four (4) key management personnel for FY2016 are as follows:

Below S\$250,000 : 4

The total remuneration paid to the above four (4) key management personnel was S\$621,866 for FY2016.

### RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 11)

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

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

The Company's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The process of risk management has been integrated into the Group's business planning and monitoring process. The Company regularly reviews the Group's business and operational activities to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

The AC reviews with the external auditors, as part of their statutory audit, the adequacy and effectiveness of the Company's internal controls relevant to the preparation of financial statements.

The internal audit function of the Group performs risk assessment and conducts review on the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews and endorses the internal audit plan and internal audit reports of the Group.

The internal control systems maintained by the Company's Management throughout the year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The adequacy and effectiveness of the Group's risk management and internal control systems and procedures will be reviewed by the AC annually.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational and compliance risks, are adequate as at 31 December 2016.

The Board has also received the assurance of the CEO and the Assistant Finance Director that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) they have evaluated the effectiveness of the Company's internal controls and assessed the internal auditors' reports on the Group's operations and external auditors' report on the financial statements and management letter and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial information.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE (Principle 12)

**Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

The AC comprises five (5) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the AC Chairman, are independent and have accounting related or financial management experience. The members of the AC are as follows:

Tan Keh Yan, Peter	Chairman	Lead Independent Director
Lee Sai Seng	Member	Independent Director
Goh Bee Leong	Member	Independent Director
Tan Soo Kiang <sup>1</sup>	Member	Independent Director
Ko Lee Meng	Member	Non-Executive Director

<sup>1</sup> Mr Tan Soo Kiang was appointed as an Independent Director of the Company and a member of the AC on 12 July 2016.

The AC meets on a quarterly basis during the year. The AC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing with the external auditors, the audit plan and their evaluation of the system of internal accounting controls as part of their statutory audit and monitor Management's response and actions to correct noted deficiencies;
- reviewing with the internal auditors of the Company, the scope and results of the internal audit and monitor Management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the internal control systems and procedures and ensure coordination between the external auditors and Management;
- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon either the internal or external auditors;
- reviewing the quarterly and full year financial statements before submission to the Board particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST and statutory/regulatory requirements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the interested person transactions;
- evaluating the independence of the external auditors annually and nominate them for re-appointment; and
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors.

The AC has authority to investigate any matter within its terms of reference and have been given full access to Management and reasonable resources to enable it to discharge its function properly. The AC has full discretion to invite any Director or key management executive to attend its meetings.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE (Principle 12) (continued)

The AC is guided by its terms of reference which stipulate its principal functions. In performing its functions, the AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function of the Group to ensure that an effective system of control is maintained in the Group. The AC has full access to the external auditors and the internal auditors and has met with them at least once during FY2016 without the presence of the Management. On a quarterly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalyst Rules and other regulations which could have an impact on the Group's business and financial statements.

The AC will review the independence of the external auditors annually.

Total audit fees paid to the external auditors in FY2016 amounted to approximately S\$233,000. No non-audit services were rendered by the external auditors during FY2016. The AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as the Company's external auditors at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalyst Rules in appointing the audit firms for the Group. No former partner or director of the Company's existing auditing firm is a member of the AC.

The Company has put in place a whistle blowing policy, endorsed by the AC where employees of the Company may in confidence, raise concerns about wrongdoing or malpractice within the Company and its subsidiaries and ensure arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. No such whistle-blowing letter was received in FY2016.

### INTERNAL AUDIT (Principle 13)

**Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The internal audit function of the Group is conducted by the internal audit team of the Company. The internal audit team performs risk assessment and conducts the review of the effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management systems. The internal auditors have unrestricted access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

The internal audit function is independent of the activities it audits and carries out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Board and the AC are of the opinion that the internal audit function is sufficiently resourced and internal audits are performed by competent professional staff. The AC will review annually the adequacy and effectiveness of the internal audit function. The AC will also approve the appointment, removal, evaluation and compensation of the head of the internal audit function.

### ACCOUNTING AND COMMUNICATION WITH SHAREHOLDERS (Principles 10, 14 and 15)

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

**Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

**Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board. The Management currently provides the Board with management accounts of the Group's position, performance and prospects on a quarterly basis and as and when deemed necessary, and the Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via quarterly announcements of results and other ad-hoc announcements as required by the SGX-ST.

## CORPORATE GOVERNANCE REPORT

### ACCOUNTING AND COMMUNICATION WITH SHAREHOLDERS (Principles 10, 14 and 15) (continued)

Results and other material information are released through SGXNET on a timely basis for the dissemination to shareholders and public in accordance with the requirements of the SGX-ST.

The Board welcomes the views of shareholders on matters affecting the Company, whether at the general meetings of shareholders or on an ad hoc basis. Shareholders of the Company are informed of the general meetings through notices published in the newspapers and reports or circulars sent to all shareholders. At the general meetings, shareholders will be given the opportunity to express their views and ask Directors or Management questions regarding the Company. The external auditors will also be present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a dedicated investor relations team. The Company's Executive Chairman and Assistant Finance Director are responsible for the Company's communication with shareholders. The public can provide feedback to the Company Secretary via electronic mail address or registered address.

Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of shareholders who are relevant intermediaries, more than two (2) proxies) to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on our Shares that the Directors may recommend or declare in respect of any particular financial year or period will take into consideration the Group's retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which the Directors may deem appropriate. The Company may declare dividends by way of an ordinary resolution of the shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the shareholders. The Directors may also declare an interim dividend without the approval of the shareholders. Future dividends will be paid by the Company as and when approved by the shareholders (if necessary) and the Directors. The Company has proposed a final one-tier dividend of 1.0 cent per ordinary share in respect of FY2016, subject to shareholders' approval at the forthcoming AGM.

### CONDUCT OF SHAREHOLDER MEETINGS (Principle 16)

**Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

All shareholders receive reports or circulars of the Company which include notice of general meeting by post within the mandatory period. Notice of general meeting is released through SGXNET and published in the Business Times within the same period. The results of the general meetings are also released on SGXNET on the same day.

All registered shareholders are encouraged to participate during the general meetings. Matters which require shareholders' approval were presented and proposed as a separate resolution. The Company practises having separate resolutions at general meetings for each distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all shareholders. If shareholders are unable to attend the general meetings, a shareholder who is not a relevant intermediary may appoint not more than two (2) proxies (or in the case of a shareholder who is a relevant intermediary, more than two (2) proxies) to attend and vote on their behalf at the general meetings. Voting in absentia and by electronic mail 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, Management, Company Secretary, external auditors and legal advisors (if necessary) attend the general meetings. The procedures of the general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from shareholders relating to the agendas of the meetings, and responses from the Board and Management. These minutes are subsequently approved by the Board and made available to shareholders during office hours at the registered office.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

## CORPORATE GOVERNANCE REPORT

### OTHER CORPORATE GOVERNANCE MATTERS

#### DEALING IN SECURITIES

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalyst Rules. During FY2016, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full-year financial results, and ending on the date of announcement of the relevant results. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirms that it has adhered to its internal securities code of compliance for FY2016.

#### INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(i) of the Catalyst Rules.

The aggregate value of interested person transactions above S\$100,000 entered into during FY2016 is as follows:

Name of interested person	Aggregate value of all interested person transactions during FY2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
<b>Lease of premises</b>		
World Financial Property Pte Ltd	438	-
8G Investment Pte Ltd	552	-
<b>Purchase of jewellery</b>		
Aspial-Lee Hwa Jewellery Singapore Pte Ltd	100	-
<b>Corporate charges</b>		
Aspial Corporation Limited	780	-
<b>Loan Interest</b>		
Aspial Treasury Pte Ltd	1,444	-

#### MATERIAL CONTRACTS

Save as disclosed above in the section entitled "Interested Person Transactions", there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholder, either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the financial year ended 31 December 2015.

#### NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalyst Rules, there were no non-sponsor fees paid to the Company's Sponsor, SAC Advisors Private Limited, for the financial year ended 31 December 2016.

# FINANCIAL REPORT

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## DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Maxi-Cash Financial Services Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

### Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

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

Koh Wee Seng  
Ng Leok Cheng  
Koh Lee Hwee  
Ko Lee Meng  
Tan Keh Yan, Peter  
Lee Sai Sing  
Goh Bee Leong  
Tan Soo Kiang (appointed on 12 July 2016)

In accordance with Article 92 of the Company's Constitution, Tan Soo Kiang retires and, being eligible, offers himself for re-election.

In accordance with Article 93 of the Company's Constitution, Koh Lee Hwee and Ko Lee Meng retire and, being eligible, offer themselves for re-election.

### Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## DIRECTORS' STATEMENT

(continued)

### Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2016	31 December 2016	21 January 2017	1 January 2016	31 December 2016	21 January 2017
<b>The Company</b>						
<b>Maxi-Cash Financial Services Corporation Ltd.</b>						
<i>(Ordinary shares)</i>						
Koh Wee Seng	24,767,381	55,474,272	55,474,272	425,957,247	541,836,874	541,836,874
Koh Lee Hwee	1,235,555	1,604,772	1,604,772	426,470,626	542,350,253	542,350,253
Ko Lee Meng	1,957,292	2,373,674	2,373,674	427,000,808	542,887,954	542,887,954
Lee Sai Sing	380,160	493,762	493,762	–	–	–
<b>Immediate holding company</b>						
<b>Aspial Corporation Limited</b>						
<i>(Ordinary shares)</i>						
Koh Wee Seng	347,479,901	372,164,929	372,164,929	1,122,273,082	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,888,888	30,888,888	30,888,888	1,135,400,921	1,156,816,957	1,156,816,957
Ko Lee Meng	33,443,824	33,639,865	33,639,865	1,118,264,239	1,138,979,974	1,138,979,974
<b>Ultimate holding company</b>						
<b>MLHS Holdings Pte. Ltd.</b>						
<i>(Ordinary shares)</i>						
Koh Wee Seng	1,410,000	1,410,000	1,410,000	–	–	–
Koh Lee Hwee	607,500	607,500	607,500	–	–	–
Ko Lee Meng	772,500	772,500	772,500	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are deemed to have an interest in the shares of the Company and its subsidiaries to the extent held by Aspial Corporation Limited and MLHS Holdings Pte. Ltd.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

### Options

No options were issued by the Company during the financial year. As at 31 December 2016, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

### Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.



## DIRECTORS' STATEMENT

(continued)

### Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Koh Wee Seng  
Director

Ng Leok Cheng  
Director

Singapore  
23 March 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Maxi-Cash Financial Services Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the 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 Financial Reporting Standards in Singapore (FRSs) 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 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the 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 Group 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

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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Allowance for doubtful trade receivables

Trade receivable balances are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management based on historical non-renewal and non-redemption data of each individual pawnshop outlet as well as the monitoring of fluctuations of gold prices and second-hand jewellery and watches. Significant judgement and estimation is involved in using the historical non-renewal and non-redemption data to derive the probability of non-redemption as the pawn loan ages. Accordingly, we have identified the allowance for doubtful trade receivables from the Group's pawnbroking segment as a key audit matter.

To address the risk of material misstatement relating to the allowance for doubtful trade receivables from the Group's pawnbroking segment, our audit procedures include, amongst others, evaluating management's procedures in monitoring and managing the risk of impairment. This consist of management's process in monitoring the volatility of the market prices of gold, jewellery and watches. We have also reviewed management's assessment of the probability of non-redemption based on historical non-renewal and non-redemption data, and assessed the adequacy of the allowance for doubtful trade receivables. Furthermore, we considered the adequacy of the disclosures related to trade receivables in Note 15 to the financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

(continued)

### Key audit matters (continued)

#### *Existence of pledges, cash and inventories*

We focused on pledges, cash and inventories as their total carrying amounts are material to the financial statements, and there is a higher inherent risk of theft and pilferage.

As part of our audit, we obtained an understanding of the internal controls with respect to the physical safeguards over pledges, cash and inventories. On a sample basis, we attended and observed surprise outlet audits (which include the verification of pledges, cash and inventories counts), daily cash counts and inventory cycle counts at selected outlets performed by management. We also attended the year-end inventory count and cash count conducted at head office. To verify the existence of bank balances, we obtained bank confirmations and reviewed management's monitoring of the cash balances. Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held and inventories in Notes 18, 15 and 14 respectively to the financial statements.

### Other information

Management is responsible for other information. The other information comprises the information included in the annual report, 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 FRSs, 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:

- 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

(continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.
- 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 Ho Shyan Yan.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
23 March 2017

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Revenue</b>	4	163,188	121,053
Material costs		(114,743)	(84,587)
Employee benefits	5	(14,063)	(12,918)
Depreciation and amortisation		(1,382)	(1,640)
Finance costs	6	(4,535)	(4,027)
Other operating expenses		(16,216)	(14,237)
Rental income		171	165
Other income	7	729	526
<b>Profit before tax</b>	8	13,149	4,335
Income tax expense	9(a)	(1,699)	(425)
<b>Profit for the year, representing total comprehensive income for the year</b>		<u>11,450</u>	<u>3,910</u>
<b>Attributable to:</b>			
Owners of the Company		11,349	3,843
Non-controlling interests		101	67
		<u>11,450</u>	<u>3,910</u>
<b>Earnings per share (cents)</b>			
Basic and diluted	10	<u>1.88</u>	<u>0.68</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

Note	Group		Company		
	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	
<b>Non-current assets</b>					
Plant and equipment	11	4,162	3,299	69	63
Other receivables	15	1,714	2,046	–	554
Investment in subsidiaries	12	–	–	45,000	45,000
Investment in joint arrangements	13	–	–	–	–
Prepaid rent	16	–	42	–	–
Deferred tax assets	9(c)	363	948	67	28
		6,239	6,335	45,136	45,645
<b>Current assets</b>					
Inventories	14	43,211	29,027	–	–
Trade and other receivables	15	246,278	215,520	538	401
Prepaid rent	16	42	53	–	–
Prepayments		852	627	20	27
Due from subsidiaries (non-trade)	17	–	–	43,165	26,195
Due from a related company (trade)	17	97	–	7	–
Cash and bank balances	18	10,542	9,472	1,502	903
		301,022	254,699	45,232	27,526
<b>Total assets</b>		<b>307,261</b>	<b>261,034</b>	<b>90,368</b>	<b>73,171</b>
<b>Current liabilities</b>					
Trade and other payables	19	5,576	3,217	1,999	914
Due to immediate holding company (non-trade)	17	11	8,178	7	8,178
Due to related companies (non-trade)	17	29,570	51,660	–	–
Provision for taxation		1,782	790	–	29
Interest-bearing loans	20	173,550	129,610	–	–
		210,489	193,455	2,006	9,121
<b>Net current assets</b>		<b>90,533</b>	<b>61,244</b>	<b>43,226</b>	<b>18,405</b>
<b>Non-current liabilities</b>					
Other payables	19	56	23	–	23
Deferred tax liabilities	9(c)	94	65	–	–
		150	88	–	23
<b>Total liabilities</b>		<b>210,639</b>	<b>193,543</b>	<b>2,006</b>	<b>9,144</b>
<b>Net assets</b>		<b>96,622</b>	<b>67,491</b>	<b>88,362</b>	<b>64,027</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	21	87,439	64,035	87,439	64,035
Revenue reserves		8,373	2,747	923	(8)
		95,812	66,782	88,362	64,027
Non-controlling interests		810	709	–	–
<b>Total equity</b>		<b>96,622</b>	<b>67,491</b>	<b>88,362</b>	<b>64,027</b>
<b>Total equity and liabilities</b>		<b>307,261</b>	<b>261,034</b>	<b>90,368</b>	<b>73,171</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Note	Attributable to owners of the Company			Non-controlling interests	Total equity
	Share capital	Revenue reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 January 2015	64,035	29	64,064	642	64,706
Profit for the year, representing total comprehensive income for the year	–	3,843	3,843	67	3,910
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	25	(1,125)	(1,125)	–	(1,125)
Total transactions with owners in their capacity as owners	–	(1,125)	(1,125)	–	(1,125)
At 31 December 2015 and 1 January 2016	64,035	2,747	66,782	709	67,491
Profit for the year, representing total comprehensive income for the year	–	11,349	11,349	101	11,450
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares – Cash	25	(3,241)	(3,241)	–	(3,241)
Dividends on ordinary shares – Scrip	25	(2,482)	(2,482)	–	(2,482)
Ordinary shares issued under scrip dividend scheme		–	2,482	–	2,482
Ordinary shares issued under rights issue		–	21,098	–	21,098
Share issuance expenses		–	(176)	–	(176)
Total transactions with owners in their capacity as owners	23,404	(5,723)	17,681	–	17,681
At 31 December 2016	87,439	8,373	95,812	810	96,622

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

	Share capital	Revenue reserves	Total
Note	\$'000	\$'000	\$'000
<b>Company</b>			
At 1 January 2015	64,035	(20)	64,015
Profit for the year	–	1,137	1,137
Total comprehensive income for the year	–	1,137	1,137
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares	–	(1,125)	(1,125)
Total transactions with owners in their capacity as owners	–	(1,125)	(1,125)
At 31 December 2015 and 1 January 2016	64,035	(8)	64,027
Profit for the year	–	6,654	6,654
Total comprehensive income for the year	–	6,654	6,654
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares – Cash	–	(3,241)	(3,241)
Dividends on ordinary shares – Scrip	–	(2,482)	(2,482)
Ordinary shares issued under scrip dividend scheme	2,482	–	2,482
Ordinary shares issued under rights issue	21,098	–	21,098
Share issuance expenses	(176)	–	(176)
Total transactions with owners in their capacity as owners	23,404	(5,723)	17,681
At 31 December 2016	87,439	923	88,362

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Operating activities</b>			
Profit before tax		13,149	4,335
Adjustments for:			
Recovery of doubtful debts, net	8	–	(137)
Depreciation of plant and equipment	11	1,329	1,428
Write-down of inventories	8	12	4
Interest expense	6	4,535	4,027
Financial losses on pledged items not fully covered by insurance		34	7
Loss on disposal of plant and equipment	8	416	264
Amortisation of prepaid rent	8	53	212
		<u>19,528</u>	<u>10,140</u>
<b>Operating cash flows before changes in working capital</b>			
Changes in working capital			
(Increase)/decrease in inventories		(14,196)	1,587
Increase in trade and other receivables		(30,460)	(16,569)
(Increase)/decrease in prepayments		(225)	101
Increase in due from a related company (trade)		(97)	–
Increase/(decrease) in trade and other payables		2,392	(299)
Total changes in working capital		<u>(42,586)</u>	<u>(15,180)</u>
		<u>(23,058)</u>	<u>(5,040)</u>
<b>Cash flows used in operations</b>			
Interest paid		(4,535)	(4,027)
Income taxes refund		1	–
Income taxes paid		(458)	(438)
		<u>(28,050)</u>	<u>(9,505)</u>
<b>Net cash flows used in operating activities</b>			
<b>Investing activity</b>			
Purchase of plant and equipment	11	(2,608)	(704)
		<u>(2,608)</u>	<u>(704)</u>
<b>Net cash flows used in investing activity</b>			
<b>Financing activities</b>			
Proceeds from short-term bank borrowings, net		43,940	65,900
Repayment of advances from immediate holding company (non-trade), net		(8,167)	(106,018)
(Repayment of advances)/advances from a related company (non-trade), net		(21,726)	51,660
Dividends paid on ordinary shares		(3,241)	(1,125)
Proceeds from rights issue, net	21	20,922	–
		<u>31,728</u>	<u>10,417</u>
<b>Net cash flows from financing activities</b>			
		1,070	208
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		9,472	9,264
		<u>10,542</u>	<u>9,472</u>
<b>Cash and cash equivalents at the end of the financial year</b>			
	18	<u>10,542</u>	<u>9,472</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 1. Corporate information

Maxi-Cash Financial Services Corporation Ltd. (the "Company") is a limited liability Company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate and ultimate holding companies are Aspial Corporation Limited and MLHS Holdings Pte. Ltd. respectively. The two companies are both incorporated in Singapore.

The Company's registered office is located at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624 and its principal place of business is located at 55 Ubi Avenue 1, #07-11, Ubi 55, Singapore 408935.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("S'000"), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.3 Standards issued but not yet effective (continued)

##### *FRS 109 Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit loss requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

##### *FRS 115 Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

##### *FRS 116 Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets, total liabilities and gearing ratio.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.4 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### 2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### 2.7 Foreign currency

The financial statements are presented in Singapore Dollars ("SGD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency to be SGD and items included in the financial statements of each entity are measured using that functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are measured in SGD by the Company and its subsidiaries and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the financial year are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.8 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Renovations, electrical fittings, furniture and fittings	– 3 – 5 years
Air-conditioners, office and security equipment	– 3 – 5 years
Showroom tools and machinery	– 5 years
Computers	– 3 years
Motor vehicles	– 3 – 7 years

Renovation-in-progress is not depreciated until it is ready for its intended use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

#### 2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

#### 2.10 *Financial instruments*

##### (a) *Financial assets*

###### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.10 *Financial instruments (continued)*

##### (a) *Financial assets (continued)*

###### Subsequent measurement

###### *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

###### De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

##### (b) *Financial liabilities*

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

###### Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

###### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 2.11 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.11 *Impairment of financial assets (continued)*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### 2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand.

#### 2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined by applying the specific identification method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.14 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.15 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.16 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.17 *Employee benefits*

##### (a) *Defined contribution plans*

The Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### (b) *Employee leave entitlement*

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the financial year is recognised for services rendered by employees up to the end of the financial year.

##### (c) *Employee share award plan*

The immediate holding company's shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value of the shares at the distribution dates.

#### 2.18 *Leases*

##### (a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(c).

#### 2.19 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, taxes or duty.

##### (a) *Sale of goods*

Revenue from sale of jewellery, watches and branded bags is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold, net of discounts, returns and applicable goods and services tax. 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.19 Revenue (continued)

(b) *Interest income*

Interest income from loans to customers is recognised using the effective interest method.

(c) *Rental income from operating leases*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### 2.20 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial year, in Singapore where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.20 Taxes (continued)

##### (b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each financial year.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

##### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

#### 2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.23 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

##### Joint operations

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 2. Summary of significant accounting policies (continued)

#### 2.23 Joint arrangements (continued)

##### *Joint operations (continued)*

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

#### 2.24 Government grants

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the government grant is recognised in profit or loss upon receipt of the grant. Grants related to income are presented under other income.

### 3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each financial year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### *Income taxes*

The Group has exposure to income taxes in Singapore. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax liabilities at the end of the financial year was \$1,782,000 (2015: \$790,000) and \$94,000 (2015: \$65,000) respectively.

Deferred tax assets are recognised for all deductible temporary differences and unutilised tax credits and losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax credits/losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets at the end of the financial year was \$363,000 (2015: \$948,000).

#### 3.2 Other estimates and judgments applied

The Group, on its own or in reliance on third parties, also applied estimates, assumptions and judgments in the following areas. These estimates, assumptions and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

##### (a) *Impairment of loans and receivables*

The Group assesses at the end of each financial year whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the historical non-redemption data and significant decline in values of collaterals. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the financial year is disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 3. Significant accounting judgments and estimates (continued)

#### 3.2 Other estimates and judgments applied (continued)

##### (b) Impairment of inventories

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the financial year is disclosed in Note 14 to the financial statements.

### 4. Revenue

	Group	
	2016	2015
	\$'000	\$'000
Sale of jewellery, watches and branded bags	130,674	92,904
Interest income from providing collateral loan services	32,514	28,149
	163,188	121,053

### 5. Employee benefits

	Group	
	2016	2015
	\$'000	\$'000
Employee benefits expense:		
- Salaries and bonuses *	12,484	11,410
- Central Provident Fund contributions	1,579	1,508
	14,063	12,918

\* Included in salaries and bonuses are shares awarded to the employees for their contribution and services amounting to Nil (2015: \$67,000) under the immediate holding company's share award scheme.

### 6. Finance costs

	Group	
	2016	2015
	\$'000	\$'000
Interest expense on:		
- Short-term bank borrowings	3,091	2,911
- Advances from immediate holding company	-	503
- Advances from a related company	1,444	613
	4,535	4,027

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 7. Other income

	Group	
	2016	2015
	\$'000	\$'000
Net foreign exchange gain	126	61
Government grants and other miscellaneous income	603	465
	729	526

### 8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2016	2015
	\$'000	\$'000
Audit fees paid to auditors of the Company	233	231
Non-audit fees paid to auditors of the Company	–	49
Recovery of doubtful debts	–	(137)
Amortisation of prepaid rent	53	212
Depreciation of plant and equipment	1,329	1,428
Operating leases	9,370	9,155
- Fixed rental expense on operating leases	9,285	9,119
- Contingent rental expense on operating leases	85	36
Loss on disposal of plant and equipment	416	264
Write-down of inventories	12	4
Financial losses on pledged items not fully covered/(recovered) by insurance	34	(49)

### 9. Income tax expense

#### (a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	2015
	\$'000	\$'000
<b>Consolidated statement of comprehensive income:</b>		
<i>Current income tax</i>		
Current income taxation	1,717	621
(Over)/under provision in respect of previous years	(7)	30
	1,710	651
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	(14)	(230)
Over recognition of deferred tax assets in respect of previous years	3	4
Income tax expense recognised in profit or loss	1,699	425

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 9. Income tax expense (continued)

#### (b) Relationship between tax expense and profit before tax

The reconciliations between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Profit before tax	13,149	4,335
Tax calculated at a tax rate of 17% (2015: 17%)	2,235	737
Adjustments:		
Expenses not deductible for tax purposes	54	75
Income not subject to tax	(8)	(24)
Effect of partial tax exemption and tax relief	(581)	(396)
(Over)/under provision in respect of previous years	(4)	34
Others	3	(1)
Income tax expense recognised in profit or loss	1,699	425

#### (c) Deferred income tax

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	883	1,114	28	30
Tax credited to profit or loss	11	226	57	9
Group tax relief transfer	(625)	(457)	(18)	(11)
Balance at 31 December	269	883	67	28

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 9. Income tax expense (continued)

#### (c) *Deferred income tax (continued)*

Deferred income tax as at 31 December relates to the following:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax liabilities</i>				
Difference in depreciation	100	69	–	–
Provisions	(6)	(4)	–	–
	<u>94</u>	<u>65</u>	<u>–</u>	<u>–</u>
<i>Deferred tax assets</i>				
Difference in depreciation	(133)	(158)	(7)	(2)
Provisions	(31)	(28)	(17)	(14)
Unutilised tax losses and allowances	(192)	(745)	(42)	(12)
Others	(7)	(17)	(1)	–
	<u>(363)</u>	<u>(948)</u>	<u>(67)</u>	<u>(28)</u>

The subsidiaries of the Group transferred tax losses of approximately \$3,682,000 (2015: \$2,683,000) to other subsidiaries within the Group and related companies under the group relief system, subject to compliance with the relevant rules and agreement of Inland Revenue Authority of Singapore.

#### *Tax consequences of proposed dividends*

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 25).

### 10. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation.

Diluted earnings per share is similar to basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2016	2015
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share (\$'000)	<u>11,349</u>	<u>3,843</u>
Weighted average number of ordinary shares for basic and diluted earnings per share computation	<u>602,412,139</u>	<u>562,636,624</u>
Earnings per share (cents)		
– basic and diluted	<u>1.88</u>	<u>0.68</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 11. Plant and equipment

Group	Renovations, electrical fittings, furniture and fittings	Air- conditioners, office and security equipment	Showroom tools and machinery	Computers	Motor vehicles	Renovation- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>							
At 1 January 2015	4,505	2,948	445	662	151	150	8,861
Additions	262	159	44	44	–	195	704
Disposals	(411)	(207)	(4)	(13)	–	(18)	(653)
Transfer in/(out)	268	–	–	–	–	(268)	–
At 31 December 2015 and 1 January 2016	4,624	2,900	485	693	151	59	8,912
Additions	722	279	49	94	80	1,384	2,608
Disposals	(1,323)	(472)	(35)	(54)	–	(25)	(1,909)
Transfer in/(out)	1,044	–	–	66	–	(1,110)	–
At 31 December 2016	5,067	2,707	499	799	231	308	9,611
<b>Accumulated depreciation</b>							
At 1 January 2015	2,282	1,605	243	410	34	–	4,574
Depreciation charge for the year	745	440	82	140	21	–	1,428
Disposals	(247)	(129)	(3)	(10)	–	–	(389)
At 31 December 2015 and 1 January 2016	2,780	1,916	322	540	55	–	5,613
Depreciation charge for the year	744	372	71	113	29	–	1,329
Disposals	(983)	(445)	(21)	(44)	–	–	(1,493)
At 31 December 2016	2,541	1,843	372	609	84	–	5,449
<b>Net carrying amount</b>							
At 31 December 2015	1,844	984	163	153	96	59	3,299
At 31 December 2016	2,526	864	127	190	147	308	4,162



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 11. Plant and equipment (continued)

Company	Renovations, electrical fittings, furniture and fittings	Air- conditioners, office and security equipment	Showroom tools and machinery	Computers	Renovation- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
At 1 January 2015	137	51	5	86	20	299
Additions	4	–	–	8	–	12
Disposals	–	–	–	–	(6)	(6)
Transfer in/(out)	13	–	–	–	(13)	–
At 31 December 2015 and 1 January 2016	154	51	5	94	1	305
Additions	5	13	–	21	–	39
Disposals	–	–	–	(1)	–	(1)
At 31 December 2016	159	64	5	114	1	343
<b>Accumulated depreciation</b>						
At 1 January 2015	98	38	3	72	–	211
Depreciation charge for the year	17	4	1	9	–	31
At 31 December 2015 and 1 January 2016	115	42	4	81	–	242
Depreciation charge for the year	17	5	1	10	–	33
Disposals	–	–	–	(1)	–	(1)
At 31 December 2016	132	47	5	90	–	274
<b>Net carrying amount</b>						
At 31 December 2015	39	9	1	13	1	63
At 31 December 2016	27	17	–	24	1	69

A floating charge has been placed on plant and equipment of certain subsidiaries with a carrying amount aggregating \$2,968,000 (2015: \$2,113,000) as security for bank borrowings (Note 20).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 12. Investment in subsidiaries

	Company	
	2016	2015
	\$'000	\$'000
<b>Unquoted equity shares, at cost</b>		
Carrying amount of investment at 31 December	45,000	45,000

The Company had the following subsidiaries as at 31 December:

	Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
				2016	2015
	<b>Held by the Company</b>				
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Pawn brokerage and investment holding	100	100
(a)	Gold N Gems Pte. Ltd.	Singapore	Jewellery retailing	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Jewellery retailing	100	100
	<b>Held by Maxi-Cash Group Pte. Ltd.</b>				
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East 2) Pte. Ltd.	Singapore	Dormant	100	100
(a)	Audited by Ernst & Young LLP, Singapore				

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 13. Investment in joint arrangements

The Company has 50% (2015: Nil) interest in the ownership and voting rights in Aspial Capital (Ubi) Pte. Ltd. ("ACUPL").

ACUPL is incorporated in Singapore and is strategic venture in the business. The Company jointly controls ACUPL with a related company under the respective contractual agreements which provide the Company with rights to the assets and obligations for the liabilities and requires unanimous consent for all major decisions over the relevant activities.

Details of the joint arrangements as at 31 December are as follow:

Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2016	2015
Aspial Capital (Ubi) Pte. Ltd.	Singapore	Dormant	50	-

### 14. Inventories

	Group	
	2016	2015
	\$'000	\$'000
<b>Consolidated statement of financial position:</b>		
Finished goods, at cost	43,211	29,027
<b>Consolidated statement of comprehensive income:</b>		
Inventories recognised as an expense:		
- Material costs	114,743	84,587
- Write-down of inventories	12	4

A floating charge has been placed on inventories with a carrying value of \$41,147,000 (2015: Nil) as security for bank borrowings (Note 20).

### 15. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Trade and other receivables (current):</b>				
Trade receivables	245,109	214,658	-	-
Other receivables	56	193	11	-
Deposits	1,113	669	527	401
	246,278	215,520	538	401
<b>Other receivables (non-current):</b>				
Deposits	1,714	2,046	-	554
Total trade and other receivables (current and non-current)	247,992	217,566	538	955
Add:				
Due from subsidiaries (non-trade)	-	-	43,165	26,195
Due from a related company (trade)	97	-	7	-
Cash and bank balances	10,542	9,472	1,502	903
Total loans and receivables	258,631	227,038	45,212	28,053

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 15. Trade and other receivables (continued)

Trade receivables comprise of loans to customers, interest receivables on loans to customers and trade receivables from retail and trading of jewellery, watches and branded bags.

Loans to customers are loans extended under pawn broking which are interest-bearing ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (2015: 1.0% for the first month and 1.5% for the subsequent 6 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

Trade receivables from retail and trading of jewellery, watches and branded bags are non-interest-bearing and are on cash or generally 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

A floating charge has been placed on trade and other receivables with a carrying value of \$220,599,000 (2015: \$176,376,000) as security for bank borrowings (Note 20).

#### *Receivables that are impaired*

The Group's trade and other receivables that are impaired at the end of the financial year and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables – nominal amounts	532	832	–	–
Less: Allowance for impairment	(208)	(208)	–	–
	<u>324</u>	<u>624</u>	<u>–</u>	<u>–</u>
Movement in allowance accounts:				
At 1 January	(208)	(345)	–	–
Written back	–	137	–	–
At 31 December	<u>(208)</u>	<u>(208)</u>	<u>–</u>	<u>–</u>

Trade and other receivables that are individually determined to be impaired at the end of the financial year relate to loans where recoverability is assessed to be uncertain.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 16. Prepaid rent

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 January	185	1,323	–	850
Write-off	(35)	(1,138)	–	(850)
At 31 December	150	185	–	–
<b>Accumulated amortisation</b>				
At 1 January	90	1,016	–	803
Amortisation for the year	53	212	–	47
Write-off	(35)	(1,138)	–	(850)
At 31 December	108	90	–	–
Balance at 31 December	42	95	–	–
Current portion	42	53	–	–
Non-current portion	–	42	–	–
	42	95	–	–

Prepaid rent relates to payments for assignments of operating leases. It is amortised over the balance lease period if new leases are entered into upon the assignments or the expected balance lease period of the leases if no new leases are entered into upon the assignments, subject to a maximum of 3 years period.

### 17. Due from subsidiaries (non-trade) Due from a related company (trade) Due to immediate holding company (non-trade) Due to related companies (non-trade)

The amounts due from subsidiaries are non-trade related, unsecured, interest-free and receivable on demand.

The amounts due from a related company are trade related, unsecured, interest-free and receivable on demand.

The amounts due to immediate holding company are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

The amounts due to related companies are non-trade related, unsecured, interest-bearing at interest rate ranging from 2.02% to 2.55% (2015: 2.40% to 2.90%) per annum, repayable on demand and are to be settled in cash.

### 18. Cash and bank balances

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at 31 December:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	10,542	9,472	1,502	903

A floating charge has been placed on cash and bank balances with a carrying value of \$5,878,000 (2015: \$4,152,000) as security for bank borrowings (Note 20).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 19. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Trade and other payables (current):</b>				
Trade payables	693	245	128	66
Other payables	1,027	381	30	69
Accrued operating expenses				
- Payroll related	2,647	1,780	1,374	552
- Others	1,204	800	467	225
Deposits received	5	11	-	2
	<u>5,576</u>	<u>3,217</u>	<u>1,999</u>	<u>914</u>
<b>Other payables (non-current):</b>				
Deposits received	56	23	-	23
Total trade and other payables (current and non-current)	5,632	3,240	1,999	937
Add:				
Due to immediate holding company (non-trade)	11	8,178	7	8,178
Due to related companies (non-trade)	29,570	51,660	-	-
Interest-bearing loans	173,550	129,610	-	-
Less:				
Accrued operating expenses				
- Payroll related	(220)	(192)	(103)	(83)
Total financial liabilities carried at amortised cost	<u>208,543</u>	<u>192,496</u>	<u>1,903</u>	<u>9,032</u>

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Trade and other payables denominated in foreign currencies at 31 December is as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Hong Kong Dollar	3	8	-	-
United States Dollar	13	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 20. Interest-bearing loans

	Group	
	2016	2015
	\$'000	\$'000
<b>Secured borrowings</b>		
<i>Current</i>		
Bank borrowings	173,550	129,610

(a) **Details of securities granted for the secured borrowings are as follows:**

The bank borrowings are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantee by the Company and/or the immediate holding company.

(b) **Effective interest rate**

Weighted average effective interest rates per annum of total borrowings at the end of the financial year are as follows:

	2016	2015
Bank borrowings	2.04%	3.01%

### 21. Share capital

	Group and Company			
	2016		2015	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully paid ordinary shares:				
At 1 January	562,636,624	64,035	562,636,624	64,035
Ordinary shares issued under scrip dividend scheme ( <i>Note 1</i> )	19,387,675	2,482	–	–
Ordinary shares issued under rights issue ( <i>Note 2</i> )	145,506,074	20,922	–	–
Balance at 31 December	727,530,373	87,439	562,636,624	64,035

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

#### Notes

- (1) On 27 June 2016, the Company issued 19,387,675 new shares at an issue price of \$0.128 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.
- (2) On 18 October 2016, the Company issued 145,506,074 new shares at an issue price of \$0.145 for each rights share, on the basis of one (1) rights share for every four (4) existing ordinary shares in the capital of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 22. Related party transactions

#### (a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2016	2015
	\$'000	\$'000
Purchases from a related company	989	316
Sales to a related company	9,602	4,428
Corporate services charged by immediate holding company	780	480
Rental paid to a related company	438	428
Rental paid to a director related company	552	462
Interest expense paid to immediate holding company	–	503
Interest expense paid to a related company	1,444	613

#### (b) *Commitments with related parties*

As at the end of the financial year, the Group had lease commitments in respect of retail outlet premises with related parties. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2016	2015
	\$'000	\$'000
<i>Rental payable to a related company:</i>		
Not later than one year	663	428
Later than one year but not later than five years	468	428
	<u>1,131</u>	<u>856</u>
<i>Rental payable to a director related company:</i>		
Not later than one year	413	520
Later than one year but not later than five years	249	408
	<u>662</u>	<u>928</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

**22. Related party transactions (continued)**

(c) **Compensation of key management personnel**

	Group	
	2016	2015
	\$'000	\$'000
Short-term employee benefits	1,843	1,220
Central Provident Fund contributions	70	68
Share-based payments	-	33
<b>Total compensation paid to key management personnel</b>	<b>1,913</b>	<b>1,321</b>
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,291	690
Other key management personnel	622	631
	<b>1,913</b>	<b>1,321</b>

**23. Commitments**

(a) **Operating lease commitments - As lessor**

The Group entered into commercial property leases on sublease of its existing lease agreements. These non-cancellable leases have remaining lease terms of less than three years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Not later than one year	228	94
Later than one year but not later than five years	214	109
	<b>442</b>	<b>203</b>

(b) **Operating lease commitments - As lessee**

As at the end of the financial year, the Group had lease commitments in respect of office and retail outlet premises. Certain of the leases contain an escalation clause and provides for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2016 amounted to \$9,370,000 (2015: \$9,155,000).

Future minimum rental payables under non-cancellable operating leases as the end of the financial year are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Not later than one year	8,126	8,997
Later than one year but not later than five years	7,877	10,179
	<b>16,003</b>	<b>19,176</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 24. Segmental information

#### *Business segments*

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into two main operating business segments, namely:

- (a) Pawnbroking; and
- (b) Retail and trading of jewellery, watches and branded bags.

Other operations include rental of properties and provision of other support services.

#### *Allocation basis and transfer pricing*

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 provision for taxation, deferred tax liabilities and deferred tax assets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to plant and equipment.

As the business activities of the Group are conducted in Singapore, group reporting format by geographical segment is not presented.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 24. Segmental information (continued)

	Pawnbroking	Retail and trading of jewellery, watches and branded bags	Others	Elimination	Note	Total
	\$'000	\$'000	\$'000	\$'000		\$'000
<b>2016</b>						
Revenue	32,514	130,674	–	–		163,188
Inter-segment revenue	32,790	48	–	(32,838)	A	–
<b>Results</b>						
Segment results	13,053	4,717	6,594	(6,680)		17,684
Finance costs	(4,294)	(241)	–	–		(4,535)
Profit before tax	8,759	4,476	6,594	(6,680)	B	13,149
Segment assets	301,769	47,646	45,810	(88,327)	C	306,898
Unallocated assets						363
Total assets						307,261
Segment liabilities	259,265	35,228	2,519	(88,249)	D	208,763
Unallocated liabilities						1,876
Total liabilities						210,639
Capital expenditure	2,391	179	38	–		2,608
Depreciation and amortisation	1,332	18	32	–		1,382
Other significant non-cash expenses	450	12	–	–	E	462

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 24. Segmental information (continued)

	Pawnbroking	Retail and trading of pre-owned jewellery and watches	Others	Elimination	Note	Total
	\$'000	\$'000	\$'000	\$'000		\$'000
<b>2015</b>						
Revenue	28,149	92,904	-	-		121,053
Inter-segment revenue	33,427	-	-	(33,427)	A	-
<b>Results</b>						
Segment results	7,409	977	1,154	(1,178)		8,362
Finance costs	(3,873)	(154)	-	-		(4,027)
Profit before tax	3,536	823	1,154	(1,178)	B	4,335
Segment assets	269,707	32,688	28,143	(70,452)	C	260,086
Unallocated assets						948
Total assets						261,034
Segment liabilities	231,785	22,109	9,116	(70,322)	D	192,688
Unallocated liabilities						855
Total liabilities						193,543
Capital expenditure	664	28	12	-		704
Depreciation and amortisation	1,546	15	79	-		1,640
Other significant non-cash expenses	127	4	7	-	E	138

#### Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at "profit before tax" presented in the consolidated statements of comprehensive income:

	2016	2015
	\$'000	\$'000
Profit from inter-segment sales	(6,680)	(1,178)

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

	2016	2015
	\$'000	\$'000
Inter-segment assets	(88,327)	(70,452)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 24. Segmental information (continued)

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

	2016	2015
	\$'000	\$'000
Inter-segment liabilities	(88,249)	(70,322)

E Other non-cash expenses consist of the following items, as presented in the respective notes to the financial statements:

	2016	2015
	\$'000	\$'000
Recovery of doubtful debts, net	–	(137)
Loss on disposal of plant and equipment	416	264
Write-down of inventories	12	4
Financial losses on pledged items not fully covered by insurance	34	7
	462	138

### 25. Dividends

	2016	2015
	\$'000	\$'000

***Declared and paid during the financial year:***

*Dividends on ordinary shares*

Final exempt (one-tier) dividend in respect of profits for 2015: 0.50 cents (2014: 0.20 cents) per share	2,813	1,125
Interim exempt (one-tier) dividend in respect of profits for 2016: 0.50 cents (2015: Nil) per share based on 582,024,299 shares before rights issue	2,910	–

***Proposed but not recognised as a liability as at 31 December:***

*Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:*

Final exempt (one-tier) dividend in respect of profits for 2016: 1 cent (2015: 0.50 cents) per share	7,275	2,813
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### 26. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Assistant Finance Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 26. Financial risk management objectives and policies (continued)

#### (a) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities for its business. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effect of fluctuations in cash flows.

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

	1 year or less	1 to 5 years	Total
	\$'000	\$'000	\$'000
<b>Group</b>			
<b>2016</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	246,278	1,714	247,992
Due from a related company (trade)	97	–	97
Cash and bank balances	10,542	–	10,542
Total undiscounted financial assets	256,917	1,714	258,631
<b><i>Financial liabilities:</i></b>			
Trade and other payables	5,356	56	5,412
Interest-bearing loans	173,882	–	173,882
Due to immediate holding company (non-trade)	11	–	11
Due to related companies (non-trade)	29,570	–	29,570
Total undiscounted financial liabilities	208,819	56	208,875
Total net undiscounted financial assets	48,098	1,658	49,756
<b>2015</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	215,520	2,046	217,566
Cash and bank balances	9,472	–	9,472
Total undiscounted financial assets	224,992	2,046	227,038
<b><i>Financial liabilities:</i></b>			
Trade and other payables	3,025	23	3,048
Interest-bearing loans	129,893	–	129,893
Due to a related company (non-trade)	51,660	–	51,660
Due to immediate holding company (non-trade)	8,178	–	8,178
Total undiscounted financial liabilities	192,756	23	192,779
Total net undiscounted financial assets	32,236	2,023	34,259

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 26. Financial risk management objectives and policies (continued)

#### (a) Liquidity risk (continued)

	1 year or less	1 to 5 years	Total
	\$'000	\$'000	\$'000
<b>Company</b>			
<b>2016</b>			
<i><b>Financial assets:</b></i>			
Trade and other receivables	538	–	538
Due from subsidiaries (non-trade)	43,165	–	43,165
Due from a related company (trade)	7	–	7
Cash and bank balances	1,502	–	1,502
	45,212	–	45,212
<i><b>Financial liabilities:</b></i>			
Trade and other payables	1,896	–	1,896
Due to immediate holding company (non-trade)	7	–	7
	1,903	–	1,903
Total net undiscounted financial assets	43,309	–	43,309
<b>2015</b>			
<i><b>Financial assets:</b></i>			
Trade and other receivables	401	554	955
Due from subsidiaries (non-trade)	26,195	–	26,195
Cash and bank balances	903	–	903
	27,499	554	28,053
<i><b>Financial liabilities:</b></i>			
Trade and other payables	831	23	854
Due to immediate holding company (non-trade)	8,178	–	8,178
	9,009	23	9,032
Total net undiscounted financial assets	18,490	531	19,021

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 26. Financial risk management objectives and policies (continued)

#### (b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, due from a related company (trade) and cash and bank balances. No other financial asset carries a significant exposure to credit risk.

#### *Financial assets that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are loans to customers that have not defaulted. Cash and bank balances are placed with reputable financial institutions or companies with high credit ratings and no history of default. They are neither past due nor impaired.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

### 27. Fair value of assets and liabilities

#### (a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

27. Fair value of assets and liabilities (continued)

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's and the Company's assets not measured at fair value at 31 December 2016 and 2015 but for which fair value is disclosed:

	Fair value measurements at the end of the financial year using			
	Significant un-observable inputs (Level 3)	Carrying amount	Significant un-observable inputs (Level 3)	Carrying amount
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>Assets:</b>				
<i>Non-current:</i>				
Other receivables	1,683	1,714	1,992	2,046
<b>Company</b>				
<b>Assets:</b>				
<i>Non-current:</i>				
Other receivables	-	-	551	554

Determination of fair value

*Other receivables*

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the financial year.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>Financial assets:</b>				
<i>Non-current:</i>				
Other receivables	1,714	1,683	2,046	1,992
<b>Company</b>				
<b>Financial assets:</b>				
<i>Non-current:</i>				
Other receivables	-	-	554	551

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

### 28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, due to immediate holding company (non-trade) and related companies (non-trade), interest-bearing loans, less cash and bank balances. Capital refers to equity attributable to owners of the Company.

	<b>2016</b>	<b>2015</b>
	\$'000	\$'000
Trade and other payables	5,632	3,240
Due to immediate holding company (non-trade)	11	8,178
Due to related companies (non-trade)	29,570	51,660
Interest-bearing loans	173,550	129,610
Less: Cash and bank balances	(10,542)	(9,472)
<b>Net debt</b>	<b>198,221</b>	<b>183,216</b>
Equity attributable to owners of the Company	95,812	66,782
<b>Capital and net debt</b>	<b>294,033</b>	<b>249,998</b>
<b>Gearing ratio</b>	<b>67%</b>	<b>73%</b>

### 29. Events occurring after the reporting period

On 20 January 2017, ACUPL entered into an option to purchase a building, subject to the approval of the Housing Development Board of Singapore.

On 25 January 2017, the Company incorporated a wholly owned subsidiary, Maxi-Cash Property Pte. Ltd. with \$1 share capital.

### 30. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a directors' resolution dated 23 March 2017.

## STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

NO. OF SHARES ISSUED	:	727,530,373
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
NO. OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	264	8.83	11,752	0.00
100 - 1,000	764	25.55	409,815	0.06
1,001 - 10,000	896	29.97	3,740,706	0.51
10,001 - 1,000,000	1,042	34.85	73,707,979	10.13
1,000,001 & ABOVE	24	0.80	649,660,121	89.30
<b>TOTAL</b>	<b>2,990</b>	<b>100.00</b>	<b>727,530,373</b>	<b>100.00</b>

### TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2017 (As recorded in the Register of Members and Deputy Register)

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LIMITED	496,242,577	68.21
MLHS HOLDINGS PTE LTD	45,393,543	6.24
PHILLIP SECURITIES PTE LTD	30,800,711	4.23
CIMB SECURITIES (S'PORE) PTE LTD	20,523,338	2.82
MAYBANK KIM ENG SECURITIES PTE LTD	13,429,712	1.85
UOB KAY HIAN PTE LTD	7,891,925	1.09
ON FOO LIN	6,000,000	0.83
DBS NOMINEES PTE LTD	4,247,093	0.58
LEE TIONG ANG	2,984,255	0.41
LIM CHER KHIANG	2,726,150	0.38
OCBC SECURITIES PRIVATE LTD	2,196,169	0.30
RAFFLES NOMINEES (PTE) LTD	1,962,751	0.27
KOH LEE HWEE	1,604,772	0.22
LIM SWEE ANN	1,408,000	0.19
LEE SAU YOONG	1,388,057	0.19
LEE SAU LEUNG	1,381,537	0.19
RHB SECURITIES SINGAPORE PTE LTD	1,324,821	0.18
KOH WEE SENG	1,310,107	0.18
ONG CHU TEK	1,262,528	0.17
GOH CHYE HEANG	1,257,000	0.17
<b>TOTAL</b>	<b>645,335,046</b>	<b>88.70</b>

## STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

(continued)

### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NAME OF SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LIMITED <sup>(1)</sup>	496,242,577	68.21	–	–
KOH WEE SENG <sup>(2)(3)</sup>	58,924,272	8.10	541,836,874	74.48
KOH LEE HWEЕ <sup>(2)(5)</sup>	1,604,772	0.22	542,350,253	74.55
KO LEE MENG <sup>(2)(4)</sup>	2,373,674	0.33	542,887,954	74.62
MLHS HOLDINGS PTE LTD <sup>(1)</sup>	45,393,543	6.24	496,242,577	68.21

(1) MLHS Holdings Pte Ltd is the controlling shareholder of Aspial Corporation Limited, holding approximately 58.85% of the shareholdings of Aspial Corporation Limited as at 15 March 2017. MLHS Holdings Pte Ltd is a private limited company incorporated in Singapore on 14 January 1994. It is an investment holding company. The shareholders of MLHS Holdings Pte Ltd are Koh Wee Seng (47.00%), Ko Lee Meng (25.75%), Koh Lee Hwee (20.25%), Tan Su Lan @ Tan Soo Lung (6.00%) and the estate of Koh Chong Him @ Ko Chong Sung (1.00%). Tan Su Lan @ Tan Soo Lung and Koh Chong Him @ Ko Chong Sung (deceased) are the parents of Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng.

(2) Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are directors and substantial shareholders of Aspial Corporation Limited through their shareholdings in MLHS Holdings Pte Ltd. In addition, Koh Wee Seng has 19.25% direct interest in Aspial Corporation Limited as at 15 March 2017. Koh Wee Seng is the chief executive officer of Aspial Corporation Limited. Koh Lee Hwee is an executive director and Ko Lee Meng is a non-executive director of Aspial Corporation Limited.

(3) Koh Wee Seng's direct interest derived from 1,310,107 shares held in his own name and 57,614,165 shares held in nominee accounts. The deemed interest derived from 200,754 shares held by his spouse, 496,242,577 shares held by Aspial Corporation Limited and 45,393,543 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

(4) Ko Lee Meng's direct interest derived from 2,373,674 shares held in nominee accounts. The deemed interest derived from 1,251,834 shares held by her spouse and 496,242,577 shares held by Aspial Corporation Limited and 45,393,543 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

(5) Koh Lee Hwee's direct interest derived from 1,604,772 shares held in her own name and deemed interest derived from 714,133 shares held by her spouse and 496,242,577 shares held by Aspial Corporation Limited and 45,393,543 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

### SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on the information provided to the Company as at 15 March 2017 and to the best knowledge of the Directors, approximately 15.52% of the issued ordinary shares of 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 which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Maxi-Cash Financial Services Corporation Ltd. (the “**Company**”) will be held at 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935 on Wednesday, 26 April 2017 at 10.00 a.m., for the purpose of transacting the following business:

### ORDINARY BUSINESS

- |    |   |                  |
|----|---|------------------|
| 1. | To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2016 and the Directors’ Statement and the Auditors’ Report thereon.                            | Resolution 1     |
| 2. | To declare a final tax exempt (one-tier) dividend of 1.00 Singapore cent per share in respect of the financial year ended 31 December 2016. (2015: 0.50 Singapore cents)                                | Resolution 2     |
| 3. | To approve the payment of Directors’ fees of S\$273,082 for the financial year ended 31 December 2016. (2015: S\$127,250)   | Resolution 3     |
| 4. | To re-elect the following Directors retiring by rotation pursuant to Article 93 of the Company’s Constitution and who, being eligible, offer themselves for re-election, as a Director of the Company:- |                  |
|    | (i) Ms Koh Lee Hwee; and  | Resolution 4(i)  |
|    | (ii) Ms Ko Lee Meng.  | Resolution 4(ii) |
|    | <i>(See Explanatory Notes)</i>  |                  |
| 5. | To re-elect Mr Tan Soo Kiang as a Director of the Company pursuant to Article 92 of the Company’s Constitution.   | Resolution 5     |
|    | <i>(See Explanatory Notes)</i>  |                  |
| 6. | To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.   | Resolution 6     |

### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

- |    |  |              |
|----|--|--------------|
| 7. | <b>Authority to issue shares</b>   | Resolution 7 |
|    | That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist (the “ <b>Catalist Rules</b> ”) of the Singapore Exchange Securities Trading Limited (the “ <b>SGX-ST</b> ”), the Directors of the Company be authorised and empowered to: |              |
|    | (a) (i) issue shares in the capital of the Company (“ <b>shares</b> ”) whether by way of rights, bonus or otherwise; and/or  |              |
|    | (ii) make or grant offers, agreements or options (collectively “ <b>Instruments</b> ”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,             |              |
|    | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion, deem fit; and  |              |
|    | (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,   |              |

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

### PROVIDED THAT:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is earlier.

*(See Explanatory Notes)*

### 8. Authority to issue shares under the Maxi-Cash Performance Share Plan

Resolution 8

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, authority be and is hereby given to the Directors of the Company to offer and grant awards (“**Awards**”) in accordance with the provisions of the Maxi-Cash Performance Share Plan and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of the Awards granted under the Maxi-Cash Performance Share Plan, provided always, the aggregate number of shares to be allotted and issued pursuant to the Maxi-Cash Performance Share Plan, when added to the number of shares issued and issuable in respect of all Awards, and all shares issued and issuable in respect of all options or awards granted under any other share incentive scheme or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total issued share capital (excluding treasury shares) of the Company on the date preceding the date of the relevant grant and that such authority shall from time to time, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

*(See Explanatory Notes)*

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

9. **Authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme** Resolution 9

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, and Rule 806 of the Catalist Rules, the Directors of the Company be and are hereby authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

*(See Explanatory Notes)*

10. **Proposed renewal of the Share Purchase Mandate** Resolution 10

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be and are hereby authorised to make purchases of shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (ascertained as at date of the passing of this Resolution 10) at the price of up to but not exceeding the Maximum Price, in accordance with the “**Guidelines on Share Purchases**” set out in Annex A of the Appendix to Shareholders dated 10 April 2017 for the renewal of the Share Purchase Mandate (the “**Appendix**”) and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier.

In this Ordinary Resolution, “**Maximum Price**” means the maximum price at which the shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent (5%) above the average closing price of the shares over the period of five (5) Market Days (“**Market Day**” being a day on which the SGX-ST is open for securities trading) in which transactions in the shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and, in the case of an off-market purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) days period.

*(See Explanatory Notes)*

### OTHER BUSINESS

11. To transact any other business.

BY ORDER OF THE BOARD

**Lim Swee Ann**  
Company Secretary  
10 April 2017, Singapore

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

### Explanatory Notes:

#### **Resolution 4(i)**

Ms Koh Lee Hwee will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Company and a member of the Nominating Committee. Detailed information on Ms Koh Lee Hwee can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2016.

#### **Resolution 4(ii)**

Ms Ko Lee Meng will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Company and a member of the Audit Committee and the Remuneration Committee. Detailed information on Ms Ko Lee Meng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2016.

#### **Resolution 5**

Mr Tan Soo Kiang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Mr Tan Soo Kiang is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Tan Soo Kiang can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2016.

#### **Resolution 7**

The Ordinary Resolution no. 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which fifty per cent (50%) may be issued other than on a pro-rata basis to the shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

#### **Resolution 8**

The Ordinary Resolution no. 8, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the total issued shares in the capital of the Company from time to time pursuant to the vesting of Awards under the Maxi-Cash Performance Share Plan.

#### **Resolution 9**

The Ordinary Resolution no. 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme. Please refer to the Company's announcement dated 9 March 2016 for details on the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme.

#### **Resolution 10**

The Ordinary Resolution no. 10, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting of the Company until the date the next Annual General Meeting of the Company is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of issued shares excluding any shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in Annex A of the Appendix.



## NOTICE OF ANNUAL GENERAL MEETING

(continued)

### Notes:

- (1) A member of the Company (other than a Relevant Intermediary as defined in Note 2 below) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his or her stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.
- (2) A member of the Company who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
  - (4) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  - (5) The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting of the Company.
  - (6) This notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), SAC Advisors Private Limited, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Ong Hwee Li, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

### PERSONAL DATA PRIVACY:

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

# MAXI-CASH FINANCIAL SERVICES CORPORATION LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration number: 200806968Z)

## PROXY FORM – ANNUAL GENERAL MEETING

I/We, \_\_\_\_\_ NRIC/ Passport/ Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of MAXI-CASH FINANCIAL SERVICES CORPORATION LTD. (the “Company”) hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting (“AGM”) of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935 on Wednesday, 26 April 2017 at 10.00 a.m., and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/their\* discretion, as he/they\* will on any other matters arising at the AGM.

All resolutions put to the vote of the AGM shall be decided by the way of poll. Please indicate the number of votes as appropriate.

*\*Delete as appropriate.*

No.	Ordinary Resolutions	Number of Votes For *	Number of Votes Against*
	<b>Ordinary Business</b>		
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2016 and the Directors’ Statement and the Auditors’ Report thereon.		
2.	To declare a final tax exempt (one-tier) dividend of 1.00 Singapore cent per share in respect of the financial year ended 31 December 2016.		
3.	To approve the payment of Directors’ fees of S\$273,082 for the financial year ended 31 December 2016.		
4(i).	To re-elect Ms Koh Lee Hwee retiring by rotation pursuant to Article 93 of the Company’s Constitution and who, being eligible, offers herself for re-election, as a Director of the Company.		
4(ii).	To re-elect Ms Ko Lee Meng, retiring by rotation pursuant to Article 93 of the Company’s Constitution and who, being eligible, offers herself for re-election, as a Director of the Company.		
5.	To re-elect Mr Tan Soo Kiang as a Director of the Company pursuant to Article 92 of the Company’s Constitution.		
6.	To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
	<b>Special Business</b>		
7.	To grant the Directors the authority to issue shares.		
8.	To grant the Directors the authority to issue shares under the Maxi-Cash Performance Share Plan.		
9.	To grant the Directors the authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme.		
10.	To approve the proposed renewal of the Share Purchase Mandate.		

\* If you wish to exercise all your votes “For” or “Against”, please indicate with a “X” within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

Total number of Shares Held	
CDP Register	
Member’s Register	
TOTAL	



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company and where a member appoints two (2) proxies, the member must specify the proportion of shareholdings to be represented by each proxy. If no such proportion or number is specified the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote on his or her behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

**"Relevant Intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not less than forty-eight (48) hours before the time set for the AGM of the Company.
  5. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
  8. The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY:**

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

