



# Corporate Information

## BOARD OF DIRECTORS

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

## COMPANY SECRETARIES

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

## REGISTERED OFFICE

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Singapore 048624  
Tel: +65 6225 2626  
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## SHARE REGISTRAR

B.A.C.S. Private Limited  
63 Cantonment Road  
Singapore 089758

## SPONSOR

Canaccord Genuity Singapore Pte. Ltd.  
77 Robinson Road #21-02  
Singapore 068896

## AUDITOR

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

*Partner-in-charge*  
Tan Peck Yen  
*(Chartered Accountant, a member  
of the Institute of Singapore  
Chartered Accountants)*  
*(Since the financial year ended 31  
December 2013)*

## PRINCIPAL BANKERS

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

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., 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 Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*



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# Message from Non-Executive Chairman and Chief Executive Officer

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## ***Dear Shareholders***

On behalf of the Board of Directors, we are pleased to present the Group's annual report for the financial year ended 31 December 2014 ("FY2014").

Despite a challenging landscape, the Group turned in a revenue of \$109.6 million for FY2014, representing a decrease of 3.1% as compared to a revenue of \$113.1 million in the preceding year. This was mainly due to a lower revenue reported for our retail and trading of pre-owned jewellery and watches business.

We are glad to report that our pawnbroking business continued to grow year-on-year and reported a higher turnover for FY2014. This was primarily attributable to higher interest income arising from the Group's growing pledge book.

In the year under review, the Group recorded a pre-tax profit of \$1.8 million, which was \$0.3 million lower than the preceding year. This was mainly due to increased operating expenses incurred by the opening of new stores in the course of 2014. The Group's cash position remained healthy at \$9.3 million as at 31 December 2014.

The Group recorded an earnings per ordinary share of 0.32 cents in FY2014, compared to 0.39 cents in the preceding year. Net asset value per ordinary share stood at 11.39 cents in FY2014, compared to 13.53 cents in the prior year. The Group has proposed a final dividend of 0.2 cents per ordinary shares subject to shareholders' approval at the forthcoming annual general meeting of the Company.

Overall, the Group adapted well amid a challenging environment of increased competition, volatile gold prices and low economic growth.

## **Going Forward in FY2015**

We expect the operating environment to remain challenging as we see new entrants compete for business. Nonetheless, the Group is in strong competitive shape as we have invested heavily and built a strong brand identity over the years.

Today, "Maxi-Cash" is one of the best known and respected brand names in pawnbroking. Our reputation is built upon a strong commitment in providing unsurpassed service to our customers. We work hard to earn their loyalty and build lasting relationships, and this has enabled our new stores to comfortably build their customer base.

In having the largest network of pawnshops and retail outlets distributed across Singapore, we are better able to further entrench ourselves as one of the leading pawnbrokers. This enables us to offer customers unparalleled convenience and accessibility.

The retail and trading of pre-owned jewellery and watches business attained the CaseTrust accreditation from the Consumer Association of Singapore ("CASE") in 2014. This certification reaffirms the Group's commitment to fair trading and transparency to consumers.

Additionally, we have made inroads to leveraging social media as a platform to reach out to a new market segment – the younger market segment -- and to also promote our products and services.

In 2015, we will continue to strengthen our servicing capabilities to better meet the needs of our customers, and also to better respond to changing market conditions.

## Community Engagement

Maxi-Cash is a firm believer of community engagement and has spearheaded corporate citizenry initiatives and programmes over the last six years. In October 2014, the Group pledged a contribution to the Getai Charity Concert, where Geylang East Home for the Aged and Singapore Chung Hwa Medical Institution were beneficiaries for this fund-raising event. Internally, Maxi-Cash also encourages its employees to embrace a spirit of volunteerism, and to have a greater awareness of the plight faced by the less privileged in society.

## Acknowledgements

As an innovator in our industry, we will continue to explore ways to improve our services, and to bring greater convenience and benefits to our customers and neighbourhoods. We enter 2015 with a clear intent to capitalize on what sets us apart, to the benefit of our customers, shareholders and our employees. The Group will remain unwavering in its efforts in charting new growth avenues.

As we manage the business, we are focused on meeting our financial targets the right way. Our actions will be based on the Group's long-term interests. We will upkeep a rigorous financial discipline and intend to seize market opportunities as they present themselves.

On 5 January 2015, Mr Ng Leok Cheng was appointed Chief Executive Officer of the Group. He assumed this position from Mdm Koh Lee Hwee, and will oversee the overall management and business operations of the 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.

We would like to take this opportunity to express our gratitude to Mdm Koh, who was instrumental for the Group's listing on the Singapore bourse in 2012, and for unstintingly building the business over the years.

In closing, we wish to thank all shareholders for your confidence and support. The Board and Management will remain committed in building shareholders' value for years to come.

**Koh Wee Seng**  
*Non-Executive Chairman*

**Ng Leok Cheng**  
*Chief Executive Officer*



# Business Review

## Pawnbroking Business

The Group's pawnbroking business turned in a revenue of \$25.9 million for FY2014, up 4.0% from \$24.9 million in the previous year. This was largely driven by the higher interest income from the growing pledge book.

In the course of FY2014, a total of 7 new shops were opened, enabling the Group to maintain its leadership position of having the largest footprint of pawnshops across Singapore.

As at the end of 2014, the Group has a network of pawnshops and retail outlets in 39 locations. Most of these are strategically located near hubs such as bus interchanges and MRT stations for easy access and added convenience for customers.

The stores launched in 2014 were new generation stores which were specially targeted at the younger market segment. This new store concept draws a stronger inference to banks where customers are imbibed with a bank-like ambience and are professionally served by highly-trained Maxi-Cash staff. Additionally, customers are able to browse a wide selection of refurbished jewellery and luxury watches in glass showcases, and also enjoy the complimentary services of a gemologist for valuation of their diamonds.

These new generation stores bear testimony to the Group's pioneering spirit in developing innovative, value-added services for an enhanced customer experience.



## Retail and Trading of Pre-Owned Jewellery and Watches

The retail and trading of pre-owned jewellery and watches business segment reported a revenue of \$83.7 million for FY2014, a decrease from \$88.2 million recorded in the previous year.

Several initiatives were undertaken to better cement relationships with the Group's pool of growing customers. An online jewellery reservation for pre-loved retail items (Gold n Gems) was launched in the lead-up to the festive year-end season in 2014. This enabled customers to reserve jewellery and Rolex watches online. The jewellery and timepieces are all refurbished, affordable and look good as new, with no workmanship charges imposed.

Customers are able to enjoy peace of mind as the Group has a strong focus on accuracy in valuation and assessment of the authenticity of pre-owned jewellery and watches. Accordingly, this strong risk management system allows the Group to effectively manage its risks as it expands its business.



# Board of Directors

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## Koh Wee Seng

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

## Ng Leok Cheng

was appointed Chief Executive Officer of the Group on 5 January 2015 and will oversee 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 directors 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. She remains as the Executive Director of our Group. 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 10 April 2008. Mdm Ko has accumulated more than 25 years of experience in the jewellery industry and has been with Aspial Group since 1983. Mdm Ko is currently an executive director of Aspial and heads Aspial's jewellery retail merchandising department where she oversees the management, replenishment and distribution of merchandise to the various retail stores and ensures that Aspial Group and its team of designers are kept up to date with the latest jewellery trend and designs. Mdm Ko helped to set up the merchandising team for our Company when it was incorporated in 2008. 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 Ltd and Sin Heng Heavy Machinery Ltd. 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, 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.

# Key Management

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## Yeo Yen Phing

is our Group Senior Finance Manager 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, where her finance duties covered both Aspial Group and our Group. Before joining Aspial Group in 2006, Mdm Yeo was an assistant accountant at Lingo Technology Pte Ltd from 1990 to 1991 and a senior accountant with Keppel Land International Limited from 1991 to 2004. Mdm Yeo holds a Bachelor degree in Accountancy from the National University of Singapore and is a Chartered Accountant of Singapore.

## Chua Wee Kiong

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

## Eng Seok Cheng Magdalene

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

## Phua Hue Tian

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



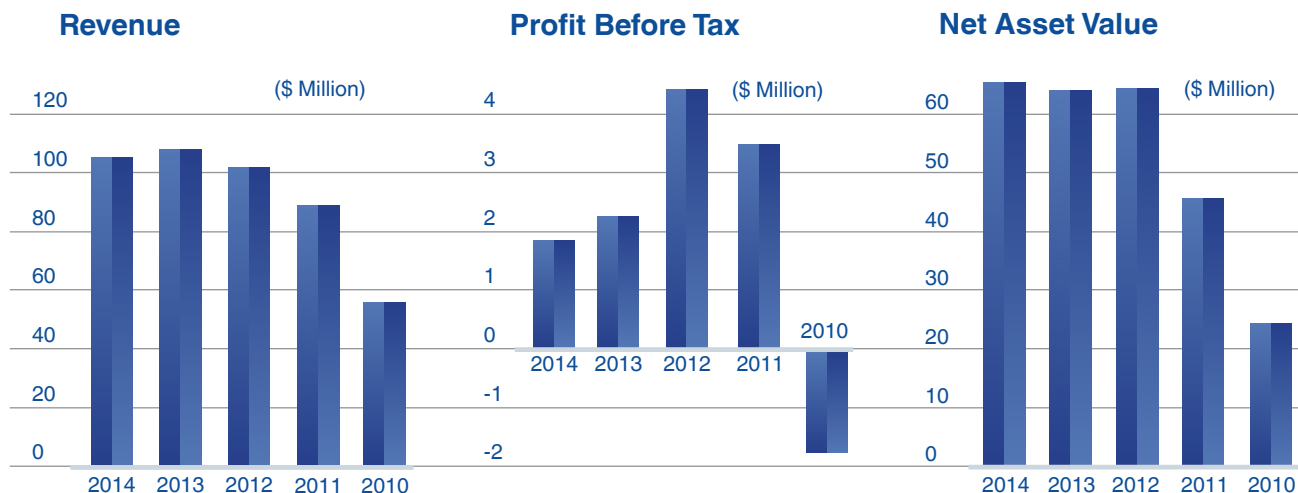




Maxi-Cash 大興當

OF LOVE  
JEWELLERY

# Financial Highlights



## Group's Financial Highlights

(\$'000)	2014	2013	2012	2011	2010
Revenue	109,605	113,098	100,545	87,738	54,864
Profit/(Loss) Before Tax	1,804	2,121	4,937	3,530	(1,774)
Profit/(Loss) After Tax	1,856	2,253	4,217	3,109	(1,323)
Total Equity	64,706	64,022	64,184	45,412	24,303
Net Asset Value	64,064	63,424	63,624	44,916	23,807
Earnings/(Loss) Per Share (cents)	0.3	0.4	1.0	1.1	(0.7)



# Corporate Governance Report

# Corporate Governance Report

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

The Board of Directors (the “**Board**”) is pleased to report the Company’s compliance with the Code for the financial year ended 31 December 2014 (“**FY2014**”) except where otherwise explained. In areas where we have not complied with the Code, the Company will continue to assess its needs and implement appropriate measures accordingly.

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

- Principle 1:** Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management of the company (the “**Management**”) to achieve this objective and the Management remains accountable to the Board.
- Principle 2:** There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision-making.
- Principle 3:** There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

## **THE BOARD’S CONDUCT OF ITS AFFAIRS**

The Board’s role is to:

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

# Corporate Governance Report

(continued)

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

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 has, without abdicating its responsibility, delegated certain matters to specialized committees of the Board. These committees include the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The members of the Board Committees, including the Chairman, are all 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 FY2014, the Board has met on a quarterly basis as warranted. Ad hoc meetings were also convened to discuss and deliberate on urgent substantive matters or issues. The Company's Articles of Association provide 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 the calendar year and the attendance of each Director at those meetings are disclosed below:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Koh Wee Seng	5	4	4	3	2	1	2	1
Koh Lee Hwee	5	5	4	4	2	2	2	2
Ko Lee Meng	5	3	4	3	2	1	2	1
Tan Keh Yan, Peter	5	5	4	4	2	2	2	2
Ng Leok Cheng	5	5	4	4	2	1	2	1
Lee Sai Sing	5	5	4	4	2	2	2	2

# Corporate Governance Report

(continued)

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

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

Upon appointment of a new Director, the Company will provide a formal letter to the Director setting out, amongst others, his duties and obligations. Newly appointed Directors will be briefed on the Group's business and corporate governance policies. Familiarisation visits can be organized, if necessary, to facilitate a better understanding of the Group's business operations.

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. Directors are provided regular updates on changes in the relevant laws and regulations, changing commercial risks and business conditions of the Group to enable them to make well-informed decisions.

As at 31 December 2014, the composition of the Board is as follows:

Name of Director	Appointment Position	Appointment Date	Re-election Date	Length of Service	Board Committee(s) Served on	Past and Present Directorship held in the Last Three (3) Years in Other Listed Companies	Academic and Professional Qualifications/ Experience
Koh Wee Seng <sup>(1)</sup>	Chairman and Non-Executive Director	10 April 2008	25 April 2013	6 years 8 months	Nil	Aspial Corporation Limited	Bachelor of Business Administration, National University of Singapore
Koh Lee Hwee <sup>(1)(2)</sup>	Chief Executive Officer and Executive Director	10 April 2008	N.A.	6 years 8 months	Nil	Aspial Corporation Limited	Bachelor of Arts, National University of Singapore
Ko Lee Meng <sup>(1)</sup>	Non-Executive Director and Non-Independent Director	10 April 2008	N.A.	6 years 8 months	Nil	Aspial Corporation Limited	Bachelor of Arts, National University of Singapore

# Corporate Governance Report

(continued)

## BOARD MATTERS (Principles 1, 2 and 3) (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
Tan Keh Yan, Peter	Non-Executive Director and Lead Independent Director	16 April 2012	25 April 2013	2 years 8 months	Audit Committee (Chairman) Nominating Committee Remuneration Committee	Asia Enterprises Holding Ltd Sin Heng Heavy Machinery Ltd CHT (Holdings) Ltd (past)	Bachelor of Science (Honours), University of Singapore  Master of Business Administration, University of California, USA
Ng Leok Cheng <sup>(3)</sup>	Non-Executive Director and Independent Director	16 April 2012	N.A.	2 years 8 months	Audit Committee Nominating Committee (Chairman) Remuneration Committee (Chairman)	Datapulse Technology Limited (past) TT International Limited	Bachelor of Business Administration (Honours), National University of Singapore
Lee Sai Sing	Non-Executive Director and Independent Director	16 April 2012	N.A.	2 years 8 months	Audit Committee Nominating Committee Remuneration Committee	Nil	Bachelor of Applied Science (Computer Engineering), Nanyang Technological University, Singapore

### Notes:

- (1) Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are siblings.
- (2) Mdm Koh Lee Hwee stepped down from the position of the Chief Executive Officer of the Company on 5 January 2015 and remains as an Executive Director of the Company.
- (3) Mr Ng Leok Cheng relinquished his role as an Independent Director of the Company and was appointed as the Chief Executive Officer of the Company on 5 January 2015.

# Corporate Governance Report

(continued)

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

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. 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 attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies 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 to ensure adequate time for discussion;
- promoting openness and discussion during the 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.

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 FY2014, the positions of the Chairman and the Chief Executive Officer are held by Mr Koh Wee Seng and Mdm Koh Lee Hwee respectively.

Although Mr Koh Wee Seng and Mdm Koh Lee Hwee are siblings, 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.

Mdm Koh Lee Hwee stepped down from the position of the Chief Executive Officer of the Company on 5 January 2015. She remains as an Executive Director of the Company. Mr Ng Leok Cheng was appointed as the Chief Executive Officer of the Company on 5 January 2015. He relinquished his role as an Independent Director of the Company, Chairman of the Remuneration and Nominating Committees as well as member of the Audit Committee.



# Corporate Governance Report

(continued)

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

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 or Chief Executive Officer cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

In FY2014, Independent Directors make up half of the Board so that no individual or small group of individuals will be able to dominate the Board's decision-making process. The Independent Directors have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees meetings, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management.

As three (3) out of the six (6) Directors are Independent Directors for FY2014, there is currently a strong and independent element on the Board. The requirements of the Code that the Independent Directors must make up at least half of the Board, are satisfied.

Subsequent to the reconstitution of the Board in January 2015, the Board currently comprises two (2) Independent Directors. The Board noted that 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) must be fulfilled at the annual general meetings following the end of financial years commencing on or after 1 May 2016. Necessary arrangements will be made in due course for the satisfaction of the aforesaid guideline.

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 their independent business judgment with a view to the best interests of the Company. None of the Independent Directors has served on the Board beyond nine 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. For FY2014, the NC has reviewed and determined that Mr Tan Keh Yan, Peter, Mr Ng Leok Cheng and Mr Lee Sai Sing are independent.

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

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

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

# Corporate Governance Report

(continued)

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

### **NOMINATING COMMITTEE**

During FY2014, the NC comprises three (3) Directors, who are all Non-Executive Directors, as follows:

Ng Leok Cheng	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead Independent Director
Lee Sai Sing	Member	Independent Director

The NC was reconstituted in January 2015 and with effect from 5 January 2015, the NC comprises three (3) Directors, a majority of whom, including the NC Chairman are Independent and Non-Executive Directors, as follows:

Lee Sai Sing	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead Independent Director
Koh Lee Hwee	Member	Executive Director

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 the Directors having regard to the Directors' contribution and performance;
- developing a process for 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.

# Corporate Governance Report

(continued)

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

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. As the Company was listed on the Catalist of the SGX-ST on 22 June 2012, the consideration of the Company's share price performance over a five (5) year period is not applicable. However, the Board will review this performance criterion when relevant.

The Board has implemented a formal annual process to be carried out by the NC to assess the effectiveness of the Board as a whole and its Board Committees. For FY2014, the Directors participated in the evaluation by providing feedback to the NC in the form of completing a Board Performance Evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with shareholders. To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year. The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory.

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorship each of its directors can hold. As a guide, Directors should not have more than six (6) listed company board representations. The NC has reviewed and is satisfied that in FY2014, where Directors had other listed company board representations, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

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

The Company's Articles of Association provide 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 Articles of Association 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 Ng Leok Cheng and Mr Lee Sai Sing who are retiring pursuant to Article 93 of the Company's Articles of Association, be nominated for re-election as Directors at the Company's forthcoming AGM. Please refer to pages 6, 7 and 17 of this Annual Report for more information on Mr Ng Leok Cheng and Mr Lee Sai Sing. The re-appointments of Mr Ng Leok Cheng and Mr Lee Sai Sing shall be subject to shareholders' approval at the forthcoming AGM.

# Corporate Governance Report

(continued)

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

The NC also determines, on an annual basis, the independence of Directors. For FY2014, the NC has assessed and affirmed the status of each Director as follows:

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

## 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, 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. 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 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.

# Corporate Governance Report

(continued)

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

- Principle 7:** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.
- Principle 8:** The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.
- Principle 9:** Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

## REMUNERATION COMMITTEE

During FY2014, the RC comprises three (3) Directors, who are all Non-Executive Directors, as follows:

Ng Leok Cheng	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead Independent Director
Lee Sai Sing	Member	Independent Director

The RC was reconstituted in January 2015 and with effect from 5 January 2015, the RC comprises three (3) Directors, a majority of whom, including the RC Chairman are Independent, and all members of the RC are Non-Executive Directors, as follows:

Lee Sai Sing	Chairman	Independent Director
Tan Keh Yan, Peter	Member	Lead 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.

# Corporate Governance Report

(continued)

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

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.

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. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

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

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

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

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

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

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.



# Corporate Governance Report

(continued)

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

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 15.0% of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

During FY2014, 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.

A breakdown showing the level and mix of the remuneration of each individual Director and key management executive for FY2014 is set out below:

Remuneration bands	Salary <sup>(1)</sup> (%)	Benefits (%)	Variable or performance bonus (%)	Directors' Fees <sup>(2)</sup> (%)	Total (%)
<b>Directors <sup>(3)</sup></b>					
<u>S\$250,000 to below S\$500,000</u>					
Koh Lee Hwee	74.91	–	25.09	–	100.00
<u>Below S\$250,000</u>					
Tan Keh Yan, Peter	–	–	–	100.00	100.00
Ng Leok Cheng	–	–	–	100.00	100.00
Lee Sai Sing	–	–	–	100.00	100.00
<b>Key Management Executives <sup>(4)</sup></b>					
<u>Below S\$250,000</u>					
Chua Wee Kiong	82.86	–	17.14	–	100.00
Eng Seok Cheng, Magdalene	83.99	–	16.01	–	100.00
Phua Hue Tian	81.28	–	18.72	–	100.00
Yeo Yen Phing	82.37	–	17.63	–	100.00

# Corporate Governance Report

(continued)

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

### 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.
- (3) There will be no Directors' fees being paid to Mr Koh Wee Seng and Mdm Ko Lee Meng for FY2014.
- (4) The Group has 4 key management executives who are not Directors.

Save for Mdm Koh Lee Hwee (Executive Director), Mr Koh Wee Seng (Non-Executive Chairman) and Mdm 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 FY2014.

The Board has reviewed the disclosure of the remuneration of the Directors and the key management executives and has decided not to fully disclose them 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.

## RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 11)

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

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

The Company's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The process of risk management has been integrated into the Group's business planning and monitoring process. The Company regularly reviews the Group's business and operational activities to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks. To determine the Group's levels of risk tolerance and risk policies, the Company has, in FY2014, engaged risk management consultants to undertake the Enterprise Risk Assessment to produce an Enterprise Risk Management Report for the Board's review. The Board also monitors the Group's risks through the AC, internal auditors and external auditors.

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.

# Corporate Governance Report

(continued)

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing the financial, operational and compliance risks, as well as the risk management systems adopted, are adequate as at 31 December 2014.

The Board has also received the assurance from the CEO and the Group Senior Finance Manager 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 the 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.**

During FY2014, the AC comprises three (3) Directors, who are all Non-Executive Directors (two (2) of whom have accounting related or financial management experience), as follows:

Tan Keh Yan, Peter	Chairman	Lead Independent Director
Ng Leok Cheng	Member	Independent Director
Lee Sai Sing	Member	Independent Director

# Corporate Governance Report

(continued)

## AUDIT COMMITTEE (Principle 12) (continued)

The AC was reconstituted in January 2015 and with effect from 5 January 2015, the AC comprises three (3) Directors, a majority of whom, including the AC Chairman, are Independent, and all members of the AC are Non-Executive Directors (two (2) of whom have accounting related or financial management experience). The AC comprises the following directors:

Tan Keh Yan, Peter	Chairman	Lead Independent Director
Lee Sai Sing	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 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 and procedures and ensure coordination between the external auditors and Management;
- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon either the internal or external auditors;
- reviewing the quarterly and full year financial statements before submission to the Board particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST and statutory/regulatory requirements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the interested person transactions;
- evaluating the independence of the external auditors annually and nominate them for re-appointment; and
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors.

# Corporate Governance Report

(continued)

## AUDIT COMMITTEE (Principle 12) (continued)

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

The AC is guided by its terms of reference which stipulate its principal functions. In performing its functions, the AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function of the Group to ensure that an effective system of control is maintained in the Group. The AC has full access to the external auditors and the internal auditors and has met with them at least once during FY2014 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.

The AC has undertaken a review of all the non-audit services provided by the external auditors, namely tax services, and is satisfied that the provision of such services did not affect the independence of the external auditors. The fees payable to the external auditors is set out on page 65 of this Annual Report. Save for the fees paid, no other non-audit fees were paid. As such, 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.

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 FY2014.

## 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.

# Corporate Governance Report

(continued)

## **INTERNAL AUDIT (Principle 13) (continued)**

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.

## **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.

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.

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



# Corporate Governance Report

(continued)

## 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 our 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 0.2 cents per ordinary share in respect of FY2014, 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.

The public can provide feedback to the Company Secretary via the electronic mail address or registered address.

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 on 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, the Company's Articles of Association allow a shareholder to appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

All Directors, Management, Company Secretary, external auditors and legal advisors (if necessary) attend the general meetings. The procedures of the general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company.

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

# Corporate Governance Report

(continued)

## **CONDUCT OF SHAREHOLDER MEETINGS (Principle 16) (continued)**

The Board noted that the SGX-ST had, on 31 July 2013, introduced new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders' engagement. The Company would be required to conduct its voting at general meetings by poll with effect from 1 August 2015 where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board noted that the new rule will enhance transparency of the voting process and encourage greater shareholders' participation. Taking into account of the effective date of the new ruling and subject to the Company's consideration of cost efficiency and effectiveness as only a handful of shareholders attend the general meetings, the Company will from time to time review the need to conduct poll voting for all resolutions to be passed at the general meetings of the Company. At the forthcoming AGM, the Company will conduct its voting on a show of hands instead of poll voting.

## **OTHER CORPORATE GOVERNANCE MATTERS**

### **DEALING IN SECURITIES**

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2014, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the one month before the announcement of the Company's quarterly and full-year financial 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 confirmed that it has adhered to its internal securities code of compliance for FY2014.

### **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 on 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.

# Corporate Governance Report

(continued)

## INTERESTED PERSON TRANSACTIONS (continued)

The aggregate value of interested person transactions above \$100,000 entered into during FY2014 is as follow:

Name of interested person	Aggregate value of all interested person transactions during FY2014 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (\$)
<b>Lease of premises</b>		
8G Investment Pte Ltd	372,000	—
World Financial Property Pte Ltd	408,000	—
<b>Corporate charges</b>		
Aspial Corporation Limited	180,000	—
<b>Sales return of pre-owned jewellery</b>		
Aspial-Lee Hwa Jewellery Singapore Pte Ltd	150,000	—
<b>Loan interest</b>		
Aspial Corporation Limited <sup>(1)</sup>	1,263,000	—

### Note:

- (1) Aspial Corporation Limited is the controlling shareholder of the Company. An amount of \$101,511,000 due to Aspial Corporation Limited from the Group as at 31 December 2014 was unsecured with interest rate ranging from 1.8% to 2.0% per annum and are repayable on demand.

## 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 FY2014 or if not then subsisting, entered into since the end of the financial year ended 31 December 2013.

## NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalyst Rules, there were no non-sponsor fees paid to the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd., for FY2014.

# Financial Report

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# Directors' Report

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The directors are pleased to present their report 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 2014.

## **Directors**

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

Koh Wee Seng  
Ng Leok Cheng  
Koh Lee Hwee  
Ko Lee Meng  
Tan Keh Yan, Peter  
Lee Sai Sing

In accordance with Article 93 of the Company's Articles of Association, Ng Leok Cheng and Lee Sai Sing 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, Cap. 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

# Directors' Report

(continued)

## Directors' interests in shares or debentures (continued)

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2014	31 December 2014	21 January 2015	1 January 2014	31 December 2014	21 January 2015
<b>The Company</b>						
<b>Maxi-Cash Financial Services Corporation Ltd.</b>						
<b>(Ordinary shares)</b>						
Koh Wee Seng	7,904,952	10,675,942	10,675,942	380,160,000	456,192,000	456,192,000
Koh Lee Hwee	–	–	–	380,160,000	456,192,000	456,192,000
Ko Lee Meng	536,800	644,160	644,160	380,160,000	457,392,000	457,392,000
Lee Sai Sing	316,800	380,160	380,160	–	–	–
<b>Immediate holding company</b>						
<b>Aspial Corporation Limited</b>						
<b>(Ordinary shares)</b>						
Koh Wee Seng	293,617,990	336,863,500	336,863,500	1,023,134,939	1,097,194,355	1,097,194,355
Koh Lee Hwee	29,872,831	30,888,888	30,888,888	1,035,195,432	1,110,028,834	1,110,028,834
Ko Lee Meng	29,772,309	31,928,321	31,928,321	1,019,552,451	1,093,283,382	1,093,283,382
<b>Ultimate holding company</b>						
<b>MLHS Holdings Pte Ltd</b>						
<b>(Ordinary shares)</b>						
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, Cap. 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.

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

# Directors' Report

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(continued)

## **Directors' contractual benefits**

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## **Audit committee**

The Audit Committee performed the functions specified in the Singapore Companies Act, Cap. 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

Koh Lee Hwee  
Director

Singapore  
23 March 2015



# Statement by Directors Pursuant to Section 201(15)

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We, Koh Wee Seng and Koh Lee Hwee, being two of the directors of Maxi-Cash Financial Services Corporation Ltd., do hereby state that, in the opinion of the directors:

- (i) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial 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.

On behalf of the Board of Directors:

Koh Wee Seng  
Director

Koh Lee Hwee  
Director

Singapore  
23 March 2015

# Independent Auditor's Report to the Members of Maxi-Cash Financial Services Corporation Ltd

For the financial year ended 31 December 2014

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## **Report on the financial statements**

We have audited the accompanying financial statements of Maxi-Cash Financial Services Corporation Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) set out on pages 41 to 96, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

## ***Management's responsibility 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 Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditor's Report to the Members of Maxi-Cash Financial Services Corporation Ltd

For the financial year ended 31 December 2014

(continued)

## **Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## **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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
23 March 2015

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
<b>Revenue</b>	4	109,605	113,098
Material costs		(77,473)	(83,446)
Employee benefits	5	(11,882)	(9,457)
Depreciation and amortisation		(1,855)	(1,561)
Finance costs	6	(2,845)	(2,802)
Other operating expenses		(14,780)	(14,505)
<b>Operating profit</b>		770	1,327
Rental income		601	613
Other income	7	433	181
<b>Profit before tax</b>	8	1,804	2,121
Income tax credit	9(a)	52	132
<b>Profit for the year</b>		1,856	2,253
<b>Profit attributable to:</b>			
Owners of the Company		1,812	2,215
Non-controlling interests		44	38
		1,856	2,253
<b>Profit for the year</b>		1,856	2,253
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income for the year</b>		1,856	2,253
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		1,812	2,215
Non-controlling interests		44	38
		1,856	2,253
<b>Earnings per share (cents)</b>			
Basic and diluted	10	0.32	0.39

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

# Statements of Financial Position

As at 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	4,287	3,734	88	64
Other receivables	14	909	1,484	909	1,484
Investment in subsidiaries	12	–	–	45,000	45,000
Prepaid rent	15	95	143	–	47
Deferred tax assets	9(c)	1,150	871	30	62
		6,441	6,232	46,027	46,657
<b>Current assets</b>					
Inventories	13	30,618	22,073	–	–
Trade and other receivables	14	199,957	188,233	1,291	697
Prepaid rent	15	212	379	47	283
Prepayments		728	381	26	126
Due from subsidiaries (non-trade)	16	–	–	28,804	28,635
Cash and bank balances	17	9,264	11,601	1,444	2,426
		240,779	222,667	31,612	32,167
<b>Total assets</b>		<b>247,220</b>	<b>228,899</b>	<b>77,639</b>	<b>78,824</b>
<b>Current liabilities</b>					
Trade and other payables	18	3,539	3,343	923	1,111
Due to immediate holding company (non-trade)	16	114,196	86,404	12,685	13,486
Provision for taxation		1,033	883	16	8
Interest-bearing loans and borrowings	19	63,710	74,023	–	–
		182,478	164,653	13,624	14,605
<b>Net current assets</b>		<b>58,301</b>	<b>58,014</b>	<b>17,988</b>	<b>17,562</b>
<b>Non-current liabilities</b>					
Other payables	18	–	145	–	145
Deferred tax liabilities	9(c)	36	79	–	–
		36	224	–	145
<b>Total liabilities</b>		<b>182,514</b>	<b>164,877</b>	<b>13,624</b>	<b>14,750</b>
<b>Net assets</b>		<b>64,706</b>	<b>64,022</b>	<b>64,015</b>	<b>64,074</b>

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

# Statements of Financial Position

As at 31 December 2014

(continued)

	Note	Group		Company	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to owners of the Company</b>					
Share capital	20	64,035	64,035	64,035	64,035
Revenue reserves		29	(611)	(20)	39
		64,064	63,424	64,015	64,074
Non-controlling interests		642	598	–	–
<b>Total equity</b>		64,706	64,022	64,015	64,074

*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 2014

Note	Attributable to owners of the Company			Non-controlling interests	Total equity
	Share capital	Revenue reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 January 2013	64,035	(411)	63,624	560	64,184
Profit for the year	–	2,215	2,215	38	2,253
Total comprehensive income for the year	–	2,215	2,215	38	2,253
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares 24	–	(2,415)	(2,415)	–	(2,415)
Total transactions with owners in their capacity as owners	–	(2,415)	(2,415)	–	(2,415)
At 31 December 2013 and 1 January 2014	64,035	(611)	63,424	598	64,022
Profit for the year	–	1,812	1,812	44	1,856
Total comprehensive income for the year	–	1,812	1,812	44	1,856
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares 24	–	(1,172)	(1,172)	–	(1,172)
Total transactions with owners in their capacity as owners	–	(1,172)	(1,172)	–	(1,172)
At 31 December 2014	64,035	29	64,064	642	64,706

*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 2014

(continued)

	Note	Share capital \$'000	Revenue reserves \$'000	Total \$'000
<b>Company</b>				
At 1 January 2013		64,035	501	64,536
Profit for the year		–	1,953	1,953
Total comprehensive income for the year		–	1,953	1,953
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	24	–	(2,415)	(2,415)
Total transactions with owners in their capacity as owners		–	(2,415)	(2,415)
At 31 December 2013 and 1 January 2014		64,035	39	64,074
Profit for the year		–	1,113	1,113
Total comprehensive income for the year		–	1,113	1,113
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	24	–	(1,172)	(1,172)
Total transactions with owners in their capacity as owners		–	(1,172)	(1,172)
At 31 December 2014		64,035	(20)	64,015

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



# Consolidated Statements of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
<b>Operating activities</b>			
Profit before tax		1,804	2,121
Adjustments for:			
Allowance for/(recovery of) doubtful debts, net	8	91	(13)
Depreciation of property, plant and equipment	8	1,455	1,181
Write-down of inventories	8	4	249
Interest expense	6	2,845	2,802
Loss on disposal of property, plant and equipment	8	79	112
Amortisation of prepaid rent	8	400	380
<b>Operating profit before changes in working capital</b>		6,678	6,832
Changes in working capital			
Increase in inventories		(8,549)	(4,610)
Increase in trade and other receivables		(11,240)	(23,225)
Increase in prepayments		(347)	(97)
Increase in trade and other payables		51	184
Total changes in working capital		(20,085)	(27,748)
<b>Net cash used in operations</b>		(13,407)	(20,916)
Interest paid		(2,845)	(2,802)
Income taxes paid		(120)	(667)
<b>Net cash used in operating activities</b>		(16,372)	(24,385)

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

# Consolidated Statements of Cash Flows

For the financial year ended 31 December 2014

(continued)

	Note	2014 \$'000	2013 \$'000
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2,148)	(1,592)
Proceeds from sale of property, plant and equipment		61	186
Increase in prepaid rent		(185)	—
<b>Net cash used in investing activities</b>		<b>(2,272)</b>	<b>(1,406)</b>
<b>Financing activities</b>			
Repayments of short-term notes, net		— *	—
Repayments of short-term bank borrowings, net		(10,303)	(5,285)
Repayments of finance lease obligations		(10)	(47)
Advances from immediate holding company (non-trade), net		27,792	37,621
Dividends paid on ordinary shares	24	(1,172)	(2,415)
<b>Net cash generated from financing activities</b>		<b>16,307</b>	<b>29,874</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,337)</b>	<b>4,083</b>
Cash and cash equivalents at the beginning of the financial year		11,601	7,518
<b>Cash and cash equivalents at the end of financial year</b>	17	<b>9,264</b>	<b>11,601</b>

\* Short-term notes of S\$20 million issued on 5 February 2014 and fully repaid on 5 May 2014.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

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## 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 Aspiat Corporation Limited and MLHS Holdings Pte Ltd respectively. The two companies are both incorporated in Singapore.

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

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

## 2. Summary of significant accounting policies

### 2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$’000) as indicated.

### 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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(b) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
(c) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(d) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(e) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

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

As FRS 109 and FRS 115 have only been issued recently, management has only started reviewing the financial implications of these FRS.

#### FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

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

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Except for the above, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.4 *Basis of consolidation (continued)*

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

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

### 2.5 *Transactions with non-controlling interests*

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

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

### 2.6 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.7 Foreign currency

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

#### *Transactions and balances*

Transactions in foreign currencies are measured in SGD by the Company and its subsidiaries and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. 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 reporting period are recognised in profit or loss.

### 2.8 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.

Renovation-in-progress is not depreciated until it is ready for its intended use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.8 *Property, plant and equipment (continued)*

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.

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

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

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

Impairment losses are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.10 *Financial instruments*

#### (a) *Financial assets*

##### Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.10 *Financial instruments (continued)*

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

##### Subsequent measurement

##### *Loans and receivables*

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

##### De-recognition

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

#### (b) *Financial liabilities*

##### Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

##### *Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.10 *Financial instruments (continued)*

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

##### De-recognition

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

### 2.11 *Impairment of financial assets*

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

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

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

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.12 *Cash and cash equivalents*

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

### 2.13 *Inventories*

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

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

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

### 2.14 *Provisions*

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

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

### 2.15 *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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.16 *Employee benefits*

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

The Group participates in the national pension scheme, 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 accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

#### (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 at the distribution dates.

### 2.17 *Leases*

#### (a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.17 *Leases (continued)*

#### (b) *As lessor*

Leases where the Group retains 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 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.18 *Revenue recognition*

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 pre-owned jewellery and watches 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 from loans to customers is recognised using the effective interest method.

#### (c) *Rental income from operating leases*

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

#### (d) *Dividend income*

Dividend income is recognised when the Company's right to receive payment is established.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.19 *Income 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 reporting period, in Singapore where the Group operates and generates taxable income.

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

#### (b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period 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 goodwill or 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.19 *Income taxes (continued)*

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 reporting period 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 reporting period.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 2.20 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### 2.21 *Share capital and share issue 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.

### 2.22 *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 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 reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 *Judgments made in applying accounting policies*

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

#### *Income taxes*

The Group has exposure to income taxes in Singapore. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was \$1,033,000 (2013: \$883,000) and \$36,000 (2013: \$79,000) 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 judgement 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 reporting period was \$1,150,000 (2013: \$871,000).

### 3.2 *Other estimates and judgments applied*

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

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

The Group assesses at the end of each reporting period 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 probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments or significant decline in values of collaterals. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 14.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

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

#### (b) Impairment of inventories

The Group periodically assesses provision for excess inventory. 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 and estimates the net realisable value based on the associated product market prices at the end of the reporting period. 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 reporting period is disclosed in Note 13.

## 4. Revenue

	Group	
	2014	2013
	\$'000	\$'000
Sales of pre-owned jewellery and watches	83,661	88,168
Interest income from providing collateral loan services	25,944	24,930
	<u>109,605</u>	<u>113,098</u>

## 5. Employee benefits

	Group	
	2014	2013
	\$'000	\$'000
Employee benefits expenses:		
- Salaries and bonuses *	10,581	8,391
- Central Provident Fund contributions	1,301	1,066
	<u>11,882</u>	<u>9,457</u>

\* Included in salaries and bonuses are shares awarded to the employees for their contribution and services amounting to \$64,000 (2013: \$51,000) under the immediate holding company's share award scheme.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 6. Finance costs

	Group	
	2014	2013
	\$'000	\$'000
Interest expense on:		
- Short-term bank borrowings	1,498	1,664
- Advances from immediate holding company	1,263	1,135
- Short-term notes	83	–
- Hire purchase	1	3
	<u>2,845</u>	<u>2,802</u>

## 7. Other income

	Group	
	2014	2013
	\$'000	\$'000
Net foreign exchange gain	91	96
Others	342	85
	<u>433</u>	<u>181</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 8. Profit before tax

This is determined after charging/(crediting) the following:

	Group	
	2014	2013
	\$'000	\$'000
Audit fees paid to auditors of the Company	225	212
Non-audit fees paid to auditors of the Company	52	51
Allowance for doubtful debts	137	–
Recovery of doubtful debts	(46)	(13)
Amortisation of prepaid rent	400	380
Depreciation of property, plant and equipment	1,455	1,181
Operating leases	9,257	8,420
- Fixed rental expense on operating leases	9,234	8,393
- Contingent rental expense on operating leases	23	27
Loss on disposal of property, plant and equipment	79	112
Write-down of inventories	4	249
Financial losses on pledged items not fully covered by insurance	77	28

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 9. Income tax credit

### (a) *Income tax credit*

The major components of income tax credit for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	2013
	\$'000	\$'000
<i>Current income tax</i>		
Current income taxation	499	491
Under provision in respect of previous years	22	110
	<u>521</u>	<u>601</u>
<i>Deferred income tax</i>		
Movement in temporary differences	(588)	(622)
Over/(under) recognition of deferred tax assets	15	(111)
	<u>(52)</u>	<u>(132)</u>

### (b) *Relationship between tax credit and profit before tax*

The reconciliations between tax credit and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Profit before tax	1,804	2,121
Tax calculated at a tax rate of 17% (2013: 17%)	307	361
Adjustments:		
Expenses not deductible for tax purposes	253	186
Income not subject to tax	(24)	(71)
Effect of partial tax exemption and tax relief	(581)	(481)
Benefits from previously unrecognised tax credits	(47)	(96)
Under/(over) provision in respect of previous years	37	(1)
Others	3	(30)
	<u>(52)</u>	<u>(132)</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 9. Income tax credit (continued)

### (c) *Deferred income tax*

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	792	228	62	151
Tax credited/(charged) to profit or loss	573	733	(32)	42
Group tax relief transfer	(251)	(169)	–	(131)
Balance at 31 December	1,114	792	30	62

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax liabilities</i>				
Difference in depreciation	62	82	–	–
Provisions	(4)	(3)	–	–
Unutilised tax losses and allowances	(22)	–	–	–
	36	79	–	–
<i>Deferred tax assets</i>				
Difference in depreciation	(157)	(23)	–	(1)
Provisions	(27)	(26)	(15)	(15)
Unutilised tax losses and allowances	(949)	(825)	(15)	(46)
Others	(17)	3	–	–
	(1,150)	(871)	(30)	(62)

The subsidiaries of the Group transferred tax losses of approximately \$1,478,000 (2013: \$994,000) to a related company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authorities of Singapore.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 9. Income tax credit (continued)

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

#### *Tax consequences of proposed dividends*

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

## 10. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation. During the year, the number of ordinary shares outstanding had been increased as a result of bonus issue, the calculation of basic earnings per share for all periods presented have been adjusted retrospectively.

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.

	Group	
	2014	2013
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	562,636,624	562,636,624



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 11. Property, plant and equipment

Group	Renovations, electrical fittings, furniture and fittings	Air- conditioners, office and security equipment	Showroom tools and machineries	Computers	Motor vehicles	Renovation- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>							
At 1 January 2013	3,079	1,981	277	349	163	51	5,900
Additions	322	525	82	100	–	563	1,592
Disposals	(289)	(121)	(8)	(35)	–	–	(453)
Transfer in/(out)	387	–	2	84	–	(473)	–
At 31 December 2013 and 1 January 2014	3,499	2,385	353	498	163	141	7,039
Additions	390	586	97	171	85	819	2,148
Disposals	(180)	(23)	(5)	(21)	(97)	–	(326)
Transfer in/(out)	796	–	–	14	–	(810)	–
At 31 December 2014	4,505	2,948	445	662	151	150	8,861
<b>Accumulated depreciation</b>							
At 1 January 2013	1,122	801	111	224	21	–	2,279
Depreciation charge for the year	609	395	61	93	23	–	1,181
Disposals	(84)	(41)	(4)	(26)	–	–	(155)
At 31 December 2013 and 1 January 2014	1,647	1,155	168	291	44	–	3,305
Depreciation charge for the year	753	465	79	136	22	–	1,455
Disposals	(118)	(15)	(4)	(17)	(32)	–	(186)
At 31 December 2014	2,282	1,605	243	410	34	–	4,574
<b>Net carrying amount</b>							
At 31 December 2014	2,223	1,343	202	252	117	150	4,287
At 31 December 2013	1,852	1,230	185	207	119	141	3,734

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 11. Property, plant and equipment (continued)

Company	Renovations, electrical fittings, furniture and fittings	Air- conditioners, office and security equipment	Showroom tools and machineries	Computers	Renovation- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
At 1 January 2013	115	43	2	66	–	226
Additions	4	1	3	11	–	19
At 31 December 2013 and 1 January 2014	119	44	5	77	–	245
Additions	18	7	–	9	20	54
At 31 December 2014	137	51	5	86	20	299
<b>Accumulated depreciation</b>						
At 1 January 2013	63	26	1	52	–	142
Depreciation charge for the year	21	7	–	11	–	39
At 31 December 2013 and 1 January 2014	84	33	1	63	–	181
Depreciation charge for the year	14	5	2	9	–	30
At 31 December 2014	98	38	3	72	–	211
<b>Net carrying amount</b>						
At 31 December 2014	39	13	2	14	20	88
At 31 December 2013	35	11	4	14	–	64

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 11. Property, plant and equipment (continued)

The carrying amount of the motor vehicles held under finance leases as at 31 December 2014 was Nil (2013: \$119,000).

A floating charge has been placed on property, plant and equipment with a carrying amount of \$2,188,000 (2013: \$2,788,000) as security for bank borrowings (Note 19).

## 12. Investment in subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
<b>Unquoted equity shares, at cost</b>		
Carrying amount of investment at 31 December	45,000	45,000

The Company had the following subsidiaries as at 31 December:

		Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
Name of Company				2014	2013
<i>Held by the Company</i>					
(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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 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	
				2014	2013
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 (formerly known as Cash & Co Pte. Ltd)	Singapore	Pawn brokerage	100	100

(a) Audited by Ernst & Young LLP, Singapore

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 13. Inventories

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Statement of financial position:</b>				
Finished goods, at cost	30,618	22,073	–	–
<b>Statement of comprehensive income:</b>				
Inventories recognised as an expense:				
- Material costs	77,473	83,446	–	–
- Write-down of inventories	4	249	–	–

A floating charge has been placed on inventories with a carrying value of \$548,000 (2013: \$1,602,000) as security for bank borrowings (Note 19).

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 14. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b><i>Trade and other receivables (current):</i></b>				
Trade receivables				
- Loans to customers	191,241	180,763	–	–
- Interest receivables on loans	6,203	6,000	–	–
Other receivables	289	30	–	27
Deposits	2,224	1,440	1,291	670
Balance as at year end	199,957	188,233	1,291	697
<b><i>Other receivables (non-current):</i></b>				
Deposits	909	1,484	909	1,484
Total trade and other receivables (current and non-current)	200,866	189,717	2,200	2,181
Add:				
Due from subsidiaries (non-trade)	–	–	28,804	28,635
Cash and bank balances	9,264	11,601	1,444	2,426
Total loans and receivables	210,130	201,318	32,448	33,242

Receivables from retail and trading of pre-owned jewellery and watches 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.

Loans to customers are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 5 months (2013: 1.0% for the first month and 1.5% for the subsequent 5 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

A floating charge has been placed on trade and other receivables with a carrying value of \$106,307,000 (2013: \$147,290,000) as security for bank borrowings (Note 19).

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 14. Trade and other receivables (continued)

### *Receivables that are impaired*

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables – nominal amounts	1,108	878	–	46
Less: Allowance for impairment	(345)	(254)	–	(46)
	<u>763</u>	<u>624</u>	<u>–</u>	<u>–</u>
Movement in allowance accounts:				
At 1 January	(254)	(267)	(46)	(59)
Charge for the year	(137)	–	–	–
Written back	46	13	46	13
At 31 December	<u>(345)</u>	<u>(254)</u>	<u>–</u>	<u>(46)</u>

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 15. Prepaid rent

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At cost	1,323	1,138	850	850
Less: Accumulated amortisation	(1,016)	(616)	(803)	(520)
	<u>307</u>	<u>522</u>	<u>47</u>	<u>330</u>
Current portion	212	379	47	283
Non-current portion	95	143	–	47
	<u>307</u>	<u>522</u>	<u>47</u>	<u>330</u>

Movement in accumulated amortisation during the year is as follows:

Balance at 1 January	616	236	520	236
Amortisation for the year	<u>400</u>	<u>380</u>	<u>283</u>	<u>284</u>
Balance at 31 December	<u>1,016</u>	<u>616</u>	<u>803</u>	<u>520</u>

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



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 16. Due from subsidiaries (non-trade) Due to immediate holding company (non-trade)

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

The amount due to immediate holding company is non-trade, unsecured, interest-bearing at interest rate ranging from 1.80% to 1.95% (2013: 1.75% to 2.50%) per annum for an amount of \$101,511,000 (2013: \$72,918,000), repayable on demand and is to be settled in cash and interest-free for an amount of \$12,685,000 (2013: \$13,486,000) and repayable on demand.

## 17. 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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	9,264	11,601	1,444	2,426

A floating charge has been placed on cash and bank balances with a carrying value of \$3,314,000 (2013: \$3,932,000) as security for bank borrowings (Note 19).

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 18. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b><i>Trade and other payables (current):</i></b>				
Trade payables	497	308	99	58
Other payables	540	864	53	136
Accrued operating expenses				
- Payroll related	1,780	1,512	509	562
- Others	622	648	203	355
Deposits received	100	11	59	–
	<u>3,539</u>	<u>3,343</u>	<u>923</u>	<u>1,111</u>
<b><i>Other payables (non-current):</i></b>				
Deposits received	–	145	–	145
Total trade and other payables	<u>3,539</u>	<u>3,488</u>	<u>923</u>	<u>1,256</u>
Add:				
Due to immediate holding company	114,196	86,404	12,685	13,486
Bank overdrafts	–	–	–	–
Interest-bearing loans and borrowings	63,710	74,023	–	–
Less:				
Accrued operating expenses				
- Payroll related	(186)	(166)	(84)	(91)
Total financial liabilities carried at amortised cost	<u>181,259</u>	<u>163,749</u>	<u>13,524</u>	<u>14,651</u>

Trade and other payables are unsecured, non-interest bearing and are generally on 30 to 90 days' terms.

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Hong Kong Dollar	8	–	–	–
United States Dollar	<u>1</u>	<u>7</u>	<u>–</u>	<u>7</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 19. Interest-bearing loans and borrowings

	Note	Group	
		2014	2013
		\$'000	\$'000
<b>Secured borrowings</b>			
<i>Current</i>			
Obligations under finance leases	22c	–	10
Bank borrowings		63,710	74,013
		<u>63,710</u>	<u>74,023</u>

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

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

(b) **Effective interest rate**

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

	2014	2013
Obligations under finance leases	–	3.50%
Bank borrowings	<u>2.18%</u>	<u>2.45%</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 20. Share capital

	Group and Company			
	2014		2013	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully paid ordinary shares:				
At 1 January	468,863,996	64,035	355,200,000	64,035
Bonus shares	93,772,628 <sup>(1)</sup>	–	113,663,996 <sup>(2)</sup>	–
Balance at 31 December	562,636,624	64,035	468,863,996	64,035

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

### Note

- (1) On 19 February 2014, the Company proposed a bonus issue of up to 93,772,799 new ordinary shares in the capital of the Company, on the basis of one Bonus Share credited as fully paid for every five existing ordinary shares. The bonus shares were approved by SGX-ST on 28 April 2014 and 93,772,628 bonus shares were listed and quoted on Catalist on 27 May 2014.
- (2) On 20 February 2013, the Company proposed a bonus issue of up to 71,040,000 new ordinary shares in the capital of the Company, on the basis of one Bonus Share credited as fully paid for every five existing ordinary shares. The bonus shares were approved by SGX-ST on 30 April 2013 and 71,039,998 bonus shares were listed and quoted on Catalist on 11 June 2013.

On 6 August 2013, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company which was approved by SGX-ST on 4 September 2013. The 42,623,998 bonus shares were listed and quoted on Catalist on 28 October 2013.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 21. 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	
	2014	2013
	\$'000	\$'000
Purchases from a related company	150	71
Sales to a related company	4,927	9,245
Rental paid to a related company	408	408
Corporate services charged by immediate holding company	180	255
Rental paid to a director related company	372	372
Interest expense paid to immediate holding company	1,263	1,135

### (b) *Compensation of key management personnel*

	Group	
	2014	2013
	\$'000	\$'000
Short-term employee benefits	976	897
Central Provident Fund contributions	59	61
Share-based payments	40	30
Total compensation paid to key management personnel	1,075	988
<i>Comprise amounts paid to:</i>		
Directors of the Company	467	419
Other key management personnel	608	569
	1,075	988

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 22. 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 between one and two years.

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

	Group	
	2014	2013
	\$'000	\$'000
Not later than one year	68	521
Later than one year but not later than five years	–	68
	<u>68</u>	<u>589</u>

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

As at 31 December 2014, 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 in the consolidated statement of comprehensive income during the year amounted to \$9,257,000 (2013: \$8,420,000).

Future minimum rental payables under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Not later than one year	7,172	6,640
Later than one year but not later than five years	4,918	3,109
	<u>12,090</u>	<u>9,749</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 22. Commitments (continued)

### (c) *Finance lease commitments*

The Group had finance leases for certain items of motor vehicles as at 31 December 2013 (Note 11). The effective interest rate on the leases was 3.50% per annum. These leases had terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The finance leases were fully repaid during the year.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2014 \$'000	Present value of payments 2014 \$'000	Minimum lease payments 2013 \$'000	Present value of payments 2013 \$'000
<b>Group</b>				
Not later than one year	–	–	11	10
Later than one year but not later than five years	–	–	–	–
Total minimum lease payments	–	–	11	10
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	–	–	10	10

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 23. Segmental information

### ***Business segments***

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

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

- (a) Pawnbroking; and
- (b) Retail and trading of pre-owned jewellery and watches.

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

### ***Allocation basis and transfer pricing***

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

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

Capital expenditure comprises additions to property, plant and equipment.

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



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 23. Segmental information (continued)

	Pawnbroking	Retail and trading of pre-owned jewellery and watches	Others	Elimination	Note	Total
	\$'000	\$'000	\$'000	\$'000		\$'000
<b>2014</b>						
Revenue	25,944	83,661	–	–		109,605
Inter-segment revenue	33,077	3	–	(33,080)	A	–
<b>Results</b>						
Segment results	4,530	143	1,154	(1,178)	B	4,649
Finance costs	(2,846)	(1)	(83)	85		(2,845)
Profit before tax	1,684	142	1,071	(1,093)	B	1,804
Segment assets	246,187	32,346	32,792	(65,255)	C	246,070
Unallocated assets						1,150
Total assets						247,220
Segment liabilities	210,166	22,657	13,790	(65,168)		181,445
Unallocated liabilities						1,069
Total liabilities						182,514
Capital expenditure	2,084	10	54	–		2,148
Depreciation and amortisation	1,530	13	312	–		1,855
Other significant non-cash expenses	293	4	(46)	–	D	251

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 23. Segmental information (continued)

	Pawnbroking	Retail and trading of pre-owned jewellery and watches	Others	Elimination	Note	Total
	\$'000	\$'000	\$'000	\$'000		\$'000
<b>2013</b>						
Revenue	24,930	88,168	–	–		113,098
Inter-segment revenue	25,661	–	–	(25,661)	A	–
<b>Results</b>						
Segment results	4,946	678	1,919	(2,620)	B	4,923
Finance costs	(2,754)	(48)	–	–		(2,802)
Profit before tax	2,192	630	1,919	(2,620)	B	2,121
Segment assets	232,344	25,211	36,496	(66,023)	C	228,028
Unallocated assets						871
Total assets						228,899
Segment liabilities	196,711	15,974	17,476	(66,246)		163,915
Unallocated liabilities						962
Total liabilities						164,877
Capital expenditure	1,496	7	89	–		1,592
Depreciation and amortisation	1,227	11	323	–		1,561
Other significant non-cash expenses	140	249	(13)	–	D	376

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 23. Segmental information (continued)

### 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:

	2014	2013
	\$'000	\$'000
Profit from inter-segment sales	(1,093)	(2,620)

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

	2014	2013
	\$'000	\$'000
Inter-segment assets	(65,255)	(66,023)

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

	2014	2013
	\$'000	\$'000
Allowance for/(recovery of) doubtful debts, net	91	(13)
Loss on disposal of property, plant and equipment	79	112
Write-down of inventories	4	249
Financial losses on pledged items not fully covered by insurance	77	28
	251	376

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 24. Dividends

	2014	2013
	\$'000	\$'000
<b><i>Declared and paid during the financial year:</i></b>		
Dividends on ordinary shares		
Final exempt (one-tier) dividend in respect of profits for 2013: 0.25 cents (2012: 0.68 cents) per share	1,172	2,415
<b><i>Proposed but not recognised as a liability as at 31 December:</i></b>		
<i>Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:</i>		
Final exempt (one-tier) dividend in respect of profits for 2014: 0.20 cents (2013: 0.25 cents) per share	1,125	1,172

## 25. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate 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 Group Senior Finance Manager. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

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

### (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.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

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

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

#### *Analysis of financial instruments by remaining contractual maturities*

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

	1 year or less	2 to 5 years	Total
	\$'000	\$'000	\$'000
<b>Group</b>			
<b>2014</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	199,957	909	200,866
Cash and bank balances	9,264	–	9,264
Total undiscounted financial assets	209,221	909	210,130
<b><i>Financial liabilities:</i></b>			
Trade and other payables	3,353	–	3,353
Interest-bearing loans and borrowings	63,835	–	63,835
Due to immediate holding company (non-trade)	114,196	–	114,196
Total undiscounted financial liabilities	181,384	–	181,384
Total net undiscounted financial assets	27,837	909	28,746

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

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

Group	1 year or less	2 to 5 years	Total
	\$'000	\$'000	\$'000
<b>2013</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	188,233	1,484	189,717
Cash and bank balances	11,601	–	11,601
Total undiscounted financial assets	199,834	1,484	201,318
<b><i>Financial liabilities:</i></b>			
Trade and other payables	3,177	145	3,322
Interest-bearing loans and borrowings	74,129	–	74,129
Due to immediate holding company (non-trade)	86,404	–	86,404
Total undiscounted financial liabilities	163,710	145	163,855
Total net undiscounted financial assets	36,124	1,339	37,463

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### (a) Liquidity risk (continued)

	1 year or less	2 to 5 years	Total
	\$'000	\$'000	\$'000
<b>Company</b>			
<b>2014</b>			
<b>Financial assets:</b>			
Trade and other receivables	1,291	909	2,200
Due from subsidiaries (non-trade)	28,804	–	28,804
Cash and bank balances	1,444	–	1,444
Total undiscounted financial assets	31,539	909	32,448
<b>Financial liabilities:</b>			
Trade and other payables	839	–	839
Due to immediate holding company (non-trade)	12,685	–	12,685
Total undiscounted financial liabilities	13,524	–	13,524
Total net undiscounted financial assets	18,015	909	18,924
<b>2013</b>			
<b>Financial assets:</b>			
Trade and other receivables	697	1,484	2,181
Due from subsidiaries (non-trade)	28,635	–	28,635
Cash and bank balances	2,426	–	2,426
Total undiscounted financial assets	31,758	1,484	33,242
<b>Financial liabilities:</b>			
Trade and other payables	1,020	145	1,165
Due to immediate holding company (non-trade)	13,486	–	13,486
Total undiscounted financial liabilities	14,506	145	14,651
Total net undiscounted financial assets	17,252	1,339	18,591

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

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

### (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 their loans and borrowings. The Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

#### *Sensitivity analysis for interest rate risk*

At the end of the reporting period, if SGD interest rates had been 50 (2013: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$686,000 (2013: \$610,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

### (c) **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 and cash and cash equivalents. No other financial asset carries a significant exposure to credit risk.

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

Trade and other receivables are neither past due nor impaired. Cash and cash equivalents 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 14 (Trade and other receivables).



# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 26. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

### *Financial instruments whose carrying amount approximates fair value*

Cash and bank balances, current trade and other receivables, due from subsidiaries, current trade and other payables and due to immediate holding company wherein, the carrying amounts of these financial instruments are based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

The carrying amounts of interest-bearing loans and borrowings approximate fair values as these instruments bear interest at variable market rates.

### *Fair value of assets and liabilities*

#### (a) *Fair value of assets not carried at fair value but for which fair value is disclosed*

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 26. Fair value of financial instruments (continued)

### *Fair value of assets and liabilities (continued)*

#### (a) *Fair value of assets not carried at fair value but for which fair value is disclosed (continued)*

The following table shows an analysis of the Group's and the Company's assets not measured at fair value at 31 December 2014 and 2013 but for which fair value is disclosed:

Significant un-observable inputs (Level 3)		Fair value measurements at the end of the reporting period using	
		Significant un-observable inputs (Level 3)	Significant un-observable inputs (Level 3)
2014	Carrying amount 2014	2013	Carrying amount 2013
\$'000	\$'000	\$'000	\$'000

### Group and Company

#### Assets:

##### *Non-current:*

Other receivables	895	909	1,459	1,484
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#### Determination of fair value

##### *Other receivables*

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements at the end of the reporting period.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 26. Fair value of financial instruments (continued)

- (b) *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 2014 \$'000	Fair value 2014 \$'000	Carrying amount 2013 \$'000	Fair value 2013 \$'000
<b>Group and Company</b>				
<b>Financial assets:</b>				
<i>Non-current</i>				
Other receivables	909	895	1,484	1,459

## 27. 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 2014 and 2013.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

(continued)

## 27. Capital management (continued)

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, interest-bearing loans and borrowings, trade and other payables and other liabilities, less cash and cash equivalents. The Group's policy is to keep the gearing ratio below 80%.

	Note	2014 \$'000	2013 \$'000
Interest-bearing loans and borrowings	19	63,710	74,023
Trade and other payables	18	3,539	3,488
Amount due to immediate holding company	16	114,196	86,404
Less: Cash and cash equivalents	17	(9,264)	(11,601)
Net debt		172,181	152,314
Equity attributable to owners of the Company		64,064	63,424
Capital and net debt		236,245	215,738
Gearing ratio		73%	71%

## 28. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a directors' resolution dated 23 March 2015.

# Statistics of Shareholdings

As at 16 March 2015

ISSUED AND FULLY PAID-UP CAPITAL	:	\$64,034,901
NO. OF SHARES ISSUED	:	562,636,624
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
NO. OF TREASURY SHARES	:	NIL

## DISTRIBUTION OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	8	0.53	335	0.00
100 - 1,000	71	4.73	38,212	0.01
1,001 - 10,000	433	28.83	2,211,246	0.39
10,001 - 1,000,000	973	64.78	65,104,474	11.57
1,000,001 & ABOVE	17	1.13	495,282,357	88.03
TOTAL	1,502	100.00	562,636,624	100.00

# Statistics of Shareholdings

As at 16 March 2015

(continued)

## TOP TWENTY SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LTD	456,192,000	81.08
CIMB SECURITIES (S'PORE) PTE LTD	6,242,342	1.11
ON FOO LIN	6,000,000	1.07
UOB KAY HIAN PTE LTD	4,292,720	0.76
DBS NOMINEES PTE LTD	3,558,244	0.63
MAYBANK KIM ENG SECURITIES PTE LTD	2,711,592	0.48
LEE TIONG ANG	2,387,404	0.42
PHILLIP SECURITIES PTE LTD	2,059,584	0.37
KOH WEE SENG	1,800,000	0.32
FRANK GLOBAL JEWELLERY CO. PTE LTD	1,520,640	0.27
LEE SAU LEUNG	1,329,600	0.24
OCBC SECURITIES PRIVATE LTD	1,284,674	0.23
ONG CHU TEK	1,262,528	0.22
KOH KIAN SOO	1,200,000	0.21
RHB SECURITIES SINGAPORE PTE LTD	1,164,069	0.21
GOH CHYE HEANG	1,140,480	0.20
LIM SWEE ANN	1,136,480	0.20
NG GUAT LIAN	996,000	0.18
LEE SAU YOONG	953,000	0.17
UNITED OVERSEAS BANK NOMINEES PTE LTD	881,808	0.16
TOTAL	498,113,165	88.53

# Statistics of Shareholdings

As at 16 March 2015

(continued)

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NAME OF SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LIMITED <sup>(1)</sup>	456,192,000	81.08	–	–
KOH WEE SENG <sup>(2), (3)</sup>	10,675,942	1.90	456,192,000	81.08
KOH LEE HWEЕ <sup>(2), (5)</sup>	–	–	456,192,000	81.08
KO LEE MENG <sup>(2), (4)</sup>	644,160	0.11	457,392,000	81.29

### Notes:

- (1) MLHS Holdings Pte Ltd is the controlling shareholder of Aspial Corporation Limited, holding approximately 58.94% of the shareholdings of Aspial Corporation Limited as at 16 March 2015. 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 (47.0%), 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 18.21% direct interest in Aspial Corporation Limited as at 16 March 2015. Koh Wee Seng is the president and chief executive officer of Aspial Corporation Limited. Ko Lee Meng is the vice president (retail merchandising) of Aspial Corporation Limited. Koh Lee Hwee is a non-executive director of Aspial Corporation Limited.
- (3) Koh Wee Seng's direct interest derived from 1,800,000 shares held in his own name and 8,875,942 shares held in the name of three nominee accounts. The deemed interest derived from 456,192,000 shares held by Aspial Corporation Limited by Virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.
- (4) Ko Lee Meng's direct interest derived from 644,160 shares held in her own name and deemed interest derived from 1,200,000 shares held by her spouse and 456,192,000 shares held by Aspial Corporation Limited by Virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.
- (5) Koh Lee Hwee is deemed to have an interest in the 456,192,000 shares held by Aspial Corporation Limited 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 16 March 2015 and to the best knowledge of the Directors, approximately 16.58% 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, #07-11, Ubi 55 Building, Singapore 408935, on Tuesday, 28 April 2015 at 10.00 a.m., for the purpose of transacting the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31 December 2014 and the Directors’ Report and the Auditors’ Report thereon. Resolution 1
2. To declare a final tax exempt (one-tier) dividend of 0.20 Singapore cents per share in respect of the financial year ended 31 December 2014. (2013: 0.25 Singapore cents) Resolution 2
3. To approve the payment of Directors’ fees of S\$168,000 for the financial year ended 31 December 2014. (2013: S\$140,000) Resolution 3
4. To re-elect the following Directors retiring by rotation pursuant to Article 93 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election, as a Director of the Company:-
  - (i) Mr Ng Leok Cheng Resolution 4(i)
  - (ii) Mr Lee Sai Sing Resolution 4(ii)  
(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



# Notice of Annual General Meeting

(continued)

- (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) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association 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)

# Notice of Annual General Meeting

(continued)

## 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 ordinary shares in the capital of the Company ("**Ordinary Shares**") 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 Ordinary Shares to be allotted and issued pursuant to the Maxi-Cash Performance Share Plan, when added to the number of Ordinary Shares issued and issuable in respect of all Awards, and all Ordinary 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) 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. Proposed renewal of the Share Purchase Mandate

Resolution 8

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore ("**Companies Act**"), the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company (the "**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 8) at the price of up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases" set out in Appendix A of the Circular to Shareholders dated 10 April 2015 for the renewal of the Share Purchase Mandate (the "**Circular**") 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) day period.

*(See Explanatory Notes)*

# Notice of Annual General Meeting

(continued)

## OTHER BUSINESS

9. To transact any other business.

BY ORDER OF THE BOARD

**Lim Swee Ann**  
Company Secretary  
10 April 2015, Singapore

### Explanatory Notes:

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

Mr Ng Leok Cheng will, upon re-election as a Director of the Company, remain as the Chief Executive Officer of the Company. Detailed information on Mr Ng Leok Cheng can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Report” of the Company’s Annual Report 2014.

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

Mr Lee Sai Sing will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit Committee. Mr Lee Sai Sing is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Detailed information on Mr Lee Sai Sing can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Report” of the Company’s Annual Report 2014.

#### **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) in the capital of the Company, of which fifty per cent (50%) may be issued other than on a pro-rata basis to the shareholders of the Company.

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

#### **Resolution 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 in the capital of the Company from time to time pursuant to the vesting of Awards under the Maxi-Cash Performance Share Plan.

# Notice of Annual General Meeting

(continued)

## Resolution 8

The Ordinary Resolution no. 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting of the Company until the date the next Annual General Meeting of the Company is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in Appendix A of the Circular.

## Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company 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. Where a member of the Company 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 which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. 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.
4. 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.
5. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., 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 Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

## PERSONAL DATA PRIVACY

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

MAXI-CASH FINANCIAL SERVICES CORPORATION LTD.

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

PROXY FORM – ANNUAL GENERAL MEETING

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

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

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting (“**AGM**”) of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 55 Ubi Avenue 1, #07-11, Ubi 55 Building, Singapore 408935 on Tuesday, 28 April 2015 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).



No.	Ordinary Resolutions	TO BE USED ON A SHOW OF HANDS		TO BE USED IN THE EVENT OF A POLL	
		For*	Against*	Number of Votes For **	Number of Votes Against**
	<b>Ordinary Business</b>				
1.	To receive, consider and adopt the Audited Accounts for the financial year ended 31 December 2014 and the Directors' Report and the Auditors' Report thereon.				
2.	To declare a final tax exempt (one-tier) dividend of 0.20 Singapore cents per share in respect of the financial year ended 31 December 2014.				
3.	To approve the payment of Directors' fees of S\$168,000 for the financial year ended 31 December 2014.				
4(i).	To re-elect Mr Ng Leok Cheng retiring by rotation pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a Director of the Company.				
4(ii).	To re-elect Mr Lee Sai Sing retiring by rotation pursuant to Article 93 of the Company's Articles of Association 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.				
	<b>Special Business</b>				
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 approve the proposed renewal of the Share Purchase Mandate.				

\* Please indicate your vote "For" or "Against" with a "X" within the box provided.

\*\* 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 \_\_\_\_\_ 2015.

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

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

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

## Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company 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. 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. A proxy need not be a member of the Company.
3. 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 48 hours before the time set for the AGM of the Company.
4. The instrument appointing a proxy must be signed by 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 seal or under the hand of an officer or attorney duly authorised.
5. 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.
6. 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.
7. 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 48 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.

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