Maxi-Cash 大興當

MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

ANNUAL REPORT 2017

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

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Singapore 048624
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SHARE REGISTRAR

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

SPONSOR

SAC Capital 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
Hong Leong Finance Limited

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), SAC Capital 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 Capital Private Limited, at 1 Robinson Road #21-02 AIA Tower Singapore 048542, telephone (65) 6532-3829.

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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 2017 ("FY2017").

Despite a challenging operating environment and increased competition within the industry, the Group was able to achieve a strong performance during the year. This was realised through different strategic initiatives which enabled us to better respond to changing market conditions, as well as reinforce our reputable brand identity to our customers.

The Group turned in a revenue of $188.4 million in FY2017, representing a 15.4% increase as compared to a revenue of $163.2 million in the financial year ended 31 December 2016 ("FY2016"). The increase was mainly due to the higher interest income from the pawnbroking business and higher sales from the retail and trading of LuxeSTYLE, pre-owned jewellery, watches and branded bags, as well as the Group's "LeGold" gold jewellery retail business. The increase was also attributed to the maiden contribution from the Group's secured lending business.

As at 31 December 2017, equity attributable to owners of the Company amounted to $128.4 million, a 34.0% increase from $95.8 million as at 31 December 2016. The increase was mainly due to the increase in share capital and reserves. The Group's earnings per share for FY2017 was 1.63 cents, down from 1.88 cents in FY2016. The decrease was mainly due to the increase of the weighted number of shares as compared to the previous financial year. Meanwhile, net asset value per ordinary share stood at 14.10 cents as at 31 December 2017, as compared to 13.17 cents as at 31 December 2016.

The Group's cash position remained healthy as it increased to $17.7 million as at 31 December 2017 as compared to $10.5 million as at 31 December 2016.

The Group has proposed a final dividend of 0.7 cents per ordinary share subject to shareholders' approval at the forthcoming annual general meeting of the Company. Additionally, the Group paid an interim dividend of 0.5 cents per ordinary share, bringing the total dividend declared in FY2017 to 1.2 cents per ordinary share.

SUSTAINING OUR DIRECTION TOWARDS 2018

At Maxi-Cash, we strive to deliver the established brand of quality products and efficient service that we have been known for through the years. That is why we continue to focus on improving our business practices and operations by prudently analysing local trends, implementing innovative services and enhancing our product range to fit the needs of our core market.

As e-commerce continues to support rapid growth across different industries, we believe that it is integral to adapt to new business trends and embrace new technology that enable us to broaden our digital presence and meet the growing trend of online shopping. This year saw the launch of three new online services that offer an omni-channel approach to both our business and our customers.

The first of these services is iPAYMENT, a significant service innovation in the pawn industry. The service provides customers a safe, fast and convenient mode of payment with 24-hour access from any location in the world. Our eSHOP offers an extensive platform of quality accessories curated by an experienced team of watch, jewellery and leather specialists. It retails over 500 pieces of the latest LeGold jewellery collection as well as pre-loved elegant timepieces, luxury bags and fine jewellery from LuxeSTYLE at attractive prices. Lastly, the online valuation service provides a platform for customers to submit their items for appraisal without having to bring their valuables into Maxi-Cash physical stores. This intuitive user interface allows the customers to save time and effort, thus providing fast and better service quality for our customers.

Another significant initiative that the Group embarked on was the launch of iKiosk, the first automated interest payment machine in Singapore. The new service is part of Maxi-Cash's efforts to innovate through new technologies and cater to different customer segments. With just three easy steps, customers can make monthly interest payments without having to queue at the counter, thus providing fast and efficient service. Since its launch, the iKiosk has been positively received by our customers.

Looking ahead, the Group is committed in strengthening its capabilities to remain resilient and resolute amidst a very competitive environment, rising operating costs and volatile gold prices. We are focused on developing an effective business strategy to improve productivity, increase efficiencies and develop our competitive edge within the industry.

COMMUNITY ENGAGEMENT

As an enterprise, we seek to create a corporate culture that recognises the importance of developing strong relationships with the communities we operate in. With its aim of actively addressing the needs of local society, Maxi-Cash has continued to spearhead various programmes and initiatives that are a vital part of our Corporate Social Responsibility platform.

Our commitment to pursue sustainable corporate development is shared with our employees, who have all aggressively contributed in the Group's many social activities through the years.

ACKNOWLEDGEMENTS

Over the years, we have made considerable efforts in raising efficiency and productivity in our business operations. This, together with our established fundamentals and constant pursuit of growth, are integral in making Maxi-Cash stronger as it faces the future ahead.

On behalf of the Board, we would like to convey our gratitude to our shareholders, business partners, associates and customers for their on-going support and dedication. We would also like to thank our directors, management and staff for their constant commitment and confidence in the Group. We look forward to working with all of you to continue our shared goal of bringing Maxi-Cash towards a path of long-term growth and sustainability.

KOH WEE SENG
Non-Executive Chairman

NG LEOK CHENG
Chief Executive Officer

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PAWNBROKING BUSINESS

The Group's pawnbroking business registered a revenue of $34.7 million, up 6.8% from $32.5 million in the previous year. For FY2017, profit after tax for this business segment amounted to a total of $7.9 million, a 2.6% increase from $7.7 million in the previous year.

As the largest pawnshop chain in Singapore, the Group currently operates a network of pawnshops and retail outlets that serves an extensive clientele base. These outlets are strategically located at key hubs to provide convenience and easy access for our customers. In the course of FY2017, new shops were opened and existing outlets were relocated, renovated and expanded.

Our reputation is built upon our commitment to put our customers first by providing maximum convenience to the modern day shopper. The Group will also continue to review its store network by opening new stores in areas with good potential for pawnbroking and retail, as well as to tap into new avenues of growth.

RETAIL AND TRADING OF JEWELLERY AND BRANDED MERCHANDISE

The Group's retail and trading of pre-owned jewellery, watches and branded bags, and "LeGold" jewellery segment turned in a revenue of $151.8 million in FY2017, a 16.1% increase from $130.7 million in the preceding year.

As part of its efforts to bring the best variety of luxury goods at affordable prices, Maxi-Cash launched LuxeSTYLE, which offers a diverse range of pre-loved luxury timepieces, designer leather bags and fine jewellery.

With the ever-growing luxury goods segment in Singapore, we believe that LuxeSTYLE will make luxury goods more accessible to consumers who view these products as investments and symbols of prestige. In line with this, customers are empowered with added financial freedom and enjoy the savings provided by products from LuxeSTYLE.

RETAIL AND TRADING OF JEWELLERY AND BRANDED MERCHANDISE (continued)

The Group is also keen on attracting its burgeoning customer base of PMETs in their late twenties to early forties by continuously enhancing its product line and creating a family shopping experience.

Our customers were brought into a world of enchantment with the launch of the LeGold Disney Princess collection in December 2017. This exclusive collaboration featured the four most popular Disney Princesses, namely Ariel, Rapunzel, Cinderella and Belle. This launch coincided with the Group's annual Happiness Charity Drive, wherein a donation is made to SPD (formerly Society for the Physically Disabled) for every purchase of LeGold jewellery.

MONEY LENDING

The Group's new secured lending business delivered a maiden revenue of $1.9 million in FY2017. The new business segment, which includes secured lending services to corporations, is part of the Group's efforts to further develop its range of services to maximise shareholders' returns.

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 real estate 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 Exeutive 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.

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, BNParibas 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 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.

In addition to pursuing its business activities, Maxi-Cash has actively endeavoured in development activities to create a more sustainable future. The Group has focused on its efforts to establish a socially responsible corporate culture that benefits members of the community.

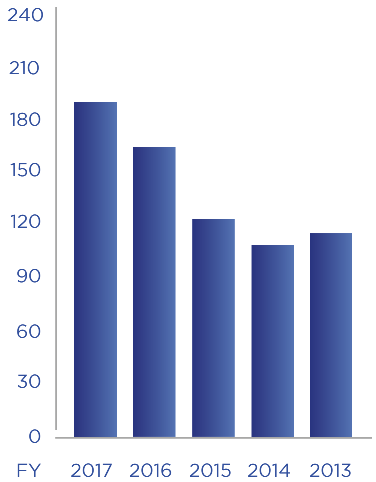
Recognising the importance of the symbiotic relationship between our business and the larger social environment, Maxi-Cash remains committed in pursuing various charitable causes, programmes and activities that produce sustainable value. These initiatives have also been a vital platform to promote the spirit of volunteerism and encourage every employee to become active citizens within their community.

The Group held its annual Happiness Charity Drive, which is now on its ninth year. As part of the programme, Maxi-Cash made a donation to SPD (formerly the Society for the Physically Disabled) for every purchase of brand new LeGold jewellery from its customers.

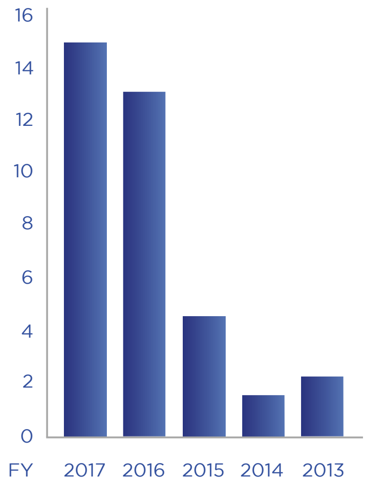
Moving into a new year, the Group will continue to foster strong relationships with its customers and stakeholders, who all play an integral role in our outreach initiatives. As we set out to fulfil the key principles of our corporate social responsibility, we will also focus on supporting activities that create meaningful change and build an inclusive society.

FINANCIAL HIGHLIGHTS

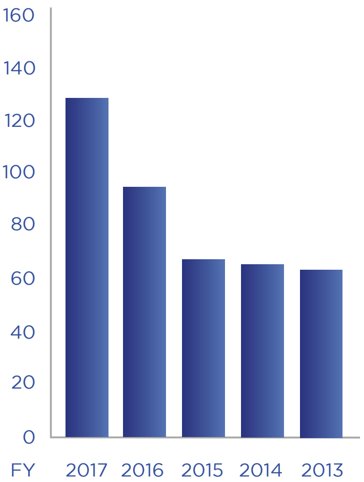
Revenue ($ Million)



Profit Before Tax ($ Million)



Net Asset Value ($ Million)



Group's Financial Highlights

($'000)	**2017**	2016	2015	2014	2013
Revenue	**188,392**	163,188	121,053	109,605	113,098
Profit Before Tax	**14,957**	13,149	4,335	1,804	2,121
Profit After Tax	**13,362**	11,450	3,910	1,856	2,253
Total Equity	**129,342**	96,622	67,491	64,706	64,022
Net Asset Value	**128,425**	95,812	66,782	64,064	63,424
Earnings Per Share (cents)	**1.6**	1.9	0.7	0.3	0.4

CORPORATE GOVERNANCE REPORT

Maxi-Cash Financial Services Corporation Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") 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 2017 ("**FY2017**"), 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 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;
- set the Group's corporate values and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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.

THE BOARD'S CONDUCT OF AFFAIRS (continued)

All of the Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company. 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 objectively. 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 FY2017, 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 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 FY2017 and the attendance of each Director at those meetings are disclosed below:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name of Director	**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	3	4	3	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	4	4	4	4	1	1	1	1

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 the Directors 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 the Board or Board Committee members.

BOARD COMPOSITION AND GUIDANCE

As at 31 December 2017, 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[(1)]	Chairman and Non-Executive Director	10 April 2008	27 April 2016	9 years 8 months	Nil	- Aspial Corporation Limited - AF Global Limited - World Class 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	3 years	Nil	- Datapulse Technology Limited (past) - TT International Limited	Bachelor of Business Administration (Honours), National University of Singapore
Koh Lee Hwee[(1)]	Non-Executive Director and Non-Independent Director	10 April 2008	26 April 2017	9 years 8 months	- Nominating Committee	- Aspial Corporation Limited - World Class Global Limited	Bachelor of Arts, National University of Singapore
Ko Lee Meng[(1)]	Non-Executive Director and Non-Independent Director	28 July 2008	26 April 2017	9 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	5 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	5 years 8 months	- Remuneration Committee (Chairman) - Nominating Committee - Audit Committee	- GS Holdings Limited	Bachelor of Applied Science (Computer Engineering), Nanyang Technological University, Singapore

BOARD COMPOSITION AND GUIDANCE (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	2 years 2 months	- Nominating Committee (Chairman) - Remuneration Committee - Audit Committee	Nil	Bachelor of Science (Pharmacy), University of Singapore
Tan Soo Kiang	Non-Executive Director and Independent Director	12 July 2016	26 April 2017	1 year 5 months	- Nominating Committee - Remuneration Committee - Audit Committee	- UE E&C Ltd. (past)	Bachelor of Law (Honours), University of Singapore

Note:

(1) Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng are siblings.

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 directors, 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.

BOARD COMPOSITION AND GUIDANCE (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 FY2017, 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 the Management and 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 judgement 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 in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.

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	Member	Independent Director
Koh Lee Hwee	Member	Non-Executive Director

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 and the individual Director's performance. For FY2017, 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. The performance criteria taken into account by the NC in relation to an individual Director include, *inter alia*, the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings. 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 FY2017, 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.

NOMINATING COMMITTEE (continued)

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.

The NC recommended to the Board that Mr Koh Wee Seng, Mr Lee Sai Sing and Ms Goh Bee Leong 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. Please refer to pages 16 and 17 of this Annual Report for more information on Mr Koh Wee Seng, Mr Lee Sai Sing and Ms Goh Bee Leong. The re-appointments of Mr Koh Wee Seng, Mr Lee Sai Sing and Ms Goh Bee Leong shall be subject to shareholders' approval at the forthcoming AGM.

The NC also determines, on an annual basis, the independence of Directors. For FY2017, 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.

The Company does not have any alternate Directors.

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

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	Member	Independent Director
Ko Lee Meng	Member	Non-Executive Director

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, and ensuring that the termination clauses in the service contracts, if any, are fair and reasonable.

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 FY2017. 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.

REMUNERATION COMMITTEE (continued)

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. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

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.

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 FY2017, 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 FY2017.

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.

REMUNERATION COMMITTEE (continued)

Disclosure on Directors' Fees and Remuneration

A breakdown showing the level and mix of the remuneration of each individual Director for FY2017 is set out below:

Remuneration bands	**Salary[(1)] (%)**	**Benefits (%)**	**Variable or performance bonus (%)**	**Directors' Fees[(2)] (%)**	**Total (%)**
Directors					
S$1,000,000 to S$1,250,000					
Ng Leok Cheng	28.11	–	71.89	–	100.00
Below S$250,000					
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.

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

The Group has only 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 FY2017 are as follows:

S$250,000 to below S$500,000: 1

Below S$250,000: 3

The total remuneration paid to the top four (4) key management personnel was S$835,000 for FY2017.

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 Board 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.

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

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 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 the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2017.

The Board has also received the assurance from the Chief Executive Officer 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.

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	Member	Independent Director
Ko Lee Meng	Member	Non-Executive Director

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;

AUDIT COMMITTEE (Principle 12) (continued)

- 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 the 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.

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 internal controls 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 FY2017 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, Catalist 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 FY2017 amounted to approximately S$286,000. No non-audit services were rendered by the external auditors during FY2017. 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 Catalist 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 FY2017.

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. The Board has taken adequate steps to ensure that there is compliance towards the legislative and regulatory requirements. The Board seeks the confirmation of the Company's legal advisors if necessary before deciding on significant matters.

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 Chief Executive Officer 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.

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

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 0.70 Singapore cents per ordinary share in respect of FY2017, 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 practices 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 make 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.

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 Catalist Rules. During FY2017, the Company issued 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 FY2017.

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 Catalist Rules.

The aggregate value of interested person transactions above S$100,000 entered into during FY2017 is as follows:

Name of interested person	Aggregate value of all interested person transactions during FY2017 (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)
Lease of premises	828	–
World Financial Property Pte Ltd	594	–
8G Investment Pte Ltd		
Subscription of 3-year 5.50 per cent. Bonds due 2020 issued by Maxi-Cash Financial Services Corporation Ltd		
Mr Koh Wee Seng	990	–
Ms Koh Lee Hwee	165	–
Ms Ko Lee Meng	165	–
Mdm Tan Su Lan	825	–
AF Global Investment Holding Pte Ltd	800	–
Corporate charges		
Aspial Corporation Limited	990	–
Loan Interest		
Aspial Treasury Pte Ltd	137	–

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 FY2017 or if not then subsisting, entered into since the end of the financial year ended 31 December 2016.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, SAC Capital Private Limited, for the financial year ended 31 December 2017.

USE OF PROCEEDS

The net proceeds of S$13,700,000 from the Company's rights issue completed in January 2018 has not been utilised as at the date of this report.

FINANCIAL REPORT CONTENTS

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 2017.

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 2017 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

In accordance with Article 93 of the Company's Constitution, Koh Wee Seng, Lee Sai Seng and Goh Bee Leong 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' 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 2017	31 December 2017	21 January 2018	1 January 2017	31 December 2017	21 January 2018
The Company						
Maxi-Cash Financial Services Corporation Ltd.						
(Ordinary shares)						
Koh Wee Seng	55,474,272	90,967,613	104,491,957	541,836,874	648,729,474	695,604,474
Koh Lee Hwee	1,604,772	2,153,888	2,153,888	542,350,253	653,555,978	702,433,703
Ko Lee Meng	2,373,674	2,813,326	2,813,326	542,887,954	649,988,202	696,863,202
Lee Sai Sing	493,762	623,833	686,216	–	–	–
Immediate holding company						
Aspial Corporation Limited						
(Ordinary shares)						
Koh Wee Seng	372,164,929	373,463,357	373,463,357	1,142,907,178	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,888,888	30,890,888	30,890,888	1,156,816,957	1,156,999,571	1,156,999,571
Ko Lee Meng	33,639,865	33,639,865	33,639,865	1,138,979,974	1,138,979,974	1,138,979,974
Ultimate holding company						
MLHS Holdings Pte Ltd						
(Ordinary shares)						
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.

During the financial year, the Company had issued $70,000,000 term notes under the Multicurrency Medium Term Note programme. As at the end of the financial year, Koh Lee Hwee, Ko Lee Meng and Ng Leok Cheng held term notes aggregating to $750,000, $1,000,000 and $250,000 respectively. The term notes bear a fixed interest rate of 5.50% and are due in 2020. Except for Koh Wee Seng, who held term notes aggregating to $500,000 as at 21 January 2018, there is no change in the term notes held by the other directors as at 21 January 2018.

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 companies, either at the beginning of the financial year, or at the end of the financial year.

Options

No options were issued by the Company during the financial year. As at 31 December 2017, 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.

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 2018

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 2017, 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 ("**FRs**") 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 2017 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 which comprise mainly of loans extended to customers under the pawnbroking segment ("**pawnshop loans**") are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management. This is managed on an ongoing basis by management through the monitoring of historical non-renewal and non-redemption data of individual pawnshop outlet as well as price fluctuations of gold, 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 pawnshop loans age. 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 includes reviewing management's process in monitoring the volatility of the market prices of gold, jewellery and watches. We 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. In addition, we considered the adequacy of the disclosures related to trade receivables in Note 16 to the financial statements.

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. We also attended the year-end inventory count and cash count conducted at the head office. To check 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 cash and bank balances, trade receivables (which comprise mainly pawnshop loans related to pledges held as collateral) and inventories in Notes 19, 16 and 15 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.

- 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.

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

- 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 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$'000	$'000
Revenue	4	188,392	163,188
Material costs		(130,943)	(114,743)
Employee benefits	5	(16,959)	(14,063)
Depreciation and amortisation		(1,604)	(1,382)
Finance costs	6	(7,477)	(4,535)
Other operating expenses		(20,429)	(16,216)
Interest income from investment securities		1,963	–
Rental income		373	171
Other income	7	1,856	729
Share of results of joint venture		(215)	–
Profit before tax	8	14,957	13,149
Income tax expense	9(a)	(1,595)	(1,699)
Profit for the year		13,362	11,450
Other comprehensive income			
Net fair value changes of available-for-sale financial assets		305	–
Other comprehensive income for the year, net of tax		305	–
Total comprehensive income for the year		13,667	11,450
Profit for the year attributable to:			
Owners of the Company		13,255	11,349
Non-controlling interests		107	101
		13,362	11,450
Total comprehensive income attributable to:			
Owners of the Company		13,560	11,349
Non-controlling interests		107	101
		13,667	11,450
Earnings per share (cents)			
Basic and diluted	10	1.63	1.88

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

	Note	Group 2017	Group 2016	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	11	16,191	4,162	178	69
Trade and other receivables	16	45,891	1,714	16	–
Investment in subsidiaries	12	–	–	46,100	45,000
Investment in joint venture	13	282	–	500	–
Deferred tax assets	9(c)	295	363	110	67
		62,659	6,239	46,904	45,136
Current assets					
Inventories	15	51,807	43,211	–	–
Trade and other receivables	16	273,361	246,278	12	538
Prepaid rent	17	–	42	–	–
Prepayments		2,325	852	699	20
Due from subsidiaries (non-trade)	18	–	–	142,568	43,165
Due from a related company (trade)	18	–	97	–	7
Due from joint venture (non-trade)	18	2,590	–	2,590	–
Investment securities	14	36,105	–	–	–
Cash and bank balances	19	17,694	10,542	740	1,502
		383,882	301,022	146,609	45,232
Total assets		446,541	307,261	193,513	90,368
Current liabilities					
Trade and other payables	20	6,769	5,576	2,997	1,999
Due to immediate holding company (non-trade)	18	–	11	–	7
Due to related companies (non-trade)	18	42	29,570	42	–
Provision for taxation		1,843	1,782	–	–
Interest-bearing loans	21	230,375	173,550	–	–
		239,029	210,489	3,039	2,006
Net current assets		144,853	90,533	143,570	43,226
Non-current liabilities					
Other payables	20	239	56	74	–
Interest-bearing loans	21	7,624	–	–	–
Term notes	22	70,000	–	70,000	–
Deferred tax liabilities	9(c)	307	94	–	–
		78,170	150	70,074	–
Total liabilities		317,199	210,639	73,113	2,006
Net assets		129,342	96,622	120,400	88,362
Equity attributable to owners of the Company					
Share capital	23(a)	118,367	87,439	118,367	87,439
Treasury shares	23(b)	(165)	–	(165)	–
Other reserves	23(c)	305	–	–	–
Revenue reserves		9,918	8,373	2,198	923
		128,425	95,812	120,400	88,362
Non-controlling interests		917	810	–	–
Total equity		129,342	96,622	120,400	88,362
Total equity and liabilities		446,541	307,261	193,513	90,368

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 2017

	Note	Attributable to owners of the Company						
		Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 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
Contributions by and distributions to owners								
Dividends on ordinary shares – Cash		–	–	–	(3,241)	(3,241)	–	(3,241)
Dividends on ordinary shares – Scrip		–	–	–	(2,482)	(2,482)	–	(2,482)
Ordinary shares issued under scrip dividend	23(a)	2,482	–	–	–	2,482	–	2,482
Ordinary shares issued under rights issue	23(a)	21,098	–	–	–	21,098	–	21,098
Share issuance expenses	23(a)	(176)	–	–	–	(176)	–	(176)
Total transactions with owners in their capacity as owners		23,404	–	–	(5,723)	17,681	–	17,681
At 31 December 2016 and 1 January 2017		87,439	–	–	8,373	95,812	810	96,622
Profit for the year, representing total comprehensive income for the year		–	–	–	13,255	13,255	107	13,362
Contributions by and distributions to owners								
Dividends on ordinary shares – Cash		–	–	–	(1,245)	(1,245)	–	(1,245)
Dividends on ordinary shares – Scrip		–	–	–	(10,465)	(10,465)	–	(10,465)
Ordinary shares issued under scrip dividend	23(a)	10,465	–	–	–	10,465	–	10,465
Ordinary shares issued under rights issue	23(a)	20,613	–	–	–	20,613	–	20,613
Share issuance expenses	23(a)	(150)	–	–	–	(150)	–	(150)
Purchase of treasury shares	23(b)	–	(165)	–	–	(165)	–	(165)
Net gain on fair value changes of available–for–sale financial assets	23(c)	–	–	305	–	305	–	305
Total transactions with owners in their capacity as owners		30,928	(165)	305	(11,710)	19,358	–	19,358
At 31 December 2017		118,367	(165)	305	9,918	128,425	917	129,342

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

	Note	Share capital	Treasury shares	Revenue reserves	Total
		$'000	$'000	$'000	$'000
Company					
At 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
Contributions by and distributions to owners					
Dividends on ordinary shares – Cash		–	–	(3,241)	(3,241)
Dividends on ordinary shares – Scrip		–	–	(2,482)	(2,482)
Ordinary shares issued under scrip dividend	23(a)	2,482	–	–	2,482
Ordinary shares issued under rights issue	23(a)	21,098	–	–	21,098
Share issuance expenses	23(a)	(176)	–	–	(176)
Total transactions with owners in their capacity as owners		23,404	–	(5,723)	17,681
At 31 December 2016 and 1 January 2017		87,439	–	923	88,362
Profit for the year		–	–	12,985	12,985
Total comprehensive income for the year		–	–	12,985	12,985
Contributions by and distributions to owners					
Dividends on ordinary shares – Cash		–	–	(1,245)	(1,245)
Dividends on ordinary shares – Scrip		–	–	(10,465)	(10,465)
Ordinary shares issued under scrip dividend	23(a)	10,465	–	–	10,465
Ordinary shares issued under rights issue	23(a)	20,613	–	–	20,613
Share issuance expenses	23(a)	(150)	–	–	(150)
Purchase of treasury shares	23(b)	–	(165)	–	(165)
Total transactions with owners in their capacity as owners		30,928	(165)	(11,710)	19,053
At 31 December 2017		118,367	(165)	2,198	120,400

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 2017

	Note	2017	2016
		$'000	$'000
Operating activities			
Profit before tax		14,957	13,149
Adjustments for:			
Write back of allowance for doubtful receivables, net		(107)	–
Depreciation of property, plant and equipment	11	1,562	1,329
Write-down of inventories	15	4	12
Interest expense	6	7,334	4,535
Interest income from investment securities		(1,963)	–
Amortisation of prepaid commitment fee	6	155	–
Amortisation of premium on term notes	6	(12)	–
Financial losses on pledged items not fully covered by insurance		25	34
Loss on disposal of property, plant and equipment	8	530	416
Gain on disposal of investment securities	7	(785)	–
Amortisation of prepaid rent	17	42	53
Unrealised foreign exchange differences		(470)	–
Share of results of joint venture		215	–
Operating cash flows before changes in working capital		21,487	19,528
Changes in working capital			
Increase in inventories		(8,600)	(14,196)
Increase in trade and other receivables		(70,260)	(30,460)
Increase in prepayments		(759)	(225)
Decrease/(increase) in due from a related company (trade)		97	(97)
Increase in trade and other payables		1,253	2,392
Total changes in working capital		(78,269)	(42,586)
Cash flows used in operations		(56,782)	(23,058)
Interest paid		(7,334)	(4,535)
Income taxes refunded		30	1
Income taxes paid		(1,346)	(458)
Net cash flows used in operating activities		(65,432)	(28,050)
Investing activities			
Purchase of property, plant and equipment	11	(14,121)	(2,608)
Interest received		1,514	–
Purchase of investment securities		(125,800)	–
Investment in joint venture		(500)	–
Due from a joint venture (non-trade)		(2,590)	–
Proceeds from disposal of investment securities		90,847	–
Net cash flows used in investing activities		(50,650)	(2,608)

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

	Note	2017	2016
		$'000	$'000
Financing activities			
Proceeds from issuance of term notes		70,140	–
Proceeds from short–term bank borrowings, net		56,525	43,940
Proceeds from term loans		8,000	–
Repayment of term loans		(76)	–
Purchase of treasury shares	23(b)	(165)	–
Repayment of advances from immediate holding company (non-trade), net		(11)	(8,167)
Term notes commitment fee paid		(869)	–
Repayment of advances/advances from a related company (non–trade), net		(29,528)	(21,726)
Dividends paid on ordinary shares		(1,245)	(3,241)
Proceeds from rights issue, net	23(a)	20,463	20,922
Net cash flows generated from financial activities		123,234	31,728
Net increase in cash and cash equivalents		7,152	1,070
Cash and cash equivalents at the beginning of the financial year		10,542	9,472
Cash and cash equivalents at the end of the financial year	19	17,694	10,542

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

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, 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 "**$**") and all values in the tables are rounded to the nearest thousand ("**$'000**"), except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial periods beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("**SFRS(I)**"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

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 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (continued)

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 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 104: *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. 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.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening revenue reserves.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) Classification and measurement

The Group's trade receivables include receivables arising from pawnbroking business and secured lending. The Group's intention is to hold these receivables to collect the contractual cash flows. Consequently these will be classified as measured at amortised cost, when it applies FRS 109.

The Group's investment securities and investment in debt instruments are expected to give rise to cash flows representing solely payments of principal and interest (**"SPPI"**). Investments in bonds are plain vanilla and give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, hence they meet the SPPI test. The Group expects to have a business model in which the assets are managed by both collecting contractual cash flows and selling financial assets. Under this model fair value changes are recognised in other comprehensive income ("**OCI**") and upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss, when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

2. Summary of significant accounting policies (continued)

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

FRS 109 *Financial Instruments* (continued)

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all if its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects that due to the collateralized nature of the trade receivables and the low loan-to-valuation nature of the secured lending receivables, there is no significant impact upon adoption of FRS 109. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net expected credit losses will include cash flows from the sale of collateral held. For quoted investment securities, the Group intends to apply the general approach. As these investments are assessed to be of low credit risk and externally rated, the Group applies the low credit operational simplification and determined that there are no significant increase in credit risk has occurred. An estimation of loss allowance based on 12-month probability of default and loss given default would result in impairment losses to be recognised in profit or loss with a corresponding entry in OCI upon adoption of FRS 109.

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 is effective for annual periods beginning on or after 1 January 2018. The Group plans to apply the changes in accounting policy using the full retrospective approach.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. The Group is in the business of investment holding, jewellery trading and retailing, pawn brokerage and money lending. The Group does not provide customers with right of return, trade discounts or volume rebates and variable consideration and constraints under FRS 115 are not applicable to the Group. Management expects that the adoption of FRS 115 will have no material impact on the financial statements. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on statements of financial position 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 has performed a preliminary assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities and gearing ratio. The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulatively effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation (continued)*

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.

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 *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.

(a) *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.

2. Summary of significant accounting policies (continued)

2.6 ***Foreign currency (continued)***

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, 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:

Leasehold properties	–	59 to 63 years
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 property, 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 property, 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.

2.8 ***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. Summary of significant accounting policies (continued)

2.9 ***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.

2.10 ***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.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

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 ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

2.11 ***Associates and joint ventures***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (continued)

2.12 *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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) 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.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as financial assets designated at fair value through profit or loss nor loans and receivables. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised 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.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (continued)

2.12 ***Financial instruments (continued)***

(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.

2.13 ***Impairment of financial assets***

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

(a) *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.

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 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. Summary of significant accounting policies (continued)

2.13 *Impairment of financial assets (continued)*

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks including fixed deposits and cash on hand.

2.15 *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.

2.16 *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. Summary of significant accounting policies (continued)

2.17 *Government grants*

Government grants are recognised when there is 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.

2.18 *Financial guarantees*

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.

2.19 *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.

2.20 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in 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.

2.21 *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.

2. Summary of significant accounting policies (continued)

2.21 *Leases (continued)*

(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 2.22(c).

2.22 *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 and branded merchandise 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.

(b) *Interest income*

Interest income 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.

(d) *Distribution income*

Distribution income are recognised when the Group's right to receive payment is established.

2.23 *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.

2. Summary of significant accounting policies (continued)

2.23 *Taxes (continued)*

(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.

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.

2.24 *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. Summary of significant accounting policies (continued)

2.25 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

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 countries where the Group operates. 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 $1,843,000 (2016: $1,782,000) and $307,000 (2016: $94,000) 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 $295,000 (2016: $363,000).

3. Significant accounting judgments and estimates (continued)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(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 16.

(b) *Allowance for inventory obsolescence*

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 15 to the financial statements.

4. Revenue

	Group	
	2017	**2016**
	$'000	$'000
Sale of jewellery and branded merchandise	151,769	130,674
Interest income from pawnbroking services	34,745	32,514
Interest income and distribution income from secured lending	1,878	–
	188,392	163,188

5. Employee benefits

	Group	
	2017	**2016**
	$'000	$'000
Employee benefits expense:		
- Salaries and bonuses	15,059	12,484
- Central Provident Fund contributions	1,900	1,579
	16,959	14,063

There were no shares awarded to employees for their contribution and services under the immediate holding company's share award scheme.

6. Finance costs

	Group 2017	Group 2016
	$'000	$'000
Interest expense on:		
- Short-term bank borrowings	5,018	3,091
- Term loans	50	–
- Term notes	2,129	–
- Advances from a related company	137	1,444
	7,334	4,535
Amortisation of prepaid commitment fee	155	–
Amortisation of premium on term notes	(12)	–
	7,477	4,535

7. Other income

	Group 2017	Group 2016
	$'000	$'000
Net foreign exchange gain	539	126
Net gain on disposal of investment securities	785	–
Government grants and other miscellaneous income	532	603
	1,856	729

8. Profit before tax

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

	Group 2017	Group 2016
	$'000	$'000
Audit fees to auditors of the Company	286	233
Write-back of doubtful receivables, net	(107)	–
Amortisation of prepaid rent	42	53
Depreciation of property, plant and equipment	1,562	1,329
Operating leases	10,590	9,370
- Fixed rental expense on operating leases	10,448	9,285
- Contingent rental expense on operating leases	142	85
Loss on disposal of property, plant and equipment	530	416
Write-down of inventories	4	12
Financial losses on pledged items not fully covered by insurance	25	34
Branding and marketing related costs	2,346	1,445

9. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group	
	2017	**2016**
	$'000	$'000
Consolidated statement of comprehensive income:		
Current income tax		
Current income taxation	1,661	1,717
Over provision in respect of previous years	(18)	(7)
	1,643	1,710
Deferred income tax		
Origination and reversal of temporary differences	9	(14)
(Under)/over recognition of deferred tax assets in respect of previous years	(57)	3
Income tax expense recognised in profit or loss	1,595	1,699
Deferred tax expense related to other comprehensive income		
Net gain on fair value changes of available-for-sale financial assets	63	–

(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 2017 and 2016 are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Profit before tax	14,957	13,149
Tax calculated at a tax rate of 17% (2016: 17%)	2,543	2,235
Adjustments:		
Expenses not deductible for tax purposes	152	54
Income not subject to tax	(158)	(8)
Effect of partial tax exemption and tax relief	(840)	(581)
Over provision in respect of previous years	(75)	(4)
Others	(27)	3
Income tax expense recognised in profit or loss	1,595	1,699

(c) *Deferred income tax*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Balance at 1 January	269	883	67	28
Tax credited to profit or loss	48	11	100	57
Tax charged to other comprehensive income	(63)	–		–
Group tax relief transfer	(266)	(625)	(57)	(18)
Balance at 31 December	(12)	269	110	67

9. Income tax expense (continued)

(c) *Deferred income tax (continued)*

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Difference in depreciation	228	100	–	–
Provisions	(14)	(6)	–	–
Unutilised tax losses and allowances	(38)	–	–	–
Revaluations to fair value:				
- Available-for-sale financial assets	63	–	–	–
Unremitted interest income	68	–	–	–
	307	94	–	–
Deferred tax assets				
Difference in depreciation	(69)	(133)	(1)	(7)
Provisions	(32)	(31)	(21)	(17)
Unutilised tax losses and allowances	(194)	(192)	(88)	(42)
Others	–	(7)	–	(1)
	(295)	(363)	(110)	(67)

The subsidiaries of the Group transferred tax losses of approximately $1,564,000 (2016: $3,682,000) 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 (2016: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

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 (excluding treasury 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	
	2017	2016
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share ($'000)	13,255	11,349
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share computation	810,759,226	602,412,139
Earnings per share (cents) – basic and diluted	1.63	1.88

11. Property, plant and equipment

Group	Leasehold properties	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	$'000
Cost								
At 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 and 1 January 2017	–	5,067	2,707	499	799	231	308	9,611
Additions	10,440	915	487	128	208	–	1,943	14,121
Disposals	–	(1,591)	(298)	(16)	(30)	–	(64)	(1,999)
Transfer in/(out)	–	1,884	19	1	229	–	(2,133)	–
At 31 December 2017	10,440	6,275	2,915	612	1,206	231	54	21,733
Accumulated depreciation								
At 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 and 1 January 2017	–	2,541	1,843	372	609	84	–	5,449
Depreciation charge for the year	62	919	317	77	154	33	–	1,562
Disposals	–	(1,176)	(251)	(12)	(30)	–	–	(1,469)
At 31 December 2017	62	2,284	1,909	437	733	117	–	5,542
Net carrying amount								
At 31 December 2016	–	2,526	864	127	190	147	308	4,162
At 31 December 2017	10,378	3,991	1,006	175	473	114	54	16,191

* Included in computers is software with net book value of $231,000 (2016: $68,000).

11. Property, 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
Cost						
At 1 January 2016	154	51	5	94	1	305
Additions	5	13	–	21	–	39
Disposals	–	–	–	(1)	–	(1)
At 31 December 2016 and 1 January 2017	159	64	5	114	1	343
Additions	14	26	–	53	53	146
Disposals	–	–*	–	–	–	–
Transfer in/(out)	12	–	–	–	(12)	–
At 31 December 2017	185	90	5	167	42	489
Accumulated depreciation						
At 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 and 1 January 2017	132	47	5	90	–	274
Depreciation charge for the year	13	7	–	17	–	37
Disposals	–	–*	–	–	–	–
At 31 December 2017	145	54	5	107	–	311
Net carrying amount						
At 31 December 2016	27	17	–	24	1	69
At 31 December 2017	40	36	–	60	42	178

* Denotes amount less than $1,000

A floating charge has been placed on plant and equipment of certain subsidiaries with a carrying amount aggregating $5,099,000 (2016: $2,968,000) as security for bank borrowings (Note 21).

As at 31 December 2017, leasehold properties with a carrying value of $10,378,000 (2016: Nil) are pledged to banks as security for bank borrowings (Note 21).

12. Investment in subsidiaries

	Company 2017	Company 2016
	$'000	$'000
Unquoted equity shares, at cost		
Balance at beginning of the year	45,000	45,000
Acquisition of shares issued by subsidiaries during the year	1,100	–
Balance at end of the year	46,100	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 2017	Proportion (%) of ownership interest 2016
	Held by the Company				
(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
(a)	Maxi-Cash Property Pte. Ltd.	Singapore	Real estate activities	100	–
(a)	Maxi-Cash Investment Holding Pte. Ltd.	Singapore	Investment holding	100	–
(a)	Maxi-Cash Capital Management Pte. Ltd.	Singapore	Secured lending and investment holding	100	–
(a)	Maxi-Cash International Pte. Ltd.	Singapore	Investment holding	100	–
	Held by Maxi-Cash Group Pte. Ltd.				
(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	Inactive	100	100

12. Investment in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December (continued):

	Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
				2017	**2016**
	Held by Maxi-Cash Capital Management Pte. Ltd.				
(a)	Maxi Financial Pte. Ltd.	Singapore	Inactive	100	–
	Held by Maxi-Cash International Pte. Ltd.				
(b)	Maxi Cash (Malaysia) Sdn. Bhd.	Malaysia	Inactive	100	–
	Held by Maxi Cash (Malaysia) Sdn. Bhd.				
(b)	Maxi Cash (Penang) Sdn. Bhd.	Malaysia	Inactive	90	–
(b)	Maxi Cash (Southern) Sdn. Bhd.	Malaysia	Inactive	90	–
	Held by Maxi Cash (Penang) Sdn. Bhd.				
(b)	Max Cash (George Town) Sdn. Bhd.	Malaysia	Inactive	100	–
	Held by Maxi Cash (Southern) Sdn. Bhd.				
(b)	Max Cash (S1) Sdn. Bhd.	Malaysia	Inactive	100	–

(a) Audited by Ernst & Young LLP, Singapore

(b) Newly incorporated during the financial year and not required to be audited.

13. Investment in joint venture

The Company has 50% (2016: 50%) 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 of investment holding. The Company jointly controls ACUPL with a subsidiary of the immediate holding company under the contractual agreement which provides the Company with rights to the net assets of the joint venture 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	
				2017	**2016**
(a)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Investment holding	50	50

(a) Audited by Ernst & Young LLP, Singapore

The summarised financial information in respect of ACUPL based on its financial statements prepared in accordance with FRS and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

13. Investment in joint venture (continued)

Summarised statement of financial position

	ACUPL 2017
	$'000
Cash and cash equivalents	279
Other current assets	62
Current assets	341
Investment properties	23,011
Total assets	23,352
Other payables and provisions	136
Other current liabilities	5,180
Interest-bearing loans	720
Current liabilities	6,036
Interest-bearing loans	16,753
Total liabilities	22,789
Net assets	563
Proportion of Group's ownership	50%
Group's share of net assets and carrying amount of the investment	282

Summarised statement of comprehensive income

	ACUPL 2017
	$'000
Revenue	325
Other operating expenses	(627)
Finance costs	(128)
Loss before tax	(430)
Income tax expense	–
Loss for the year, representing other comprehensive income	(430)

14. Investment securities

	2017	2016
	$'000	$'000
Current:		
Available-for-sale financial assets		
- Quoted debt securities, at fair value	36,105	–
Add:		
Non-current:		
Trade and other receivables (Note 16)		
- Available-for-sale financial asset	10,364	–
Total available-for-sale financial assets	46,469	–

Investment pledged as securities

A floating charge has been placed on investment securities with a carrying value of $36,105,000 (2016: Nil) as security for bank borrowings (Note 21).

15. Inventories

	Group	
	2017	**2016**
	$'000	$'000
Consolidated statement of financial position:		
Finished goods, at cost	51,807	43,211
Consolidated statement of comprehensive income:		
Inventories recognised as an expense:		
- Material costs	130,943	114,743
- Write-down of inventories	4	12

A floating charge has been placed on inventories with a carrying value of $46,250,000 (2016: $41,147,000) as security for bank borrowings (Note 21).

16. Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	272,094	245,109	–	–
Other receivables	473	56	11	11
Deposits	794	1,113	1	527
	273,361	246,278	12	538
Trade and other receivables (non-current):				
Trade receivables	33,096	–	–	–
Available-for-sale financial asset	10,364	–	–	–
Deposits	2,431	1,714	16	–
	45,891	1,714	16	–
Total trade and other receivables (current and non-current)	319,252	247,992	28	538
Add:				
Due from subsidiaries (non-trade)	–	–	142,568	43,165
Due from a related company (trade)	–	97	–	7
Due from joint venture (non-trade)	2,590		2,590	–
Cash and bank balances	17,694	10,542	740	1,502
Less:				
Available-for-sale financial asset	(10,364)	–	–	–
Total loans and receivables	329,172	258,631	145,926	45,212

Trade receivables comprise of pawnshop loans, interest receivables on pawnshop loans, secured lending receivables, interest and distribution receivables on secured lending receivables and trade receivables from retail and trading of jewellery and branded merchandise.

16. Trade and other receivables (continued)

Pawnshop loans are loans to customers extended under pawnbroking business which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (2016: 1.0% to 1.5% 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.

Secured lending receivables are measured at amortised cost using the effective interest rate method which are interest bearing ranging between 12.0% to 18.0% per annum and are secured by way of collateralised real estate held by investment trustee. These loans and receivables have maturities ranging between 12 to 29 months.

Included in non-current available-for-sale financial asset is an amount of $10,364,000 extended through a fund which is measured at fair value through other comprehensive income. The fund extends interest-bearing loans to borrowers and has provided a return of approximately 10% per annum for the financial year ended 31 December 2017. This available-for-sale financial asset is secured by way of collateralised real estate held by the fund, and has a maturity of 48 months, with an option by the fund to extend the maturity to 60 months.

Other receivables comprise mainly of accrued interest receivable from investment in quoted debt securities.

Trade receivables from retail and trading of jewellery and branded merchandise 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 $259,901,000 (2016: $220,599,000) as security for bank borrowings (Note 21).

Trade receivables that are impaired

The Group's trade 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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	301	532	–	–
Less: Allowance for impairment	(101)	(208)	–	–
	200	324	–	–
Movement in allowance accounts:				
At 1 January	(208)	(208)	–	–
Charge for the year	(101)	–	–	–
Write-back	208	–	–	–
At 31 December	(101)	(208)	–	–

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	5	–	–	–
Australian Dollar	59,229	–	–	–

17. Prepaid rent

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cost				
At 1 January	150	185	–	–
Write-off	–	(35)	–	–
At 31 December	150	150	–	–
Accumulated amortisation				
At 1 January	108	90	–	–
Amortisation for the year	42	53	–	–
Write-off	–	(35)	–	–
At 31 December	150	108	–	–
Balance at 31 December	–	42	–	–
Current portion	–	42	–	–
Non-current portion	–	–	–	–
	–	42	–	–

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.

18. Due from subsidiaries (non-trade)
Due from a related company (trade)
Due from joint venture (non-trade)
Due to immediate holding company (non-trade)
Due to related companies (non-trade)

The amounts due from subsidiaries are non-trade related, unsecured, and receivable on demand. These amounts are interest-free except for amounts due from subsidiaries of $60,408,000 (2016: Nil) which bear interest at rates ranging from 2.78% to 6.39% (2016: Nil) per annum.

As at 31 December 2016, the amounts due from a related company were trade related, unsecured, interest-free and receivable on demand.

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

As at 31 December 2016, the amounts due to immediate holding company and related companies were non-trade related, unsecured, interest-free and repayable on demand and are to be settled in cash.

The amounts due to related companies are non-trade related, unsecured, interest-bearing at Nil (2016: 2.02% to 2.55%) per annum, repayable on demand and are to be settled in cash.

19. 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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	17,694	10,542	740	1,502

A floating charge has been placed on cash and bank balances with a carrying value of $11,104,000 (2016: $5,878,000) as security for bank borrowings (Note 21).

Cash and bank balances denominated in foreign currencies at 31 December is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	368	–	–	–
Australian Dollar	413	–	–	–

20. Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade and other payables (current):				
Trade payables	293	693	125	128
Other payables	1,248	1,027	161	30
Accrued operating expenses				
- Payroll related	3,054	2,647	1,588	1,374
- Others	2,096	1,204	1,123	467
Deposits received	78	5	–	–
	6,769	5,576	2,997	1,999
Other payables (non-current):				
Other payables	206	–	74	–
Deposits received	33	56	–	–
	239	56	74	–
Total trade and other payables (current and non-current)	7,008	5,632	3,071	1,999
Add:				
Due to immediate holding company (non-trade)	–	11	–	7
Due to related companies (non-trade)	42	29,570	42	–
Interest-bearing loans	237,999	173,550	–	–
Term notes	70,000	–	70,000	
Less:				
Accrued operating expenses				
- Payroll related	(273)	(220)	(126)	(103)
- Others	(128)	–	(128)	–
Total financial liabilities carried at amortised cost	314,648	208,543	72,859	1,903

20. Trade and other payables (continued)

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Hong Kong Dollar	76	3	–	–
Australian Dollar	154	–	–	–
United States Dollar	22	13	–	–

21. Interest-bearing loans

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Secured borrowings					
Current					
Bank borrowings		230,075	173,550	–	–
Term loans		300	–	–	–
		230,375	173,550	–	–
Non-current					
Term loans		7,624	–	–	–
		237,999	173,550	–	–
Add:					
Term notes	22	70,000	–	70,000	–
Total loans and borrowings		307,999	173,550	70,000	–

(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.

The term loans of $7,924,000 (2016: Nil) bear interest ranging from 1.85% to 1.98% (2016: Nil) per annum and are secured by way of legal mortgage over the leasehold properties (Note 11). These loans are repayable progressively and is expected to be fully repaid between year 2037 to 2038.

(b) ***Effective interest rate***

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

	2017	2016
Bank borrowings	2.49%	2.04%
Term loans	1.93%	–

22. Term notes

			Aggregate principal amount outstanding			
			Group		Company	
Date issued	**Interest rate**	**Maturity dates**	**2017**	**2016**	**2017**	**2016**
	%		$'000	$'000	$'000	$'000
Non-current						
27 April 2017	5.50	27 April 2020	50,000	–	50,000	–
9 October 2017	5.50	27 April 2020	20,000	–	20,000	–
Total term notes			70,000	–	70,000	–

During the financial year, the Company established a Multicurrency Medium Term Note programme ("**MTN Programme**"), under which the Company may issue notes from time to time. As at 31 December 2017, unsecured term notes issued by the Company under the MTN Programme amounted to $70,000,000.

A reconciliation of liabilities arising from financing activities is as follows:

	2016	**Cash flows generated from financing**	**Non-cash changes**	**2017**
			Amortisation of premium on term notes	
	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	–	140	(12)	128
Term notes	–	70,000	–	70,000
Total	–	70,140	(12)	70,128

23. Share capital, treasury shares and other reserves

(a) ***Share capital***

	Group and Company			
	2017		**2016**	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares:				
At 1 January	727,530,373	87,439	562,636,624	64,035
Ordinary shares issued under scrip dividend scheme (1) (3)	62,790,613	10,465	19,387,675	2,482
Ordinary shares issued under rights issue (2)	121,255,062	20,463	145,506,074	20,922
Balance at 31 December	911,576,048	118,367	727,530,373	87,439

23. Share capital, treasury shares and other reserves (continued)

(a) *Share capital (continued)*

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 2017, the Company issued 38,066,653 new shares at an issue price of $0.171 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

(2) On 10 July 2017, the Company issued 121,255,062 new shares at an issue price of $0.170 for each rights share, on the basis of one (1) rights share for every six (6) existing ordinary shares in the capital of the Company. Share issuance expenses of $150,000 are deducted against share capital.

(3) On 11 October 2017, the Company issued 24,723,960 new shares at an issue price of $0.160 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

(b) *Treasury shares*

	Group and Company			
	2017		2016	
	No. of shares	$'000	No. of shares	$'000
At 1 January	–	–	–	–
Share buyback through open market	1,000,000	165	–	–
Balance at 31 December	1,000,000	165	–	–

Treasury shares relate to ordinary shares of the Company that are held by the Company.

On 7 December 2017, the Company purchased 1,000,000 shares in the Company through open market purchases. The total amount paid to acquire the shares was $165,000 and this is presented as a component within shareholders' equity.

(c) *Other reserves*

	Group	
	2017	2016
	$'000	$'000
Fair value adjustment reserve	305	–

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

24. 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	
	2017	**2016**
	$'000	$'000
Purchases from a related company	1,824	989
Sales to a related company	6,790	9,602
Corporate services charged by immediate holding company	990	780
Rental paid to a related company	828	438
Rental paid to a director related company	594	552
Interest expense paid to a related company	137	1,444
Corporate services charged by a related company	39	–

(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	
	2017	**2016**
	$'000	$'000
Rental payable to a related company:		
Not later than one year	837	663
Later than one year but not later than five years	1,439	468
	2,276	1,131
Rental payable to a director related company:		
Not later than one year	518	413
Later than one year but not later than five years	605	249
	1,123	662

(c) *Compensation of key management personnel*

	Group	
	2017	**2016**
	$'000	$'000
Short-term employee benefits	2,171	1,843
Central Provident Fund contributions	77	70
Total compensation paid to key management personnel	2,248	1,913
Comprise amounts paid to:		
Directors of the Company	1,413	1,291
Other key management personnel	835	622
	2,248	1,913

25. 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	
	2017	**2016**
	$'000	$'000
Not later than one year	202	228
Later than one year but not later than five years	66	214
	268	442

(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 2017 amounted to $10,590,000 (2016: $9,370,000).

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

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	10,327	8,126
Later than one year but not later than five years	9,838	7,877
	20,165	16,003

26. Contingencies

Guarantees

The Company has provided guarantee to banks for loans of the joint venture, to the extent of its interest amounting to $8,736,000 (2016: Nil) at the end of the financial year.

The Company has provided corporate guarantees to banks for an aggregate of $172,516,000 (2016: $85,050,000) in respect of bank borrowings drawn down by certain subsidiaries (Note 12).

27. 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 three main operating business segments, namely:

(a) Pawnbroking;

(b) Money lending; and

(c) Retail and trading of jewellery and branded merchandise.

Other operations include rental of properties, provision of other support services, share of result of joint venture and investing in quoted debt securities.

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 property, plant and equipment.

27. Segmental information (continued)

	Pawnbroking	Money lending	Retail and trading of jewellery and branded merchandise	Others	Elimination	Note	Total
	$'000	$'000	$'000	$'000	$'000		$'000
2017							
Revenue	34,745	1,878	151,769	–	–		188,392
Inter-segment revenue	47,192	–	18	–	(47,210)	A	–
Results							
Segment results	13,484	1,923	4,925	13,474	(13,120)		20,686
Share of result of joint venture	–	–	–	(215)	–		(215)
Interest income	–	1	–	3,163	(1,201)		1,963
Finance costs	(4,647)	(938)	(410)	(2,683)	1,201		(7,477)
Profit before tax	8,837	986	4,515	13,739	(13,120)	B	14,957
Segment assets	296,755	59,830	60,200	195,160	(165,981)	C	445,964
Investment in joint venture	–	–	–	282	–		282
Unallocated assets	–	–	–	–	–		295
Total assets							446,541
Segment liabilities	257,739	58,765	49,200	119,070	(166,039)	D	318,735
Unallocated liabilities							(1,536)
Total liabilities							317,199
Capital expenditure	3,308	–	225	10,588	–		14,121
Depreciation and amortisation	1,439	–	66	99	–		1,604
Other significant non-cash expenses	447	–	4	–	–	E	451

27. Segmental information (continued)

	Pawnbroking	Money lending	Retail and trading of jewellery and branded merchandise	Others	Elimination	Note	Total
	$'000	$'000	$'000	$'000	$'000		$'000
2016							
Revenue	32,514	–	130,674	–	–		163,188
Inter-segment revenue	32,790	–	48	–	(32,838)	A	–
Results							
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

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:

	2017	2016
	$'000	$'000
Profit from inter-segment sales	(13,120)	(6,680)

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

	2017	2016
	$'000	$'000
Inter-segment assets	(165,981)	(88,327)

27. 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:

	2017	2016
	$'000	$'000
Inter-segment liabilities	(166,039)	(88,249)

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

	2017	2016
	$'000	$'000
Write back for doubtful receivables, net	(107)	–
Loss on disposal of property, plant and equipment	529	416
Write-down of inventories	4	12
Financial losses on pledged items not fully covered by insurance	25	34
	451	462

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	186,514	163,188	16,473	4,162
Australia	1,878	–	–	–
	188,392	163,188	16,473	4,162

Non-current assets information presented above consist of property, plant and equipment and investment in joint venture as presented in the consolidated statement of financial position.

28. Dividends

	2017	2016
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares		
Final exempt (one-tier) dividend in respect of profits for 2016: 1.0 (2015: 0.5) cent per share	7,275	2,813
Interim exempt (one-tier) dividend in respect of profits for 2017: 0.50 (2016: 0.50) cent per share based on 886,852,088 shares after rights issue (2016: based on 582,024,299 shares before rights issue)	4,435	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 2017: 0.7 (2016: 1.0) cent per share	6,984	7,275

29. Financial risk management objectives and polices

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, interest rate risk, foreign currency 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.

(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.

29. Financial risk management objectives and polices (continued)

(a) *Liquidity risk (continued)*

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	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2017				
Financial assets:				
Trade and other receivables	274,794	57,626	–	332,420
Due from joint venture (non-trade)	2,590	–	–	2,590
Investment securities	36,105	–	–	36,105
Cash and bank balances	17,694	–	–	17,694
Total undiscounted financial assets	331,183	57,626	–	388,809
Financial liabilities:				
Trade and other payables	6,621	1,880	–	8,501
Due to related companies (non-trade)	42	–	–	42
Interest-bearing loans	231,017	1,800	7,517	240,334
Term notes	3,207	75,780	–	78,987
Total undiscounted financial liabilities	240,887	79,460	7,517	327,864
Total net undiscounted financial assets/ (liabilities)	90,296	(21,834)	(7,517)	60,945

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Group			
2016			
Financial assets:			
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
Financial liabilities:			
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

29. Financial risk management objectives and policies (continued)

(a) ***Liquidity risk (continued)***

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company			
2017			
Financial assets:			
Trade and other receivables	12	16	28
Due from subsidiaries (non-trade)	146,354	–	146,354
Due from a joint venture (non-trade)	2,590	–	2,590
Cash and bank balances	740	–	740
Total undiscounted financial assets	149,696	16	149,712
Financial liabilities:			
Trade and other payables	2,817	–	2,817
Term notes	3,207	75,780	78,987
Due to related companies (non-trade)	42	–	42
Total undiscounted financial liabilities	6,066	75,780	81,846
Total net undiscounted financial assets/(liabilities)	143,630	(75,764)	67,866
2016			
Financial assets:			
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
Total undiscounted financial assets	45,212	–	45,212
Financial liabilities:			
Trade and other payables	1,896	–	1,896
Due to immediate holding company (non-trade)	7	–	7
Total undiscounted financial liabilities	1,903	–	1,903
Total net undiscounted financial assets	43,309	–	43,309

(b) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its term loans. Other than the term notes which are at fixed rates, the Group's loans are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, term notes of $70,000,000 (2016: Nil) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2016: Nil) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $33,000 (2016: Nil) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans.

29. Financial risk management objectives and policies (continued)

(c) *Foreign currency risk*

The Group's money lending business has transactional currency exposures arising from investments that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly Australian Dollars ("**AUD**").

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The Group did not hedge any of its foreign currency purchases during the financial year ended 31 December 2017.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in AUD exchange rates (against SGD), with all other variables held constant.

	2017	**2016**
	Profit net of tax	**Profit net of tax**
	$'000	$'000
	(lower)/higher	(lower)/higher
AUD - strengthened 5% (2016: Nil)	2,974	–
- weakened 5% (2016: Nil)	(2,974)	–

(d) *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. Money lending has no significant exposure to credit risk as these are secured by way of collateralised real estate by the investment at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring significant counterparties of its trade receivables on an ongoing basis. At the end of the financial year, 100% of the Group's trade receivables in the money lending business segment were due from 5 entities.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are pawnshop loans 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 16 (Trade and other receivables).

30. 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.

(b) ***Assets measured at fair value***

The following table shows an analysis of each class of assets measured at fair value at the end of the financial year:

	Group 2017			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Financial assets				
Available-for-sale (current) - Quoted debt securities (Note 14)	36,105	–	–	36,105
Available-for-sale (non-current) – financial asset (Note 16)	–	–	10,364	10,364
	36,105	–	10,364	46,469

There are no prior year comparatives and there are no transfers of assets or liabilities between Levels 1, 2 and 3.

30. Fair value of assets and liabilities (continued)

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	**Fair value at 31 December 2017** $'000	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs**
Recurring fair value measurements				
Available-for-sale non-current financial assets (Note 16)	10,364	Net asset valuation	Not applicable	Not applicable

For secured lending extended through investment in a fund, the valuation of the units in the fund is performed on a monthly or quarterly basis by an independent professional investment manager. The investment manager provides management with quarterly investment reports, quarterly distribution statements, half yearly unaudited financial statements and annual audited accounts, audited by a reputable auditor.

The valuation of the investment by the fund in debt instruments, secured by real estate, is the responsibility of the investment manager. The net asset valuation, provided on a quarterly basis, is the value that approved transfers will be based on. The valuation based on reported net asset valuation of the fund is not publicly available as it is only provided by the investment manager to the investors of the fund.

(ii) *Movements in Level 3 assets measured at fair value*

There are no movements during the year apart from the investment in financial assets in (i) above.

(iii) *Valuation policies and procedures*

The Group's Assistant Finance Director oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, management has considered the reports and representations provided by the investment manager.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

30. Fair value of assets and liabilities (continued)

(d) *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 2017 and 2016 but for which fair value is disclosed:

	Fair value measurements at the end of the financial year using				
	Significant observable inputs other than quoted prices (Level 2) 2017	**Significant unobservable inputs (Level 3) 2017**	**Carrying amount 2017**	**Significant unobservable inputs (Level 3) 2016**	**Carrying amount 2016**
	$'000	$'000	$'000	$'000	$'000
Group					
Assets:					
Non-current:					
Trade receivables	–	37,361	33,096	–	–
Other receivables	–	2,385	2,431	1,683	1,714
Financial liabilities:					
Non-current:					
Term notes	69,838	–	70,000	–	–
Company					
Assets:					
Non-current:					
Other receivables	–	15	16	–	–
Non-current:					
Term notes	69,838	–	70,000	–	–

Determination of fair value

<u>Trade and other receivables</u>

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.

<u>Term notes</u>

The fair values as disclosed in the table above are determined directly by reference to the bid price quotation of the term notes at the end of the financial year.

30. Fair value of assets and liabilities (continued)

(e) ***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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
	$'000	$'000	$'000	$'000
Group				
Financial assets:				
Non-current:				
Trade receivables	33,096	37,361	–	–
Other receivables	2,431	2,385	1,714	1,683
Financial liabilities:				
Non-current:				
Term notes	70,000	69,838	–	–
Company				
Financial assets:				
Non-current:				
Other receivables	16	15	–	–
Non-current:				
Term notes	70,000	69,838	–	–

31. 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 2017 and 2016.

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, term notes, less cash and bank balances. Capital refers to equity attributable to owners of the Company.

31. Capital management (continued)

	2017	2016
	$'000	$'000
Trade and other payables	7,008	5,632
Due to immediate holding company (non-trade)	–	11
Due to related companies (non-trade)	42	29,570
Interest-bearing loans	237,999	173,550
Term notes	70,000	–
Less: Cash and bank balances	(17,694)	(10,542)
Net debt	297,355	198,221
Equity attributable to owners of the Company	128,425	95,812
Capital and net debt	425,780	294,033
Gearing ratio	69.8%	67.4%

32. Events occurring after the reporting period

On 10 January 2018, 87,125,632 Rights Shares were successfully allotted and issued by the Company. As a result of the allotment and issue of the Rights Shares, the number of issued and paid-up Shares has increased from 910,576,048 Shares (excluding 1,000,000 Treasury Shares) to 997,701,680 Shares (excluding 1,000,000 Treasury Shares).

33. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a directors' resolution dated 23 March 2018.

STATISTICS OF SHAREHOLDINGS
AS AT 15 MARCH 2018

NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	997,701,680
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES)	:	ONE VOTE PER SHARE
NUMBER/PERCENTAGE OF TREASURY SHARES	:	1,000,000 (0.10%)
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	286	9.21	12,154	0.00
100 - 1,000	658	21.19	336,941	0.03
1,001 - 10,000	871	28.04	3,769,011	0.38
10,001 - 1,000,000	1,257	40.47	98,672,496	9.89
1,000,001 & ABOVE	34	1.09	894,911,078	89.70
TOTAL	**3,106**	**100.00**	**997,701,680**	**100.00**

TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2018
(As recorded in the Register of Members and Deputy Register)

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LIMITED	638,052,066	63.95
MLHS HOLDINGS PTE LTD	57,351,654	5.75
PHILLIP SECURITIES PTE LTD	42,522,147	4.26
CGS-CIMB SECURITIES (S) PTE LTD	29,053,810	2.91
MAYBANK KIM ENG SECURITIES PTE LTD	27,818,026	2.79
KOH WEE SENG	23,550,368	2.36
UOB KAY HIAN PTE LTD	10,428,928	1.05
DBS NOMINEES PTE LTD	7,067,321	0.71
NG SHENG TIONG	7,029,983	0.70
ON FOO LIN	6,000,000	0.60
CITIBANK NOMINEES SINGAPORE PTE LTD	5,337,022	0.53
LEE TIONG ANG	4,376,905	0.44
UNITED OVERSEAS BANK NOMINEES PTE LTD	3,888,499	0.39
DB NOMINEES (S) PTE LTD	2,346,535	0.24
RAFFLES NOMINEES (PTE) LTD	2,183,788	0.22
OCBC SECURITIES PRIVATE LTD	2,103,449	0.21
LIM SWEE ANN	2,085,782	0.21
LEE SAU LEUNG	1,920,024	0.19
LEE SAU YOONG	1,898,187	0.19
OCBC NOMINEES SINGAPORE PTE LTD	1,804,291	0.18
TOTAL	**876,818,785**	**87.88**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	**NO. OF SHARES**	**% OF SHARES**	**NO. OF SHARES**	**% OF SHARES**
ASPIAL CORPORATION LIMITED (1)	638,052,066	63.95	–	–
KOH WEE SENG (2)(3)	104,991,957	10.52	695,604,474	69.72
KOH LEE HWEE (2)(5)	3,390,188	0.34	702,433,703	70.41
KO LEE MENG (2)(4)	2,813,326	0.28	696,863,202	69.85
MLHS HOLDINGS PTE LTD (1)	57,351,654	5.75	638,052,066	63.95

(1) MLHS Holdings Pte Ltd is the controlling shareholder of Aspial Corporation Limited, holding approximately 58.76% of the shareholdings of Aspial Corporation Limited as at 15 March 2018. 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 19.29% direct interest in Aspial Corporation Limited as at 15 March 2018. 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 23,550,368 shares held in his own name and 81,441,589 shares held in nominee accounts. The deemed interest derived from 200,754 shares held by his spouse, 638,052,066 shares held by Aspial Corporation Limited and 57,351,654 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 2,813,326 shares held in nominee accounts. The deemed interest derived from 1,459,482 shares held by her spouse and 638,052,066 shares held by Aspial Corporation Limited and 57,351,654 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 3,390,188 shares held in nominee accounts and deemed interest derived from 7,029,983 shares held by her spouse and 638,052,066 shares held by Aspial Corporation Limited and 57,361,654 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 2018 and to the best knowledge of the Directors, approximately 16.24% 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 Thursday, 26 April 2018 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 2017 and the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.70 Singapore cents per share in respect of the financial year ended 31 December 2017. (2016: 1.00 Singapore cent) **Resolution 2**

3. To approve the payment of Directors' fees of S$298,000 for the financial year ended 31 December 2017. (2016: S$273,082) **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) Mr Lee Sai Sing; **Resolution 4(i)**

   (ii) Ms Goh Bee Leong; and **Resolution 4(ii)**

   (iii) Mr Koh Wee Seng. **Resolution 4(iii)**

   (See Explanatory Notes)

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

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

6. **Authority to issue shares** **Resolution 6**

   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 "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") 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,

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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 of the SGX-ST 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)

7. **Authority to issue shares under the Maxi-Cash Performance Share Plan** **Resolution 7**

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 cent (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) 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)

8. **Authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme** **Resolution 8**

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Catalist Rules of the SGX-ST, 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)

9. **Proposed renewal of the Share Purchase Mandate** **Resolution 9**

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 9) 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 11 April 2018 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

10. To transact any other business.

BY ORDER OF THE BOARD

Lim Swee Ann
Company Secretary
11 April 2018, Singapore

Explanatory Notes:

Resolution 4(i)

Mr Lee Sai Sing will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Lee Sai Sing is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information on Mr Lee Sai Sing can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2017.

Resolution 4(ii)

Ms Goh Bee Leong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. Ms Goh Bee Leong is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information on Ms Goh Bee Leong can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2017.

Resolution 4(iii)

Mr Koh Wee Seng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company. Detailed information on Mr Koh Wee Seng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2017.

Resolution 6

The Ordinary Resolution no. 6, 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 7

The Ordinary Resolution no. 7, 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 (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the vesting of Awards under the Maxi-Cash Performance Share Plan.

Resolution 8

The Ordinary Resolution no. 8, 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 9

The Ordinary Resolution no. 9, 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 treasury shares and subsidiary holdings) 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.

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.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital 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.

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*

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 Thursday, 26 April 2018 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****
	Ordinary Business		
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2017 and the Directors' Statement and the Auditors' Report thereon.		
2.	To declare a final tax exempt (one-tier) dividend of 0.70 Singapore cents per share in respect of the financial year ended 31 December 2017.		
3.	To approve the payment of Directors' fees of S$298,000 for the financial year ended 31 December 2017.		
4(i).	To re-elect Mr Lee Sai Sing, retiring by rotation pursuant to Article 93 of the Company's Constitution and who, being eligible, offers himself for re-election, as a Director of the Company.		
4(ii).	To re-elect Ms Goh Bee Leong, 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(iii).	To re-elect Mr Koh Wee Seng, retiring by rotation pursuant to Article 93 of the Company's Constitution and who, being eligible, offers himself for re-election, as a Director of the Company.		
5.	To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	To grant the Directors the authority to issue shares.		
7.	To grant the Directors the authority to issue shares under the Maxi-Cash Performance Share Plan.		
8.	To grant the Directors the authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme.		
9.	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 ____________________ 2018.

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

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

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, the instrument appointing a proxy or proxies shall 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.