

ANNUAL
REPORT | **2020**

MONEY 銀豐 MAX





Revenue (S\$'000)

197,147

Profit Before Tax (S\$'000)

26,764

Net Asset Value (S\$'000)

104,159

Profit Net Of Tax (S\$'000)

22,249

Earnings Per Share (S\$cents)

5.76

WHO WE ARE

MoneyMax Financial Services Ltd. and its group of companies ("MoneyMax" or our "Group") is a leading pawnbroker, retailer and trader of brand-new and pre-owned jewellery, luxury bags and timepieces, as well as a service provider for automotive financing. Headquartered in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), we have a network of 70 outlets in Singapore and Malaysia, making us one of the largest pawnbroking chains in the region.



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This annual report has been prepared by MoneyMax Financial Services Ltd. (the “**Company**”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.



COMPANY PROFILE



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



MoneyMax Financial Services Ltd. (“**MoneyMax**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is a leading pawnbroker, retailer and trader of pre-owned luxury items. Since establishing its first store in 2008, the Group has evolved and expanded its network to 70 outlets, making it one of the largest pawnbroking chains with a presence in both Singapore and Malaysia.

As a customer-centric and innovative company, the Group is constantly exploring new opportunities to enhance customer experience and service standards in the pawnbroking industry. In 2015, the Group launched MoneyMax Online, making it Singapore’s first pawnbroking chain to offer customers an online platform to shop, sell and appraise their valuables. Subsequently, in 2016, the Group introduced a new 916 Love Gold jewellery collection in all its outlets to offer customers a wider variety of gold and jewellery in addition to pre-owned offerings. The Group developed and rolled out the Peppa Pig jewellery collection, its first intellectual property (“**IP**”) jewellery series and the first of its kind in ASEAN in 2018.

As part of its efforts to expand its markets and services, MoneyMax made its maiden foray into the People’s Republic of China (“**PRC**”) in 2016 via a joint venture to provide financial leasing services in Chongqing, PRC. In 2017, the Group entered into a joint venture collaboration with Tokyo Stock Exchange-listed Aucnet Inc. (“**Aucnet**”), to jointly develop Singapore’s first online ‘live’ business-to-business (“**B2B**”) auction platform, focusing on luxury branded merchandise, and gold and diamond goods. In 2018, the Group ventured into the automotive financial services industry, providing a one-stop solutions for automotive ownership services through MoneyMax Leasing and MoneyMax Assurance Agency.

MoneyMax has also won multiple awards from the coveted Singapore Prestige Brands Award (“**SPBA**”), including Overall Winner Award (Promising Brands - 2013) and The Most Popular Brand Award (Established Brands - 2015), and has been inducted into its prestigious Hall of Fame in 2015. MoneyMax is proud to be named by The Straits Times as one of “Singapore’s Fastest Growing Companies 2020”.





MESSAGE FROM EXECUTIVE CHAIRMAN AND CEO



Despite the pandemic, the hard work and resilience of hundreds of colleagues at MoneyMax has resulted in a fiscal year that we can be very proud of. “

Dear Shareholders,

On behalf of the Board of Directors (“Board”) of MoneyMax, I am pleased to present to you our annual report for the financial year ended 31 December 2020 (“FY2020”).

Performance Review

FY2020 was an extremely challenging year as the Group grappled with the impact of the COVID-19 pandemic. In addition, the Group also faced significant headwinds like the on-going US-China trade tensions, the volatility of gold prices, economic uncertainties and changing consumer habits.

As part of the myriad of responses to the pandemic, the Group had to temporarily close most of its stores during

the circuit breaker period, resulting in a drastic decrease in the Group’s revenue for those months. During this time, the management quickly pivoted its operational procedures in compliance with the safe distancing measures from the relevant authorities, placing the health and safety of its customers and employees as its main priority.

Despite the challenges that brick and mortar industries faced with the strict imposition of social distancing regulations, the Group was able to reduce the impact on its businesses by staying nimble and adaptive by switching distribution channels during the circuit breaker to target consumers at home. In particular, the investments made into digitalising the Group’s businesses also helped the continuation of its business during the circuit breaker. The Group also implemented various cost cutting measures to

mitigate the impact during these months. With prudent management of the Group's resources, we were able to minimise the disruption to its backend operations. This allowed the Group to continue launching new products and service offerings as well as engaging its consumers through loyalty programmes and marketing campaigns for the remainder of FY 2020.

The Group registered higher revenues of S\$197.1 million in FY2020, an increase of S\$14.9 million or 8.2% from S\$182.2 million for the financial year ended 31 December 2020. Consequently, the Group's profit before tax doubled to S\$26.8 million in FY2020, an increase of S\$14.2 million from S\$12.6 million in FY2019. This was mainly due to an increase in revenue across all business segments in both Singapore and Malaysia.

Focus on Human Resource

The Group made a concerted effort in FY2020 to invest significant resources into its workforce across Singapore.

Against a backdrop of economic uncertainties, the Group not only retained its workforce but also continued to invest in its human resource, especially with respect to its middle management and retail staff. In solidarity with the efforts of the Singapore government to support the economy, the Group also participated in the SG United Traineeship program to hire undergraduates seeking for employment. To accommodate its growing workforce, the Group also revamped its headquarters at Changi Business Park to increase the utilisation of its available office space.

The Group will continue to look for more opportunities in FY2021 to acquire talent and to further enhance the productivity and proficiency of its workforce.

Innovations and New Beginnings

As a leading provider of financial services and retailer of luxury products, the Group constantly seeks to increase its value proposition for its customers through innovation. The Group introduced new payment modes for its customers at physical stores last year, as well as strengthening its e-Commerce capabilities.

To further enhance the customer experience on our e-Commerce platforms, the Group also invested in a solution that allowed for our customers to track the progress and location of their purchased items via a QR code, providing them with a peace of mind.



Recognising that there was a growing domestic demand for affordable and fashionable jewellery pieces, the Group conceptualised and launched a new jewellery brand, iNOVA, in FY2020. iNOVA seeks to capture the strong mass market demand for both casual and fashionable jewellery, particularly in the younger age groups.

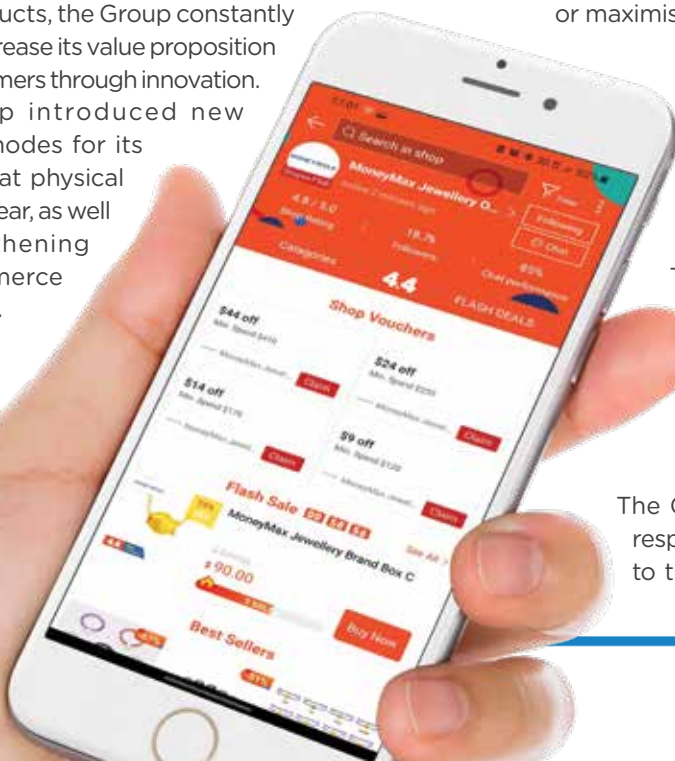
The Group is also delighted that its e-Renewal pawnbroking platform is continuing to show significant year on year uptake by our pawnbroking customers. In part driven by the strict safety distancing measures in place, the ease and convenience afforded to its customers when renewing their pawnbroking loans online has seen an increase in the adoption of its e-Renewal services in FY2020. Other solutions provided to customers include online valuation to provide customers an estimate of the value of their valuable assets in the comfort of their homes.

Moving forward, the Group will look to consider suitable solutions that will further optimise its operational efficiency or maximise convenience for its customers.

Enhancing Brand Equity and Giving Back to the Society

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

The Group remains keenly aware of its role as a responsible corporate citizen and to be responsive to the needs of the wider communities in which





Pictures shown are for illustrative purpose only and are not representative of the respective brands.

it is involved in. The Group for instance, participated in a year-long community based project to reach out to underprivileged families in a bid to provide them with regular household items.

Outlook on 2021

With COVID-19 affecting the global economy on an unprecedented scale, consumer sentiments in the upcoming year remains as uncertain. The increasing pace of vaccinations across the globe, coupled with the robust measures that have been implemented thus far have been effective in curbing the spread of COVID-19 in Singapore. With this in mind, the Group remains cautiously optimistic on the economic conditions in the upcoming year and will continue to focus on providing sustainable growth to its stakeholders by prioritising cost management, human resource development, work process optimisation, digital transformation and driving new product and service innovations.

The Group will continue to focus on expanding its retail network this coming year by strategically opening new stores, face-lifting existing outlets and integrating new business concepts within the stores. The Group will also continue to seek business opportunities and capitalise on its regional network to strategically position itself in markets that will provide it with long term growth.

Despite the pandemic, the hard work and resilience of hundreds of colleagues at MoneyMax has resulted in a fiscal year that we can be very proud of. It is a year of results built on the foundation of work ethic and an ability to innovate in the midst of a crisis.

On behalf of the Board, I would like to thank our management team and our colleagues at MoneyMax for their dedication and collective effort in driving our businesses through these challenging times. In particular, I would like to extend my heartfelt appreciation to our colleagues providing our front-line services for their bravery and desire to continue serving our customers throughout the pandemic. I would also like to thank our business associates, partners, shareholders and customers for their continued support throughout the year. As we progress into the new fiscal year, let us look forward to a better 2021.

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

EXPANSION AND GROWTH BEYOND SINGAPORE

MONEY MAX

One of the largest pawnbroking chains with a network of 70 outlets in Singapore and Malaysia.

e-Auction

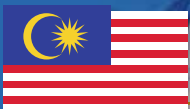
Singapore's first LIVE B2B online auction platform focusing on luxury branded merchandise, gold and diamond goods.

FINANCIAL LEASING

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



PEOPLE'S REPUBLIC OF CHINA



MALAYSIA



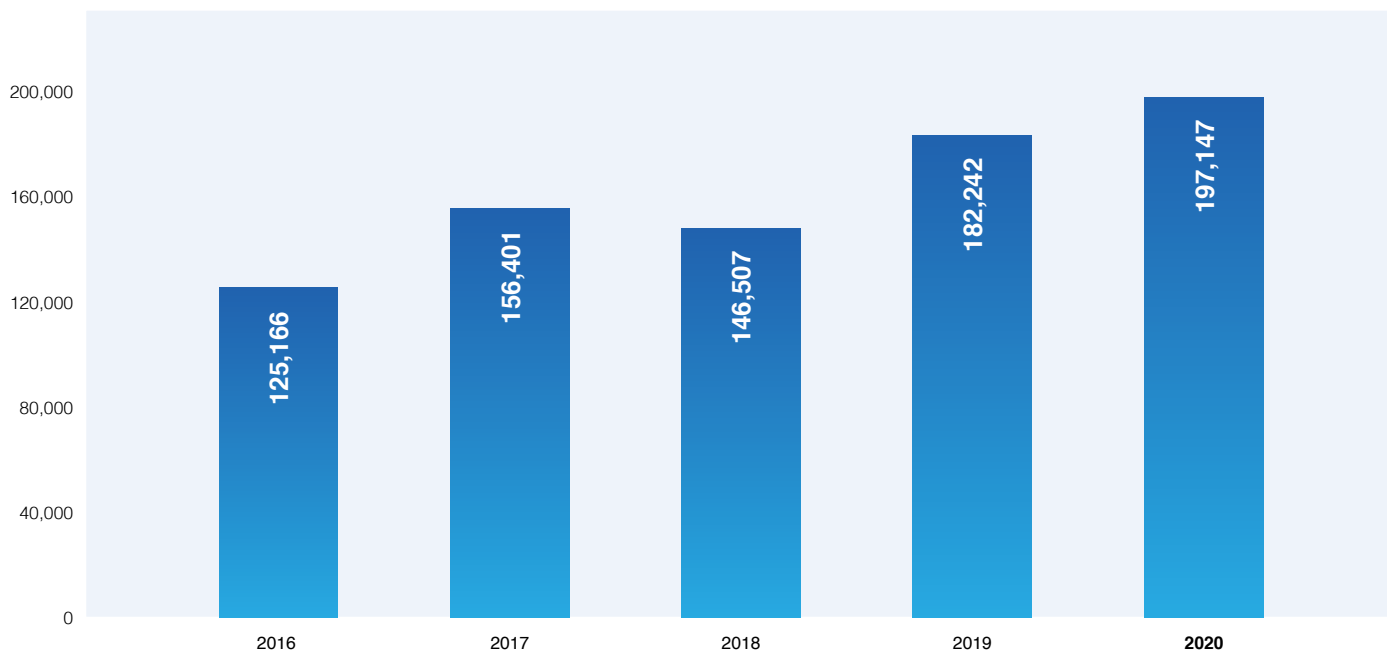
SINGAPORE



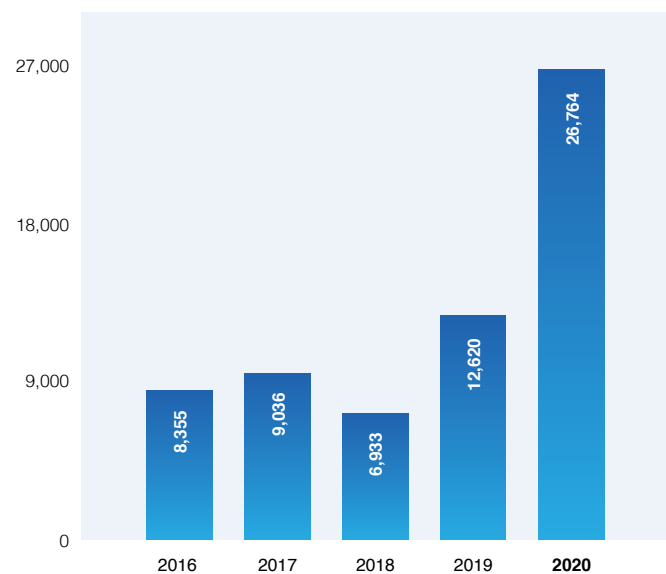
JAPAN

FINANCIAL HIGHLIGHTS

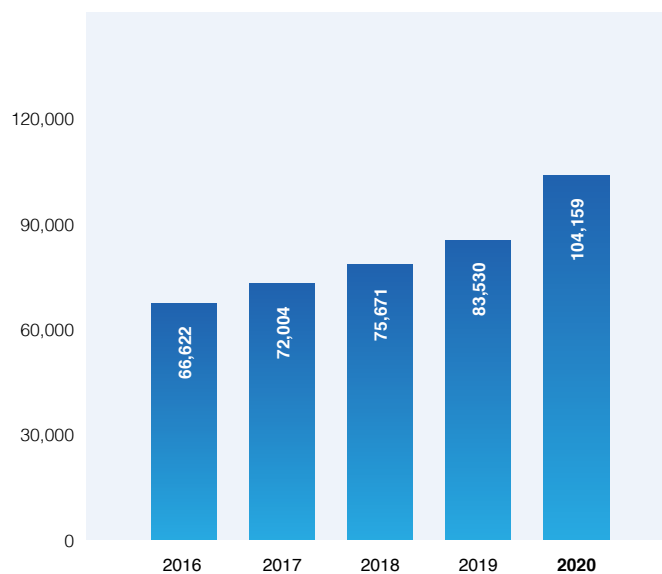
REVENUE (S\$'000)



PROFIT BEFORE TAX (S\$'000)



NET ASSETS VALUE (S\$'000)



KEY FINANCIAL INFORMATION (S\$'000)

Year	2016	2017	2018	2019	2020
Revenue	125,166	156,401	146,507	182,242	197,147
Profit before tax	8,355	9,036	6,933	12,620	26,764
Profit net of tax	6,506	7,288	5,490	9,566	22,249
Net asset value	66,622	72,004	75,671	83,530	104,159
Earnings per share (S\$ cents)	1.76	1.93	1.41	2.40	5.76

BOARD OF DIRECTORS

Dato' Sri Dr. Lim Yong Guan, Executive Chairman and CEO
 Mr. Lim Yong Sheng, Non-Executive Director
 Mr. Ng Cher Yan, Lead Independent Director
 Mr. Khua Kian Kheng Ivan, Independent Director
 Mr. Foo Say Tun, Independent Director

AUDIT COMMITTEE

Mr. Ng Cher Yan, Chairman
 Mr. Khua Kian Kheng Ivan
 Mr. Foo Say Tun

NOMINATING COMMITTEE

Mr. Khua Kian Kheng Ivan, Chairman
 Mr. Ng Cher Yan
 Mr. Foo Say Tun

REMUNERATION COMMITTEE

Mr. Foo Say Tun, Chairman
 Mr. Ng Cher Yan
 Mr. Khua Kian Kheng Ivan

COMPANY SECRETARY

Mr. Goh Hoi Lai, CA Singapore

SPONSOR

United Overseas Bank Limited
 80 Raffles Place
 UOB Plaza
 Singapore 048624

COMPANY REGISTRATION NUMBER

200819689Z

REGISTERED OFFICE

7 Changi Business Park Vista
 #01-01 Soo Kee HQ
 Singapore 486042

AUDITORS

RSM Chio Lim LLP
 Public Accountants and Chartered Accountants
 8 Wilkie Road
 #03-08 Wilkie Edge
 Singapore 228095

Audit Partner-in-Charge: Ms. Chong Cheng Yuan
 (a member of the Institute of
 Singapore Chartered Accountants)

Appointed since financial year ended
 31 December 2017

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

PRINCIPAL BANKERS

United Overseas Bank Limited
 80 Raffles Place
 UOB Plaza
 Singapore 048624

DBS Bank Limited
 12 Marina Boulevard
 Marina Bay Financial Centre Tower 3
 Singapore 018982

Oversea-Chinese Banking Corporation Limited
 65 Chulia Street
 #09-00 OCBC Centre
 Singapore 049513

CORPORATE INFORMATION

FINANCIAL & OPERATIONAL REVIEW



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue increased by 8.2% from S\$182.2 million in FY2019 to S\$197.1 million in FY2020 due mainly to an increase in revenue in the retail and trading of pre-owned and new luxury items segment combined with the effect of higher gold prices.

Other gains increased by 204.1% from S\$1.0 million in FY2019 to S\$2.9 million in FY2020, mainly from grants received under the Job Support Scheme as part of COVID-19 relief measures in FY2020.

Material costs increased by 5.5% from S\$127.6 million in FY2019 to S\$134.6 million in FY2020. The increase in material costs was generally in line with the increase in revenue from the retail and trading of pre-owned and new luxury items segment in FY2020.

Employee benefits expense increased by 2.0% from S\$16.1 million in FY2019 to S\$16.5 million in FY2020 mainly due to increased bonus provisions, offset by decrease in other payroll costs and foreign worker levy rebates.

Depreciation and amortisation expenses decreased by 11.6% from S\$11.8 million in FY2019 to S\$10.4 million in FY2020. The decrease was mainly due to (i) a decrease in right-of-use assets recognised and (ii) an increase in fully depreciated and amortised assets in FY2020 as compared to FY2019.

Finance costs increased by 1.7% from S\$8.0 million in FY2019 to S\$8.2 million in FY2020. The increase was mainly due to the increased utilisation of borrowings, partially offset by lower interest rates in FY2020.

Other losses decreased by 69.5% from S\$0.4 million in FY2019 to S\$0.1 million in FY2020, mainly due to the decrease in losses on disposal of fixed assets in FY2020.

Other expenses decreased by 46.0% from S\$6.7 million in FY2019 to S\$3.6 million in FY2020. This was due mainly to rental savings and reduced expenditure due to the COVID-19 pandemic.

As a result of the above, profit before tax increased by 112.1% from S\$12.6 million in FY2019 to S\$26.8 million in FY2020.

Consolidated Statement of Financial Position

Non-current assets increased by 149.1% from S\$40.9 million as at 31 December 2019 to S\$101.9 million as at 31 December 2020. This increase was mainly attributable to an increase in (i) properties, plant and equipment of S\$17.5 million following the completion of the purchase of properties; (ii) right-of-use assets of S\$1.7 million arising from new leases; (iii) other financial assets of S\$1.0 million; and (iv) trade and other receivables, non-current of S\$41.4 million, mainly from an increase in loans extended to customers.



Current assets increased by 5.4% from S\$267.6 million as at 31 December 2019 to S\$282.1 million as at 31 December 2020. This was mainly due to (i) the built up in inventories of S\$9.2 million towards year end; (ii) an increase in trade and other receivables, current of S\$1.4 million mainly from an increase in loans extended to customers; (iii) an increase in cash and cash equivalents of S\$3.4 million and (iv) an increase in other assets, current of S\$0.5 million.

Non-current liabilities increased by 259.3% from S\$18.6 million as at 31 December 2019 to S\$66.9 million as at 31 December 2020. This was mainly due to (i) increased drawdown of bank facilities of S\$47.7 million and (ii) an increase in lease liabilities, non-current of S\$0.6 million.

Current liabilities increased by 3.2% from S\$206.3 million as at 31 December 2019 to S\$212.9 million as at 31 December 2020. This was mainly due to (i) an increase in other financial liabilities, current of S\$5.1 million from increased drawdown of bank facilities; (ii) an increase in lease liabilities, current of S\$0.9 million and (iii) an increase in other liabilities of S\$0.9 million, offset by a decrease in trade and other payables of S\$2.0 million.

Equity attributable to owners of the Company increased by 23.8% from S\$78.8 million as at 31 December 2019 to S\$97.6 million as at 31 December 2020. The increase was mainly due to total comprehensive income attributable to owners of the Company of S\$20.5 million for FY2020, offset by interim dividends paid in relation to FY2020 of S\$1.8 million.

Consolidated Statement of Cash Flows

Net cash generated from operating activities before changes in working capital in FY2020 was S\$45.2 million. Net cash used in working capital amounted to S\$54.9 million. This was mainly due to an increase in trade and other receivables of S\$42.8 million, an increase in inventories of S\$9.3 million, an increase in other assets of S\$1.6 million and a decrease in trade and other payables of S\$2.1 million, partially offset by an increase in other liabilities of S\$0.8 million. Net cash used in operating activities amounted to S\$12.5 million after deducting income tax paid of S\$2.7 million.

Net cash used in investing activities in FY2020 amounted to S\$4.1 million, mainly due to purchase of plant and equipment in relation to our expansion in existing and new businesses and increased investment at fair value through profit or loss.

Net cash generated from financing activities in FY2020 of S\$22.4 million was mainly due to an increase in new bank borrowings of S\$72.2 million, partially offset by dividends paid, interest paid, repayment of lease liabilities and bank borrowings of S\$1.8 million, S\$8.2 million, S\$8.7 million and S\$31.2 million respectively.

As a result of the above, there was a net increase of S\$5.7 million in cash and cash equivalents from a net cash balance of S\$8.6 million as at 31 December 2019 to S\$14.3 million as at 31 December 2020.

MAKING THE WORKPLACE SAFE

In FY2020, the Group has ensured that its office workplace adheres to the Safe Management Measures, ensuring that its staff have a peace of mind when they come to work. Staggered work schedules, arrival and lunch times have been put in place to minimise crowds at work, as well as distancing markers of work stations to ensure safety of the workers.



MoneyMax invested in a large scale renovation of its office headquarters to create meeting pods to provide a more conducive environment for its employees to have their team discussions.

With the social distancing measures in place, the Group introduced larger meeting areas to ensure employees could meet and discuss comfortably.

Distancing between workstations was widened to ensure that its employees were working in a safer environment.





Training our workforce for the future

In FY2020, amidst the circuit breaker period, many work groups held daily virtual meetings to ensure the preparation of projects and campaigns were still ongoing, maintaining high efficiency while working from home.

To better prepare themselves when stores re-opened, the management organised various online training sessions to train staff on various topics ranging from product knowledge to compliance guidelines.



MAKING IT SAFE FOR CUSTOMERS

In FY2020, the Group has ensured all its stores comply with Safe Management Measures to ensure a safe store environment for customers and employees. Temperature checks, proper sanitization of stores, safe distancing markers have all been in place to protect customers when they shop.



SafeEntry gives customers a peace of mind when they shop at MoneyMax stores.



MoneyMax stores have visibly marked safe distancing at all queueing areas to ensure customers keep to the social distancing requirements.





Introducing gloves to the retail staff help ensure that the products are clean before handing over to customers.



To ensure a safe shopping experience, the retail staff adheres to the guidelines of compulsory temperature checking for all customers.



The retail staff ensures that they adhere to the correct capacity of customers at all times, and makes sure that customers are spread out and not grouped together in the stores.



CONNECTING WITH CUSTOMERS DIGITALLY

E-commerce has been a positive highlight in 2020 and a significant driver of MoneyMax's robust performance. During the circuit breaker period, the Group also innovated its selling methods by using social media channels such as Facebook Live to sell jewellery, gold products, bags and watches. Online sales growth accelerated significantly during the lockdown, as the Group successfully steered customers from offline to online.



MoneyMax created various Facebook Live sessions in a variety of languages from Mandarin, English, Tamil, Tagalog as well as across various product categories such as jewellery, watches and bags.



Various Facebook Live studios were created in the headquarters to provide a conducive environment to stream the live sessions.



MONEY MAX

JEWELLERY



MoneyMax introduced Facebook Live as an alternative sales solution to reach customers in their homes during the circuit breaker period.



Digital Transformation

During the circuit breaker period, MoneyMax provided a new sales channel through Facebook Live to sell its gold, jewellery, bags and watches, so that customers can make their purchases in the comfort of their own homes safely and received their items via its home delivery service.

The Group has also used social media to create more awareness on its valuation online for bags and timepieces so that its customers can value their items from home.

Pictures shown are for illustrative purpose only and are not representative of the respective brands.



CONTACTLESS DIGITAL SOLUTIONS

In lieu of the pandemic situation where most of its customers were home bound, the Group initiated various solutions to make it more accessible for customers to renew their interest, value their bags or timepieces online and even made it possible to renew their certificate of entitlement (“COE”) online anytime and anywhere.

MoneyMax First Digital Financing Business Model



Cashless



Digital Application



Enquiry via Whatsapp/Email



Approval

MoneyMax introduced the COE renewal financing solution to enable automotive customers to renew their COEs anytime and anywhere.



Customers could also get an online valuation of their luxury bags, to receive an estimated value from MoneyMax's consultants.



Similarly, customers who wish to sell their timepieces to MoneyMax, can submit a request online for their consultants to value their luxury watches.

Pictures shown are for illustrative purpose only and are not representative of the respective brands.



e-MoneyMax -Renew

**SKIP THE
QUEUE &
PAY ONLINE!**



STEPS:



Register in any
MoneyMax pawnshops



Download MoneyMax
e-Renew app.



Login to your account and
select the tickets.



Proceed to
pay and done!

EXPANSION OF RETAIL NETWORK

The Group made a concerted effort in FY2020 to invest significant resources into the expansion of its retail network across Singapore. In preparation for this growth, the Group has invested in new retail spaces and has increased its retail staff strength.



In FY2020, MoneyMax invested in store expansions to enhance their customers' experience and shopping journey.

MoneyMax grew its retail network by adding new store locations at various shopping malls, making it more convenient and accessible for customers.





Hiring talent in 2020

In FY2020, the Group hired over 80 staff to prepare for its next phase of growth and expansion. MoneyMax also hired SG United Trainees to support the programme, developing and grooming them, preparing them for permanent employment.





BOARD OF DIRECTORS

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

Dato' Sri Dr. Lim Yong Guan, Executive Chairman and Chief Executive Officer, Co-Founder

Dato' Sri Dr. Lim Yong Guan is one of our co-founders and was appointed as the Executive Chairman and CEO of our Group on 9 October 2008. He was last re-elected on 24 April 2018. Since the Group's establishment, Dr. Lim has been instrumental to the Group's growth and continued success. As the Executive Chairman and CEO, Dr. Lim is responsible for the overall management, operations, strategic planning, and business development of the Group. He is also responsible for, inter alia, driving the operational efficiency of the Group's work processes, monitoring the development and performance of the Group's business, and identifying new opportunities for the Group's expansion.

Dr. Lim serves as a committee member for the Singapore Jewellers Association and the Singapore Pawnbrokers' Association. In addition, he is actively involved in community and grassroots activities. Dr. Lim serves as the Chairman for Bukit Merah Community Centre Management Committee and Hua Yan Buddhist Society. He also serves as the Board Chairman for Bukit Timah Seu Teck Sean Tong Institution Limited, Chairman for Theng Hai Huay Kuan and Vice Chairman for Radin Mas Citizens' Consultative Committee and Teochew Poit Ip Huay Kuan. He was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2015.

Mr. Lim Yong Sheng, Non-Executive Director, Co-Founder

Mr. Lim Yong Sheng is one of our co-founders and was appointed Executive Director on 9 October 2008. He was re-designated as Non-Executive Director on 6 August 2015 and was last re-elected on 30 April 2019.

Having accumulated more than 20 years of experience in the jewellery industry, Mr. Lim currently serves as the Executive Director and Group CEO of SK Jewellery Group Pte. Ltd. and is responsible for its strategic planning, overall management, business development and marketing strategies. Prior to his appointment as the Executive Director and Group CEO of SK Jewellery Group Pte. Ltd., Mr. Lim was the Head of Branding and Marketing and Executive Director of the Group, where he oversaw and spearheaded the marketing strategy and brand management for the Group. Mr. Lim currently serves as an independent director of Sarine Technologies Ltd., a company listed on the SGX-ST.

Mr. Lim obtained a Bachelor of Science in Electrical Engineering from the National University of Singapore.

Mr. Ng Cher Yan, Lead Independent Director

Mr. Ng Cher Yan was appointed Lead Independent Director of the Company on 27 June 2013. He was last re-elected on 26 June 2020. Mr. Ng has more than 30 years of experience in the areas of accounting and finance, and is currently the managing partner of an accounting practice, Plus LLP.

Mr. Ng currently also serves as an independent director on the boards of several companies listed on the SGX-ST, namely, Samko Timber Limited, Serial Systems Ltd. and Vicplas International Limited. He was previously a non-executive director of Bull Will Co. Ltd, a company listed in Taiwan.

Mr. Ng holds a Bachelor of Accountancy degree from the National University of Singapore and is also qualified as a Chartered Accountant, Australia. He is a Fellow Member of the Institute of Singapore Chartered Accountants, as well as a member of the Institute of Chartered Accountants in Australia. Mr. Ng was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2007 and was awarded the Bintang Bakti Masyarakat or the Public Service Star Award in 2016 for his various community services.

Mr. Khua Kian Kheng, Ivan, Independent Director

Mr. Khua Kian Kheng, Ivan was appointed Independent Director of the Company on 27 June 2013. He was last re-elected on 30 April 2019. Mr. Khua is currently the executive director of Hock Leong Enterprises Pte. Ltd. ("HLE"), where he oversees the financial, administrative, human resource and business development aspects of HLE's business and operations.

Prior to joining HLE, Mr. Khua worked with Rider Hunt Levett and Bailey, a consultancy firm, between 2000 and 2004. Mr. Khua also currently serves as an independent director of KSH Holdings Limited, a company listed on the SGX-ST. He was previously a lead independent director of No Signboard Holdings Ltd.

Mr. Khua holds a Diploma in Building (with Merit) from Singapore Polytechnic, and a Bachelor's degree in Building Construction Management (First Class Honours) from the University of New South Wales, Australia. He is also a member of the Singapore Institute of Arbitrators, and an associate of the Singapore Institute of Building. He is a full member of the Singapore Institute of Directors. He was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2016.

Mr. Foo Say Tun, Independent Director

Mr. Foo Say Tun was appointed Independent Director of the Company on 27 June 2013. He was last re-elected on 26 June 2020. Mr. Foo was called to the Singapore Bar in 1995 and the Malaysian Bar in 1992. Mr. Foo was a lawyer practicing civil litigation, arbitration and corporate law.

Mr. Foo currently serves as an independent director on the board of Fu Yu Corporation Limited and Eurosports Global Limited, companies listed on the SGX-ST. He is also currently the Chief Executive Officer of ZWEEC Analytics Pte. Ltd. He was previously the non-executive chairman and independent director of Jubilee Industries Holdings Ltd, and an independent director of Qingmei Group Holdings Limited and Sino Techfibre Limited.

Mr. Foo holds a Bachelor of Laws degree from the University of East Anglia (UK), and was admitted to Middle Temple (UK) as a Barrister-at-Law in 1991.

MANAGEMENT TEAM

Mdm. Tan Yang Hong, Chief Operating Officer

Mdm. Tan Yang Hong was appointed as the Chief Operating Officer of the Group on 1 October 2010. Mdm. Tan oversees the Group's operations, the Management Integrated Systems (MIS), human resources, management and general administration, as well as dealings with financial institutions and relevant authorities. She is also involved in determining and executing operational audit plans and schedules.

Mdm. Tan has more than 20 years of experience in the jewellery industry, and was responsible for human resource, operational and administrative matters of the SK Jewellery group from 1991 to 2012. She holds a Diploma in Electronics Engineering from Ngee Ann Polytechnic.

Mdm. Lim Liang Soh, Head – Retail Operations

Mdm. Lim Liang Soh was appointed as Head - Retail Operations of the Group on 1 October 2010. Since 2010, she has been managing the overall brand strategy and activities for the Group. She is currently responsible for overseeing the Group's operations, day-to-day business processes, controls, talent management and recruitment.

Mdm. Lim has more than 20 years of experience in the jewellery industry, and was responsible for human resource, operational and administrative matters of the SK Jewellery group from 1991 to 2012. She holds a Diploma in Chemical Process Technology from Singapore Polytechnic.

Mr. Lim Chun Seng, General Manager – Auto Financing Operations

Mr. Lim Chun Seng joined the Group in June 2018 as an Assistant Business Development Manager and helped to develop the Group's auction business as well as supporting initiatives for the Group's pawnbroking and jewellery segments. With the establishment of the Group's auto financing operations in 2019, he was appointed Head – Auto Financing Operations on 1 July 2019 and was promoted to General Manager, Moneymax Leasing Pte. Ltd. and Moneymax Assurance Agency Pte. Ltd. in February 2021. He is responsible for the management of the Group's auto financing division, including overseeing the division's daily operations, recruitment and branding.

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

Ms. Lee Su Yi - Assistant Financial Controller

Ms. Lee Su Yi joined the Group on 28 November 2015 and was appointed as Assistant Financial Controller on 1 May 2019. She is currently overseeing the finance and accounting matters for the Group. Prior to joining the Group, she was an audit manager with RSM Chio Lim LLP from 2013 to 2015.

Ms. Lee holds a Bachelor of Accountancy from Nanyang Technological University. She is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants.



CORPORATE GOVERNANCE REPORT

The Board of MoneyMax is firmly committed to ensuring a high standard of corporate governance to protect the interests of shareholders of the Company (the **"Shareholders"**) and to enhance long-term Shareholders' value.

This report (**"Report"**) describes the Group's corporate governance structures and practices currently in place, with specific references made to the principles and guidelines of the Code of Corporate Governance 2018 (the **"Code"**) issued in August 2018 and Rule 710 of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) Listing Manual Section B: Rules of Catalyst.

The Board is pleased to report on the compliance by the Group with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

Principle 1: The Board's Conduct of Affairs

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

The Board comprises:

Dato' Sri Dr. Lim Yong Guan, Executive Chairman and Chief Executive Officer (**"CEO"**)
 Mr. Lim Yong Sheng, Non-Executive Director
 Mr. Ng Cher Yan, Lead Independent Director
 Mr. Khua Kian Kheng, Ivan, Independent Director
 Mr. Foo Say Tun, Independent Director

The Board provides effective leadership and direction to develop long-term value for Shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the Group's strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance and corporate governance practices.

The principal functions of the Board include:

- Approving the broad policies, strategies and financial objectives of the Group and ensuring that the necessary resources are in place for the Group to meet its objectives;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management systems, financial reporting and compliance to enable risks to be assessed and managed, including safeguarding of Shareholders' interests and the assets of the Group;
- Reviewing the performance of the management and approving the nominations of Directors and appointment of key management personnel;
- Approving annual budgets, material funding, investment, divestment and capital expenditure proposals;
- Setting the Group's values and principles (including ethical standards) and ensuring that the obligations to Shareholders and other stakeholders are met;
- Considers sustainability issues as part of its strategic formulation; and
- Assuming responsibility for corporate governance.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the management to make objective decisions in the interests of the Group. Any director facing conflicts of interest would recuse himself from discussion and decision involving the issue of conflict.

The Board has delegated certain responsibilities to the Audit Committee (the **"AC"**), the Nominating Committee (the **"NC"**) and the Remuneration Committee (the **"RC"**) (collectively, the **"Board Committees"**). The Board Committees operate under clearly defined terms of reference. The Board accepts that while the Board Committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters remains with the Board.

CORPORATE GOVERNANCE REPORT

In order to keep Directors abreast of the Group's operations, the Directors are also kept updated on initiatives and developments on the Group's business, financial performance, position and prospects, amongst others, in Board and Board Committee meetings, as well as on an ongoing basis as soon as practicable. The management also keeps the Directors updated on relevant and strategic developments in the business, financial reporting standards and industry-related matters periodically to facilitate the discharge of their duties.

The Directors are also encouraged to be kept well-informed of developments in regulatory, legal, compliance and accounting frameworks that are of relevance to the Group with continual development through relevant training courses, seminars and workshops as relevant and/or applicable, at the Company's expense.

The Board meets at least 2 times a year to review and approve, *inter alia*, the half year and full year financial results of the Group. The Board also meets as warranted by circumstances to supervise, direct and control the Group's business and affairs as well as deliberate on key matters. The Executive Chairman and CEO keeps the Board updated through informal meetings and discussions to ensure the Board is aware of developments in the business.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2020 is as follows:

	Board and Board Committees			
	Board	AC	NC	RC
No. of meetings held	2	2	1	1
No. of meetings attended by the Directors				
Dato' Sri Dr. Lim Yong Guan	2 ^(a)	-	-	-
Mr. Lim Yong Sheng	2	-	-	-
Mr. Ng Cher Yan	2	2 ^(a)	1	1
Mr. Khua Kian Kheng Ivan	2	2	1 ^(a)	1
Mr. Foo Say Tun	2	2	1	1 ^(a)

^(a) Chairman

The Group has adopted guidelines setting forth matters that require Board approval.

The types of material transactions that require Board approval include:

- Strategies and objectives of the Group;
- Annual budgets/forecasts;
- Announcement of half year and full year results, and release of annual reports;
- Issuance of securities;
- Declaration of interim dividends and proposed final dividends;
- Convening of Shareholders' meetings;
- Material acquisition/investment, divestment or capital expenditure;
- Corporate or financial restructuring and major funding proposals;
- Diversification of business; and
- Interested person transactions.

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

The management ensures the provision of complete, adequate, and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance. Any additional material or information requested by the Directors is promptly furnished.

CORPORATE GOVERNANCE REPORT

The management ensures that proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. The Board will seek clarification from management as and when needed. Employees and professional advisers who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate separate and independent access, the Directors have been provided with the phone numbers and email particulars of the following:

- key management personnel;
- the company secretary (the “**Company Secretary**”);
- the external auditor (the “**External Auditor**”);
- the internal auditor (the “**Internal Auditor**”); and
- other professional parties (where relevant).

Should Directors, whether as a group or individually, need independent professional advice, the Board will appoint a professional adviser. The cost of such professional advice will be borne by the Company. Directors are also updated on any changes or developments in laws, rules and/or regulations by the Company Secretary or other professional advisors at the Board and Board Committee meetings, as well as on an ongoing basis.

The appointment and removal of the Company Secretary is a matter for the Board to collectively to approve.

Principle 2: Board Composition and Guidance

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

The Board currently comprises 5 Directors namely, 1 Executive Director, 1 Non-Executive Director, and 3 Independent Directors.

The Independent Directors have each confirmed that they are independent in conduct, character and judgement and do not have any relationship with the other Directors, the Company, its related corporations, its Substantial Shareholders who has an interest or interests in one or more voting shares (excluding treasury shares) in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group.

Dato’ Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and Mr. Lim Yong Sheng (Non-Executive Director) are siblings. As our Executive Chairman is not independent, Independent Directors make up the majority of the Board in compliance with the Code.

The Board reviews the size and composition of the Board and Board Committees. While reviewing the composition of the Board and Board Committees, the Board takes into account the balance and diversity of the Directors’ skills, competencies, experience and knowledge of the Group, among other factors. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. As mentioned under Principle 5 below, the NC conducts an annual assessment of the performance of the Board as a whole with a view to achieve balance and diversity to ensure effectiveness.

The Board has reviewed and is satisfied that the current size and composition of the Board and Board Committees are appropriate for effective decision making, having taken into consideration the nature and scope of the Group’s operations, the balance and diversity of the Directors’ skills, competencies, experience, and knowledge of the Group, among other factors. The Board is also of the view that the Directors possess as a group the necessary competencies and knowledge to lead and govern the Group effectively.

The Independent Directors meet regularly on their own without the presence of the Executive Chairman and CEO, the Non-Executive Director and the management. The chairman of such meetings would provide feedback to the Executive Chairman and CEO and the Non-Executive Director after such meetings, whenever applicable

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and CEO

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

The Code advocates that there should be a clear division of responsibilities to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. Hence no one individual should represent a considerable concentration of power.

Dato' Sri Dr. Lim Yong Guan is the Executive Chairman and CEO of the Group. Dato' Sri Dr. Lim Yong Guan brings with him a wealth of experience and leads the Board to ensure its effectiveness. As the Executive Chairman and CEO, he assumes responsibility for the smooth functioning of the Board and ensures the adequate and timely flow of information between the management and the Board, sets the agenda for meetings, ensures sufficient allocation of time for thorough discussion of each agenda item, promotes a culture of openness and debate at the Board, facilitates the effective contribution of non-executive directors, and promotes high standards of corporate governance. In addition, he also assumes the responsibility for running the day-to-day business of the Group, ensures the implementation of policies and strategies across the Group as set by the Board, manages the management team and leads the development of the Group's future strategies including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business. Dato' Sri Dr. Lim Yong Guan also ensures effective communication with shareholders and other stakeholders.

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and the CEO is the same person, so as to ensure that the decision-making process of the Group could function expeditiously. All major proposals and decisions made by the Executive Chairman and CEO are discussed, reviewed and approved by the Board.

The Board has appointed Mr. Ng Cher Yan as the Lead Independent Director to provide leadership in situations where the Executive Chairman and CEO is conflicted. The Lead Independent Director will be available to Shareholders where they have concerns and for which contact through normal channels of communication to the Executive Chairman and CEO or the Assistant Financial Controller ("AFC") has failed to resolve or is inappropriate.

Further, as the AC, the RC and the NC consist of only Independent Directors, the Board believes that there are sufficient strong and independent elements and safeguards in place against an uneven concentration of power and authority in a single individual.

Principle 4: Board Membership

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

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

Chairman: Mr. Khua Kian Kheng Ivan

Members: Mr. Ng Cher Yan
Mr. Foo Say Tun

The NC is guided by its written terms of reference which stipulates that its principal roles include, *inter alia*, maintaining a formal and transparent process for the appointment of new Directors to the Board, determining the independence of the Directors and the appropriate size and composition of the Board and Board Committees, and reviewing and approving the appointment of key management personnel of the Group.

There is currently no succession plan put in place by the Executive Chairman and CEO. Going forward and at the relevant time, the Executive Chairman and CEO will look into formulating such a plan in close consultation with the NC.

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for appointment or re-appointment of Directors, review of training and professional development programs for the Board and the process and criteria for evaluation of the performance of the Board, the Board Committees and each Director.

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

CORPORATE GOVERNANCE REPORT

The NC will be responsible for determining on an annual basis, and as and when circumstances require, whether or not a Director is independent as set out in the Code, considering whether a Director has any existing business or professional relationship of a material nature with the Group, other Directors and/or Substantial Shareholders.

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

The Company has established the following process for the selection and appointment of new Directors:

- The NC determines a suitable size of the Board and evaluates the balance and diversity of skills, competencies, experience, gender, and knowledge of Directors required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the Group's operations;
- The NC considers various sources of seeking suitable candidate(s) or recommendations from, among others, Directors, business associates and advisers;
- Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail, among others, their qualification and working experience;
- The NC evaluates candidate(s) in areas of academic and professional qualifications, knowledge and experience in relation to the business of the Group, his/her independence (if applicable) and other present and past directorships; and
- The NC makes recommendation to the Board for approval. The Board is to ensure that the candidate is aware of the expectations and the level of commitment required.

New Directors are briefed on the Group's business, strategies, operations, organisation structures and governance practices to enable them to integrate into their new roles. The new Directors are also welcome to request further explanations, briefings or informal discussions on any aspects of the Group's operational or business issues from the management. The Company will make the necessary arrangements for site visits, briefings, informal discussions or explanations required by the new Directors.

All first-time Directors who have no prior experience as a director of a company listed on the SGX-ST are required to attend the mandatory training as prescribed in the Catalist Rules. Newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

Key information regarding the Directors such as date of first appointment, date of last re-appointment, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies and other principal commitments can be found on pages 22 and 23 of this annual report.

There is no maximum number of listed board representations currently prescribed by the Board as the Board is of the view that having multiple directorships does not prevent the Directors from discharging their duties as a Director effectively. The NC, at the relevant time, will look into reviewing and making a recommendation to the Board on the maximum number of listed board representations which any Director may hold.

When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his duties as a Director, taking into consideration the Director's number of listed board representations, the Director's other principal commitments, the roles and scope of responsibilities of these principal commitments and involvement in any other activities outside of these principal commitments, among other factors. The NC has reviewed and is satisfied that each Director has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his duties as a Director, notwithstanding his other board representations (if any).

No Director has appointed an alternate director in FY2020.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

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

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the Board Committees on an annual basis. The objective of the annual review is to identify areas for improvement and to implement appropriate action.

The Code advocates for the NC to recommend the objective performance criteria and the process for the evaluation of the contribution by the Executive Chairman and CEO and individual directors to the Board. In view of the different aspects of the Board's decision-making and directions, not all directors will be able to contribute equally to the decision-making due to their expertise and experience. The decision-making process and review are conducted in a collective and open manner, allowing the Board to maximise on individual directors' knowledge and allow other directors to raise their concerns. The Board is of the opinion that it is more effective to evaluate the directors collectively as a Board and not as individual Board Committees.

All the Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria so as to assess the overall performance and effectiveness of the Board and the Board Committees. The checklists were completed and submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion before making any recommendations to the Board. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the performance of the Board and Board Committees against short-term, long-term financial and non-financial performance indicators, identify areas for improvement and to implement appropriate action. The NC has reviewed the overall performance and effectiveness of the Board and the Board Committees for FY2020 and is of the view that the performance and effectiveness of the Board as a whole and the Board Committees have been satisfactory.

The NC will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of the Executive Chairman and CEO, as well as of each Director, to the performance and effectiveness of the Board and Board Committees.

The NC may engage an external facilitator in conducting the assessment of the performance of the Board and the Board Committees. For FY2020, the NC did not engage any external facilitator.

Principle 6: Procedures for Developing Remuneration Policies

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

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

Chairman: Mr. Foo Say Tun

Members: Mr. Ng Cher Yan
Mr. Khua Kian Kheng Ivan

The principal responsibilities of the RC are to review and recommend, for the endorsement of the Board, the following:

- The framework of the remuneration packages for each Director and key management personnel. The framework covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- The specific remuneration packages for each Director and key management personnel so as to ensure that the packages are competitive and sufficient to attract, retain and motivate the Directors and key management personnel to ensure the long-term success of the Group;

CORPORATE GOVERNANCE REPORT

- The remuneration of employees related to the Directors, CEO and/or controlling Shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and level of responsibility; and
- The Group's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC is guided by its written terms of reference which clearly set out its authority and duties.

Each member of the RC shall abstain from voting on any resolution in respect of his own remuneration package.

The RC may seek expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company. For FY2020, the RC did not engage any external remuneration consultant.

Principle 7: Level and Mix of Remuneration

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

The Group's remuneration structure for the Executive Chairman and CEO and key management personnel comprised both fixed and variable components. The fixed component is in the form of a monthly base salary. Any adjustment to the fixed monthly base salary takes into consideration the key management personnel's performance against key performance indicators, general economic environment conditions and prevailing inflation rates, among others. The variable component is in the form of a variable bonus that is linked to the Group's performance as well as the individual's performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long-term success of the Group and ensure that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Performance conditions such as the financial performance and operations of the Group, as well as any other business objectives such as quality of service and adherence to corporate values and principles which may from time to time be determined by the Board are used to determine the variable component of the remuneration of the Executive Chairman and CEO, the Directors and key management personnel.

For FY2020, the RC has reviewed the performance conditions for the Executive Chairman and CEO, the Directors and key management personnel and has determined them to have been met.

All employees of the Group and the Directors are eligible to participate in the Company's performance share plan known as the "MoneyMax Performance Share Plan" ("PSP"). As at the date of this annual report, no awards have been granted under the PSP.

Directors' fees are payable to the Non-Executive Directors, taking into account factors such as the effort and time spent and their scope of responsibilities. Directors' fees are recommended by the Board for approval of Shareholders at the AGM. The Group proposes that the Executive Chairman and CEO continues to receive an annual director fee from its Malaysian subsidiary in accordance with Malaysian law. Save for the above, the Executive Chairman and CEO does not receive any Directors' fees.

No Director is involved in deciding his own remuneration package.

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Chairman and CEO and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The RC is of the view that the Executive Chairman and CEO owes a fiduciary duty and interest to the Company. The Company should be able to avail itself to remedies against the Executive Chairman and CEO in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Principle 8: Disclosure on Remuneration

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

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. Total compensation is pegged to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

The remuneration (including salary, directors' fee, variable bonus and benefits-in-kind) of each of the Directors and key management personnel is linked to the financial performance of the Group and the individual's performance so as to promote long-term sustainability of the Group.

Short-term incentive scheme includes salary and variable bonus and are subject to annual review by the RC and to be approved by the Board. The long-term incentive scheme would be covered under the PSP.

Details on the remuneration of Directors and key management personnel for FY2020 are presented below.

Remuneration of Directors for FY2020

Remuneration band	Directors' fee	Salary ⁽¹⁾	Benefits-in-kind	Variable Bonus ⁽¹⁾	Total
S\$1,750,000 to S\$2,000,000					
Dato' Sri Dr. Lim Yong Guan	6.5%	24.5%	1.3%	67.7%	100.0%
Up to S\$250,000					
Mr. Lim Yong Sheng	100.0%	-	-	-	100.0%
Mr. Ng Cher Yan	100.0%	-	-	-	100.0%
Mr. Khua Kian Kheng Ivan	100.0%	-	-	-	100.0%
Mr. Foo Say Tun	100.0%	-	-	-	100.0%

Remuneration of key management personnel⁽²⁾ for FY2020

Remuneration band	Salary ⁽¹⁾	Benefits-in-kind	Variable Bonus ⁽¹⁾	Total
S\$1,000,000 to S\$1,250,000				
Mdm. Tan Yang Hong	26.5%	2.4%	71.1%	100.0%
Up to S\$250,000				
Mdm. Lim Liang Soh	70.8%	6.7%	22.5%	100.0%
Mr. Lim Chun Seng	79.5%	5.2%	15.3%	100.0%

Notes:

- (1) Inclusive of employer provident funds. Variable bonus for the Executive Chairman and CEO included profit sharing in accordance with the terms of his service agreement with the Company.
- (2) The Company only has 3 key management personnel (who are not Directors or the CEO).

The aggregate remuneration paid to the Group's key management personnel (who are not Directors or the CEO) in FY2020 was approximately S\$1,299,000.

CORPORATE GOVERNANCE REPORT

No compensation was paid or is to be paid in the form of share awards to the Directors and key management personnel in FY2020. There were no termination, retirement or post-employment benefits granted to the Directors and key management personnel in FY2020.

In considering the disclosure of remuneration of the Directors and key management personnel, the Board has regarded the industry conditions in which the Group operates as well as the sensitive nature of such information. The Board believes that full detailed disclosure of the remuneration of each Director and each key management personnel as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Board has instead presented such information in remuneration bands.

The Board is of the opinion that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

The names and breakdown of the total remuneration of employees who are Substantial Shareholders of the Company, or are immediate family members of a Director, the CEO or a Substantial Shareholder of the Company and whose remuneration exceeds S\$100,000 in FY2020 is set out below:

Name	Remuneration for FY2020
Mdm. Tan Yang Hong ⁽¹⁾	Between S\$1,050,001 and S\$1,100,000
Mdm. Lim Liang Soh ⁽²⁾	Between S\$150,001 and S\$200,000
Mdm. Lim Liang Keng ⁽³⁾	Between S\$100,001 and S\$150,000
Ms. Lau Wan Lin Elim ⁽⁴⁾	Between S\$100,001 and S\$150,000
Mr. Lim Chun Seng ⁽⁵⁾	Between S\$100,001 and S\$150,000
Ms. Lim Mei Ying ⁽⁶⁾	Between S\$100,001 and S\$150,000

Notes:

- (1) Mdm. Tan Yang Hong is the spouse of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO) and sister-in-law of Mr. Lim Yong Sheng (Non-Executive Director) and Mdm. Lim Liang Eng (Substantial Shareholder).
- (2) Mdm. Lim Liang Soh is the sister of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO), Mr. Lim Yong Sheng (Non-Executive Director) and Mdm. Lim Liang Eng (Substantial Shareholder).
- (3) Mdm. Lim Liang Keng is the sister of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO), Mr. Lim Yong Sheng (Non-Executive Director) and Mdm. Lim Liang Eng (Substantial Shareholder).
- (4) Ms. Lau Wan Lin Elim is the daughter of Mdm. Lim Liang Eng (Substantial Shareholder) and niece of Dato' Sri. Dr. Lim Yong Guan (Executive Chairman and CEO) and Mr. Lim Yong Sheng (Non-Executive Director).
- (5) Mr. Lim Chun Seng is the son of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO), nephew of Mr. Lim Yong Sheng (Non-Executive Director) and Mdm. Lim Liang Eng (Substantial Shareholder).
- (6) Ms. Lim Mei Ying is the daughter of Dato' Sri Dr. Lim Yong Guan (Executive Chairman and CEO), niece of Mr. Lim Yong Sheng (Non-Executive Director) and Mdm. Lim Liang Eng (Substantial Shareholder).

Save as disclosed above, there is no other employee who is related to the Directors or the CEO or substantial shareholder and whose remuneration exceeded S\$100,000 during FY2020.

The Company has implemented the PSP which is employed as a long-term incentive in the remuneration of the Executive Chairman and CEO, the Directors and employees, and forms an integral component of the Group's compensation scheme. It is designed to reward, retain and motivate employees and Directors to achieve superior performance to align the interests of employees and Directors with that of Shareholders. The PSP is administered by the RC. The performance conditions used to determine the entitlements of the Executive Chairman and CEO, the Directors and employees under the PSP include specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the job scope and responsibilities of the employees and Directors; and (iii) the prevailing economic conditions. Please refer to the Company's offer document dated 25 July 2013 ("**Offer Document**") for details of the PSP. Since the inception of the PSP, no awards have been granted.

CORPORATE GOVERNANCE REPORT

Principle 9: Risk Management and Internal Controls

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

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

The Board is responsible for the governance of risk and recognises the importance of maintaining a sound system of internal controls and risk management to safeguard Shareholders' interests and the Group's assets. It therefore acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management systems.

The management is responsible to the Board for the design, implementation and monitoring of the Group's internal controls and risk management systems and providing the Board with a basis to determine the Group's level of risk exposure, risk tolerance and risk policies.

The AC will ensure that a review of the effectiveness of the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems is conducted annually. In this respect, the AC will review the audit plans and the findings of the External Auditor and the Internal Auditor, and will ensure that the management follows up on the recommendations raised by the External Auditor and the Internal Auditor, if any, during the audit process.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the External Auditor and the Internal Auditor and reviews performed by the AC and the management, the Board confirms that the internal controls (including financial, operational, compliance and IT controls) and risk management systems are effective and adequate for FY2020. The AC concurs with the Board's comments.

The Board has also received assurances from the Executive Chairman and CEO and the AFC that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems are effective and adequate.

The Board notes that the internal controls and risk management systems established by the Company provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 10: Audit Committee

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

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

Chairman: Mr. Ng Cher Yan

Members: Mr. Khua Kian Kheng Ivan
Mr. Foo Say Tun

The AC is guided by its terms of reference which stipulate that its principal functions include, *inter alia*, reviewing the Group's annual audit plans (internal and external), its internal controls and risk management systems, reviewing the assurance from the CEO and AFC on the financial records and financial statements, the adequacy, effectiveness, independence, scope and results of its external audit and its internal audit function which is currently outsourced to an external professional firm, Nexia TS Risk Advisory Pte. Ltd, regulatory compliance matters, interested person transactions and financial results announcements. The AC is also responsible for making recommendations to the Board on the appointment, re-appointment or removal of the External Auditor and the Internal Auditor and their remuneration. The AC meets at least on a half-yearly basis.

CORPORATE GOVERNANCE REPORT

The Board considers Mr. Ng Cher Yan, a fellow member with the Institute of Singapore Chartered Accountants and member of the Institute of Chartered Accountants in Australia, and who has extensive and practical financial knowledge and experience, well-qualified to chair the AC. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC. No former partner or director of the External Auditor and the Internal Auditor is a member of the AC.

The AC meets with the External Auditor and the Internal Auditor, without the presence of the management at least once a year, and is not aware of any materially adverse findings for FY2020.

The role of the Internal Auditor is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC, to conduct regular audits of high risk areas and to report its findings to the AC for review by both the AC and the Board.

The Internal Auditor is a company of Nexia TS Public Accounting Corporation, which is recognised as an established mid-tier accounting firm for more than 25 years. The Internal Auditor possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team comprises 7 members and is led by Ms. Pamela Chen who has more than 14 years performing audits for listed companies. The primary reporting line of the Internal Auditor is to the AC. The AC also decides on the appointment, termination and remuneration of the Internal Auditor.

The Internal Auditor has confirmed its independence to the AC. The AC is satisfied that the Internal Auditor is independent, effective and adequately resourced and is staffed with persons with the relevant qualifications and experience. The internal audit is carried out according to the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Auditor reports directly to the AC and has unrestricted access to documents, records, properties and personnel of the Group. The Internal Auditor plans its internal audit schedules in consultation with the management and its plans are reviewed and approved by the AC. The results of the internal audit will be presented to and reviewed by the AC and the Board. The Internal Auditor had conducted a review of the effectiveness of the Group's internal controls and noted no material internal control weaknesses in FY2020.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard Shareholders' interests and the Group's businesses and assets while the management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

The AC reviews the independence of the External Auditor annually and evaluates the performance of the External Auditor, taking into consideration the Audit Quality Indicators disclosure provided by the External Auditor. The AC is satisfied that based on the nature and extent of non-audit service provided to the Group by the External Auditor in FY2020, it would not prejudice the independence and objectivity of the External Auditor and has recommended the External Auditor's re-appointment as external auditor of the Company to the Board for the financial year ending 31 December 2021. A breakdown of the fees for audit and non-audit services payable to the External Auditor in respect of FY2020 is set out in the Notes to the Financial Statements on page 77 of this annual report. The non-audit fees relate to corporate secretarial and tax advisory fees.

The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules.

The Group has put in place a whistle-blowing framework (the "**Whistle Blowing Policy**"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle-blowers to contact the AC Chairman directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues or concerns raised; appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities relating to the Group, the AC and the Board have access to appropriate external advice where necessary.

There were no reported incidents pertaining to whistle blowing during FY2020.

CORPORATE GOVERNANCE REPORT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Shareholders are invited to participate effectively in and vote at the annual general meeting held by the Company. Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET and website as well as through reports/circulars sent to all Shareholders. Voting procedures are clearly explained to Shareholders at the general meetings of the Company before the resolutions are put to vote.

The Company will, to the best of its abilities, arrange the general meetings at the most convenient time to encourage shareholder participation. If needed, the Company will consider the use of other avenues of engaging shareholders including webcasting meetings. The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

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

The Constitution allows a Shareholder to appoint 1 or 2 proxies to attend and vote instead of the Shareholder. A Shareholder who is a relevant intermediary may appoint more than 2 proxies to attend and vote at the general meetings of the Company.

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

All Directors, including the chairpersons of the Board, the AC, the NC and the RC, attend all general meetings to address issues raised by Shareholders. The External Auditor is also invited to attend the AGM and is available to assist the Directors in addressing any relevant queries raised by Shareholders relating to the conduct of the audit and the preparation of the contents of the External Auditor's report. All Directors have attended the annual general meeting held in FY2020.

In line with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the SGX-ST has announced on 7 September 2020 that all listed issuers have the option to conduct general meetings by electronic means until 30 June 2021, even where the issuers are permitted under the COVID-19 safe distancing regulations to hold physical meetings, to help minimise physical interactions and COVID-19 transmission risks. Accordingly, the Company will conduct its upcoming annual general meeting by electronic means.

Further information regarding the arrangements for the upcoming annual general meeting will be set out in Notice of AGM on pages 110 to 113 of this annual report.

Currently, the Company does not have a fixed dividend policy. Any declaration and payment of dividends in the future will depend on, *inter alia*, the Group's operating results, financial conditions, other cash requirements including capital expenditures, and other factors deemed relevant by the Directors. The Company is proposing a final one-tier tax exempt dividend of S\$0.0118 per share for the approval of Shareholders at the forthcoming AGM.

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

CORPORATE GOVERNANCE REPORT

Principle 12: Engagement with Shareholders

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

The Board informs Shareholders of all major developments that may have a material impact on the Group on a timely basis. All of the Company's announcements are released via SGXNET, including the financial results, annual reports, distribution of dividends, notices, press releases, analyst briefings, presentations, announcements on acquisitions and other material developments. The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules.

General meetings are the principal forum for dialogue with Shareholders. To promote a better understanding of Shareholders' views, the Board encourages Shareholders to participate during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and address Shareholders' concerns at general meetings. The Company also maintains a corporate website, <http://www.moneymax.com.sg>, to provide Shareholders and potential investors' access to the Company's corporate announcements, press releases, annual reports and corporate information. In addition, the Company has designated the Customer Service department to facilitate all investor relations communications with Shareholders, analysts and media as well as to keep the investing public informed of the Group's corporate developments and financial performance.

Principle 13: Engagement with Stakeholders

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

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

The Company has identified our key stakeholders as its customers, investors, employees, business partners, regulatory authorities and community. The Company has identified material environmental, social and governance factors which are assessed to have significance on the Company's business processes. The Board reviews these factors annually. Further details will be disclosed in a sustainability report to be published by the Company by the end of May 2021 which will address these factors.

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

DEALING IN SECURITIES

The Group has adopted a policy whereby the Directors and employees of the Group are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing 1 month before the announcement of the Company's half year and full year results. The Directors and employees of the Group are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act, the Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2020.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at arm's length commercial terms basis. Any Director, CEO and/or controlling Shareholder who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalyst Rules.

However, pursuant to Rule 905 of the Catalyst Rules, the aggregate value of interested person transactions entered into during FY2020 is as follows:

	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalyst Rules)
Name of Interested Person	FY2020 S\$'000
Purchases of products SK Jewellery Group Pte. Ltd. and its subsidiaries (the "SK Group of Companies")	14
Sales of products SK Group of Companies	4
Purchase of fixed assets SK Group of Companies	2
Central support services SK Group of Companies	312
Outsourced payroll services SK Group of Companies	16
Rental expenses SK Group of Companies	259
SK Properties Pte. Ltd.	778
Soo Kee Investment Pte. Ltd.	369
Sin Lian Pawnshop Pte. Ltd.	10
Interest payable/paid Soo Kee Capital Pte. Ltd.	54
Money Farm Pte. Ltd.	74
Lim Yong Guan	412
Lim Yong Sheng	84
	2,388

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save for those previously disclosed in the Offer Document and the service agreement, there are no other material contracts of the Company and its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder which is either subsisting at the end of FY2020 or, if not then subsisting, entered into since the end of FY2020.

CORPORATE SOCIAL RESPONSIBILITY

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

During FY2020, the Group had participated and contributed to the fundraising and charity activities of various charitable organisations, including Seu Teck Sean Tong Yiang Sin Sia (a charitable organisation registered with the Ministry of Culture, Community and Youth of Singapore which offers traditional Chinese medicine treatment and provides free medical care to the local community) and Radin Mas Citizens' Consultative Committee Community Development and Welfare Fund ("**Radin Mas CCC CDWF**").

The Company participated in the first year of Project Refresh, a community initiative organised by Radin Mas CCC CDWF, aimed to replace and refurbish bedding frames and provide new mattresses for the needy and elderly.

SUSTAINABILITY REPORTING

The Group firmly believes that our commitment to embrace the tenets of corporate sustainability as a driving force to creating value for our stakeholders at large. We adopt the principles of sustainability throughout our value chain and continue to build sustainable practices in every aspect of the Group's business in achieving high levels of integrity and excellence in its activities. For FY2020, we focussed our efforts on anti-corruption and anti-money laundering policies, energy management, diversity and equal opportunity, training and education and customers' privacy. The Company will publish its sustainability report for FY2020 by 31 May 2021.

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rules:

Details	Name of Director	Name of Director
	Lim Yong Guan	Khua Kian Kheng Ivan
Date of Appointment	9 October 2008	27 June 2013
Date of last re-appointment (if applicable)	24 April 2018	30 April 2019
Age	61	46
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Having reviewed his qualifications, work experience, attendance during meetings, board review evaluation, and contributions to the Company, the Board, with the recommendations of the NC, approves the re-appointment of Dato' Sri Dr. Lim Yong Guan as Executive Chairman and CEO of the Company	Having reviewed his qualifications, work experience, attendance during meetings, board review evaluation, and contributions to the Company, the Board, with the recommendations of the NC, approves the re-appointment of Mr. Khua Kian Kheng, Ivan as Independent Director

CORPORATE GOVERNANCE REPORT

Details	Name of Director	Name of Director
	Lim Yong Guan	Khua Kian Kheng Ivan
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the overall management, operations, strategic planning, and business development of the Group	Non-executive
- Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	- Executive Chairman and CEO	- Independent Director - Chairman, Nominating Committee - Member, Remuneration Committee - Member, Audit Committee
Professional qualifications	- Diploma in Business Administration, Singapore Chinese Chamber Institute of Business	- Bachelor degree in Building Construction Management (First Class Honors) awarded by University of New South Wales, Australia
Working experience and occupation(s) during the past 10 years	2010 to present - MoneyMax Financial Services Ltd. (2008 - present), Executive Chairman and CEO - SK Jewellery Group Pte. Ltd. (August 2015 - present), Chairman	2010 to present - Executive Director, Hock Leong Enterprises Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 44,370,000 shares in the Company Deemed interest of 221,954,300 shares in the Company • <i>By virtue of section 4 of the Securities & Futures Act, Lim Yong Guan is deemed to be interested in all the shares held by Money Farm Pte. Ltd.</i>	Direct interest of 25,000 shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	- Brother of Mr. Lim Yong Sheng (Non-Executive Director) - Spouse of Mdm. Tan Yang Hong (Chief Operating Officer) - Brother of Mdm. Lim Liang Soh (Head - Retail Operations) - Father of Mr. Lim Chun Seng (General Manager - Auto Financing Operations) - Controlling shareholder and director of Money Farm Pte. Ltd. (controlling shareholder of the Company)	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) or Appendix 7H (Catalist Rule 704(6))	Yes	Yes

CORPORATE GOVERNANCE REPORT

Details	Name of Director	Name of Director
	Lim Yong Guan	Khua Kian Kheng Ivan
Other Principal Commitments Including Directorships	<u>Present:</u> Executive Chairman and Director of: (1) Moneymax Pawnshop Pte. Ltd (2) Moneymax Group Pte. Ltd. (3) Moneymax Pte. Ltd. (4) Moneymax Express Pte. Ltd. (5) Moneymax Jewellery Pte. Ltd. (6) Moneymax Holdings Pte. Ltd. (7) Moneymax Leasing Pte. Ltd. (8) Moneymax Properties Pte. Ltd. (9) Moneymax Capital Pte. Ltd. (10) Moneymax Assurance Agency Pte. Ltd. (11) SG e-Auction Pte. Ltd. (12) SK Jewellery Group Pte. Ltd. (13) SKJ Group Pte. Ltd. (14) Soo Kee Investment Pte. Ltd. (15) SK Properties Pte. Ltd. (16) SKC Pte. Ltd. (17) Love & Co. Pte. Ltd. (18) Love & Co. International Pte. Ltd. (19) Heng Seng Pte. Ltd. (20) Guan Sheng Capital Pte. Ltd. (21) Soo Kee Capital Pte. Ltd (22) Wealthy Land Pte. Ltd. (23) Money Farm Pte. Ltd. (24) Bukit Timah Seu Teck Sean Tong Institution Limited (25) Hua Yan Buddhist Society (26) Theng Hai Huay Kuan (27) Teochew Poit Ip Huay Kuan (28) Orogreen Investment Pte Ltd (29) Cash Online Sdn. Bhd (30) Easimine Group Sdn Bhd. (31) Easigram Group Sdn Bhd (32) MS1 Infinite Sdn Bhd (33) MS2 Infinite Sdn Bhd (34) MS3 Infinite Sdn Bhd (35) MS4 Infinite Sdn Bhd (36) MS5 Infinite Sdn Bhd (37) MS10 Infinite Sdn Bhd (38) Easigram (Pandan) Sdn Bhd (39) Easigram (Batu Pahat) Sdn Bhd (40) Easigold Group Sdn Bhd (41) Yong Mei Group Sdn Bhd (42) Guan Sang Group Sdn Bhd <u>Past (for the last 5 years):</u> Director of: (43) Jewelfest Pte. Ltd. (44) Singapore International Jewellery Pte. Ltd. (45) SK Jewellery (Shanghai) Pte. Ltd. (46) Concept 66 Pte. Ltd. (47) Ban Joo Pawnshop Pte. Ltd. (48) Asta Diamond Pte. Ltd. (49) SK Bullion Pte. Ltd.	<u>Present:</u> Director of: (1) Hock Leong Private Limited (2) Hock Leong Holdings (Private) Limited (3) Synetcom International Pte. Ltd. (4) Tuanle Corporation Pte. Ltd. (5) Touchstone HL Capital Pte. Ltd. (6) KSH Holdings Limited (7) Blue Sky Power (Singapore) Pte Limited (8) Centennial Harvest Limited <u>Past (for the last 5 years):</u> Non-Executive and Independent Director of: (9) HL Energy Limited (10) Guan Yu Holdings Pte. Ltd. (11) No Signboard Holdings Ltd

CORPORATE GOVERNANCE REPORT

Details		Name of Director	Name of Director
		Lim Yong Guan	Khua Kian Kheng Ivan
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c.	Whether there is any unsatisfied judgment against him?	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director	Name of Director
		Lim Yong Guan	Khua Kian Kheng Ivan
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	i. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director	Name of Director
		Lim Yong Guan	Khua Kian Kheng Ivan
	iii. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?		Yes	Yes
If yes, please provide details of prior experience.		SK Jewellery Group Pte. Ltd.	KSH Holdings Limited No Signboard Holdings Ltd
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		N.A.	N.A.

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NOTES TO THE FINANCIAL STATEMENTS

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Lim Yong Guan
Lim Yong Sheng
Ng Cher Yan
Khua Kian Kheng Ivan
Foo Say Tun

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interest in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct Interest		Deemed Interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<u>The company</u>	<u>Number of shares of no par value</u>			
Lim Yong Guan	44,370,000	44,370,000	221,954,300	221,954,300
Lim Yong Sheng	38,280,000	38,280,000	220,454,300	220,454,300
Ng Cher Yan	25,000	25,000	-	-
Khua Kian Kheng Ivan	25,000	25,000	-	-
Foo Say Tun	25,000	25,000	-	-

By virtue of section 7 of the Act, Mr Lim Yong Guan and Mr Lim Yong Sheng are deemed to have an interest in the company and in all the related body corporate of the company.

The directors' interests as at 21 January 2021 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares of the company or other body corporate in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Report of audit committee

The members of the Audit Committee at the date of this statement are as follows:

Ng Cher Yan (Chairman)	(Independent and non-executive director)
Khua Kian Kheng Ivan	(Independent and non-executive director)
Foo Say Tun	(Independent and non-executive director)

The Audit Committee performs the functions specified in section 201B of the Act, Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. Among other functions, it performed the following:

- Reviewed with the internal auditor, the scope of the internal audit plan and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management);
- Reviewed with the company's independent auditor, the audit plan, the results of the external audit procedures conducted, and internal control recommendations, if any, arising from the statutory audit;
- Reviewed the assistance provided by the company's officers to the internal and external auditors;
- Reviewed the financial information and annual financial statements of the group and the company prior to their submission to the Board of Directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST's Listing Manual Section B: Rules of Catalist).

Other functions performed by the Audit Committee are described in the Report on Corporate Governance included in the Annual Report of the company. It also includes an explanation of how the independent auditor's objectivity and independence are safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

STATEMENT BY DIRECTORS

7. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the group, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the Audit Committee and the Board are of the opinion that the group's internal controls, addressing financial, operational and compliance risks, are adequate as at the reporting year end.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 February 2021, which would materially affect the group's and the company's operating and financial performance as of the date of this statement.

On behalf of the directors

.....
Lim Yong Guan
Director

3 April 2021

.....
Lim Yong Sheng
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEYMAX FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Report on the audit of the financial statements

We have audited the accompanying financial statements of MoneyMax Financial Services Ltd. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS (I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters ("KAMs")

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment of inventories

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of inventories respectively, and Note 19 for the breakdown of inventory for the reporting year end.

The carrying amount of inventories amounted to \$42,407,000 which accounted for approximately 11% of the group's total assets as at the reporting year end. Inventories comprise mainly gold, jewellerys, watches and bags. The cost of inventories may not be recoverable in full if their selling prices have declined. Management applies judgement in determining the appropriate allowance for inventories based upon an assessment of inventories concerned, considering the authenticity of inventories, future demand, future selling prices, rework cost and fluctuation of gold market prices and ageing analysis of inventories.

Our procedures include:

- (i) assessing the independence, qualifications and competence of the gemologist and the watch valuer;
- (ii) comparing the carrying value of selected non-gold inventories to their fair values assessed by the gemologist and watch valuer;
- (iii) comparing the carrying value of gold inventories for retails to their subsequent selling prices;
- (iv) reviewing the gold price index for the reporting year and comparing the average cost of gold items as at the reporting year end to latest practicable market gold price subsequent to reporting year end;
- (v) reviewing the assumptions used in computing the rework cost for aged products; and
- (vi) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEYMAX FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Key audit matters (cont'd)

(b) Impairment of pledged loan receivables

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of pledged loan receivables respectively, and Note 20 for the pledged loan receivables balance for the reporting year end.

The carrying amount of pledged loan receivables amounted to \$202,991,000 which accounted for approximately 53% of the group's total assets as at the reporting year end. Pledged loan receivables are collateralised loans, whose value are secured by items such as gold, jewelleries, watches and bags. Pledged loan receivables are secured by pledges of goods and chattels. The carrying amount of the pledged loan receivables may not be recoverable in full in the event that a customer does not renew or redeem a pledged article within agreed redemption period from the grant date of the loan, and the market value of the pledged article has declined. Management applies judgement in determining the appropriate allowance for expected credit loss on pledged loan receivables based upon an assessment of the collateral concerned, considering the authenticity of collateral and articles, historical renewal / redemption rate and the fluctuation of gold market prices.

Our procedures include:

- (i) assessing the independence, qualifications and competence of the gemologist and the watch valuer;
- (ii) comparing the carrying values of selected non-gold pledges to their fair values assessed by the gemologist and the watch valuer;
- (iii) reviewing the gold price index for the reporting year and comparing the average cost of gold pledges as at the reporting year end to the latest practicable market gold price subsequent to reporting year end;
- (iv) reviewing the historical data on the renewal / redemption rate and historical default patterns; and
- (v) assessing the adequacy of disclosures made in the financial statements.

(c) Impairment of goodwill

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in impairment assessment of goodwill respectively and Note 15A for the key assumptions used in impairment testing of goodwill.

The group had goodwill of \$4,035,000 (via acquisitions of subsidiaries in Malaysia) allocated to several cash generating units ("CGUs") as at the reporting year end. Refer to Note 15A for the list of CGUs. Goodwill are tested for impairment annually. Management uses the value-in-use method to determine the recoverable amount of each CGU. The value-in-use calculation, which is based on discounted cash flows of each CGU, requires management to exercise significant judgement in projecting each CGU's pledges growth rate, forfeiture rates, growth rate of gross profit margin of forfeiture sales, operating expenses growth rates, discount rate and terminal value. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Our procedures include:

- (i) challenging management's estimates used in the value-in-use model through our knowledge of the CGU's operations, their past performance, management's growth strategies and cost initiatives;
- (ii) with the assistance of our internal valuation specialists, assessing the appropriateness of management's valuation methodology, valuation models and the unobservable inputs of those models;
- (iii) comparing inputs to the discount rates to regional indices and industry benchmarks; and
- (iv) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEymax FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report and statement by directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the Members of MONEYMAX FINANCIAL SERVICES LTD. (Registration No: 200819689Z)

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

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chong Cheng Yuan.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2021

Engagement partner - effective from year ended 31 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Reporting Year Ended 31 December 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
Revenue	5	197,147	182,242
Other gains	6	2,977	979
Material costs		(134,596)	(127,576)
Employee benefits expense	7	(16,467)	(16,143)
Depreciation and amortisation expense	13,14 & 15B	(10,386)	(11,755)
Other losses	6	(122)	(400)
Finance costs	8	(8,180)	(8,040)
Other expenses	9	(3,609)	(6,687)
Profit before income tax		26,764	12,620
Income tax expense	10	(4,515)	(3,054)
Profit, net of tax		22,249	9,566
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of tax	24A	(15)	1
Cash flow hedges, net of tax	24B	164	33
Other comprehensive income for the year, net of tax		149	34
Total comprehensive income		22,398	9,600
 Profit for the year attributable to:			
Owners of the parent		20,379	8,494
Non-controlling interests		1,870	1,072
		22,249	9,566
 Total comprehensive income attributable to:			
Owners of the parent		20,528	8,528
Non-controlling interests		1,870	1,072
		22,398	9,600
 Earnings per share		2020	2019
		Cents	Cents
Basic and diluted	11	5.76	2.40

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Notes	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	13	20,044	2,559	-	-
Right-of-use assets	14	13,688	12,016	-	-
Intangible assets	15	4,147	4,300	-	-
Investments in subsidiaries	16	-	-	58,930	57,930
Deferred tax assets	10	63	187	-	-
Trade and other receivables, non-current	20	56,369	14,927	-	-
Other assets, non-current	21	1,068	1,429	-	-
Other financial assets	18	6,500	5,471	5,471	5,471
Total non-current assets		101,879	40,889	64,401	63,401
<u>Current assets</u>					
Inventories	19	42,407	33,189	-	-
Trade and other receivables, current	20	219,855	218,415	30,185	26,829
Other assets, current	21	4,490	4,031	62	62
Cash and cash equivalents	22	15,328	11,963	251	456
Total current assets		282,080	267,598	30,498	27,347
Total assets		383,959	308,487	94,899	90,748
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	23	56,144	56,144	56,144	56,144
Retained earnings		41,699	23,089	8,092	5,317
Other reserves	24	(263)	(412)	-	-
Equity attributable to owners of the parent		97,580	78,821	64,236	61,461
Non-controlling interests		6,579	4,709	-	-
Total equity		104,159	83,530	64,236	61,461
<u>Non-current liabilities</u>					
Other financial liabilities, non-current	25	60,308	12,611	-	-
Lease liabilities, non-current	26	6,531	5,918	-	-
Deferred tax liabilities	10	88	100	-	-
Total non-current liabilities		66,927	18,629	-	-
<u>Current liabilities</u>					
Income tax payable		4,178	2,523	85	12
Trade and other payables	27	23,474	25,503	29,078	26,275
Other financial liabilities, current	25	175,053	169,935	1,500	3,000
Lease liabilities, current	26	7,445	6,506	-	-
Other liabilities	28	2,723	1,861	-	-
Total current liabilities		212,873	206,328	30,663	29,287
Total liabilities		279,800	224,957	30,663	29,287
Total equity and liabilities		383,959	308,487	94,899	90,748

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

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2020

<u>Group:</u>	Share Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Attributable to Parent Sub-total \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
Current year:						
Opening balance at 1 January 2020	56,144	23,089	(412)	78,821	4,709	83,530
Total comprehensive income for the year	-	20,379	149	20,528	1,870	22,398
Dividends paid (Note 12)	-	(1,769)	-	(1,769)	-	(1,769)
Closing balance at 31 December 2020	56,144	41,699	(263)	97,580	6,579	104,159
Previous year:						
Opening balance at 1 January 2019	56,144	16,364	(446)	72,062	3,609	75,671
Total comprehensive income for the year	-	8,494	34	8,528	1,072	9,600
Dividends paid (Note 12)	-	(1,769)	-	(1,769)	-	(1,769)
Loss on write off balances in subsidiary in process of striking off	-	-	-	-	28	28
Closing balance at 31 December 2019	56,144	23,089	(412)	78,821	4,709	83,530

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

STATEMENTS OF CHANGES IN EQUITY

Reporting Year Ended 31 December 2020

Company:

Current year:

Opening balance at 1 January 2020
Total comprehensive income for the year
Dividends paid (Note 12)

Closing balance at 31 December 2020

Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
56,144	5,317	61,461
-	4,544	4,544
-	(1,769)	(1,769)
56,144	8,092	64,236

Previous year:

Opening balance at 1 January 2019
Total comprehensive income for the year
Dividends paid (Note 12)

Closing balance at 31 December 2019

56,144	4,183	60,327
-	2,903	2,903
-	(1,769)	(1,769)
56,144	5,317	61,461

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Reporting Year Ended 31 December 2020

	Group	
	2020	2019
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	26,764	12,620
Adjustments for:		
Amortisation of intangible assets	145	235
Depreciation of property, plant and equipment	1,747	2,088
Depreciation of right-of-use assets	8,494	9,432
Interest expense	8,180	8,040
Negative goodwill arising on acquisition	-	(67)
Amount written off from subsidiary in the process of striking off	-	32
Loss on disposal of property, plant and equipment	15	288
Dividend income	(307)	(196)
Allowance for inventory obsolescence	37	-
Net effect of exchange rate changes in consolidating foreign operations	81	17
Operating cash flows before changes in working capital	45,156	32,489
Inventories	(9,255)	1,619
Trade and other receivables	(42,882)	(27,329)
Other assets	(1,528)	162
Trade and other payables	(2,095)	3,581
Other liabilities	830	193
Net cash flows (used in) / from operations	(9,774)	10,715
Income taxes paid	(2,715)	(1,795)
Net cash flows (used in) / from operating activities	(12,489)	8,920
<u>Cash flows from investing activities</u>		
Proceed from disposal of property, plant and equipment	-	134
Purchase of property, plant and equipment (Notes 13 and 22B)	(3,427)	(621)
Purchase of investment at fair value through profit or loss	(1,029)	-
Other assets, non-current (Note 21)	-	(1,429)
Dividend from investment at fair value through profit or loss	307	196
Net cash flows used in investing activities	(4,149)	(1,720)
<u>Cash flows from financing activities</u>		
Dividends paid (Note 12)	(1,769)	(1,769)
Interest expense paid	(8,180)	(8,040)
Payments of principal portion of lease liabilities	(8,623)	(9,357)
Payment to non-controlling interest of subsidiary in the process of striking off	-	(4)
Proceeds from bank loans	72,192	28,642
Repayments of bank loans	(31,242)	(13,245)
Repayments of finance lease liabilities	(9)	(9)
Net cash flows from / (used in) financing activities	22,369	(3,782)
Net increase in cash and cash equivalents	5,731	3,418
Cash and cash equivalents, beginning balance	8,641	5,223
Cash and cash equivalents, ending balance (Note 22A)	14,372	8,641

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollar and they cover the company (referred to as "parent") and the subsidiaries. All financial information in these financial statements are rounded to the nearest thousand ("'\$'000") except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are described in Note 35 to the financial statements.

The company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office is: 7 Changi Business Park Vista, #01-01, SOOKEE HQ, Singapore 486042. The company is situated in Singapore.

The Covid-19 pandemic

Management has not identified any material uncertainties resulting from the Covid-19 pandemic and the aftermath of the pandemic surrounding the group's business, and accordingly none is disclosed in these financial statements.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards International ("SFRS(I)") and the related interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Singapore Companies Act, Chapter 50 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee and cease when the group loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted for as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Singapore Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from the sales of pre-owned luxury items comprising unredeemed pledges is recognised at a point in time when the performance obligation is satisfied upon the transfer of the goods to the buyer, which generally coincides with delivery and acceptance of the pledged articles sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income from collateral loan services is recognised on a time-proportion basis using the effective interest method.

Interest income from hire purchases is recognised over the term of the hire purchases using the Rule 78 (sum of digits) method which approximates the effective interest method. The balance of such charges at the end of the reporting year is carried forward as unearned charges.

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the assets on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each company in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such a company for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period (See Note 28 on provisions).

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Properties	- 2.5%
Leasehold improvements	- Over lease term
Plant, fixture and fittings	- 20% to 100%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Right-of-use assets

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

Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leases of lessor

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

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Lease assignment fees	-	Over lease term
Customer lists	-	5 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments.

As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivative financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2A. Significant accounting policies (cont'd)

Derivatives held for risk management purposes and hedge accounting

Certain derivatives held for risk management as well as certain non-derivative financial instruments may be designated as hedging instruments in qualifying hedging relationships. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge based on the principle of an economic relationship. Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item (for example, when the hedged item is a risk component, the relevant change in fair value or cash flows of an item is the one that is attributable to the hedged risk). The above documentation is subsequently updated at each end of the reporting year in order to assess whether the hedge is still expected to be highly effective over the remaining life of the hedge. Hedge accounting is used for (1) Fair value hedge; (2) Cash flow hedge; and (3) Hedge of a net investment in a foreign operation.

If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. The applicable derivatives and other hedging instruments used are described below in the notes to the financial statements.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made on inventory for decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to consider the future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual consideration in determining the realisable value includes authenticity of inventories, age of the inventories, future demand and future selling prices of inventories, rework cost and fluctuation of gold market prices. In general, such an evaluation process requires significant management judgement and may materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 19.

Impairment of pledged loan receivables:

The group assesses at the end of each reporting year whether there is any objective evidence that the pledged loan receivables are impaired. Pledged loan receivables are secured by pledges of goods and chattels. The carrying amount of the pledged loan receivables may not be recoverable in full in the event that a customer does not renew or redeem a pledged article within the agreed redemption period from the grant date of the loan, and the market value of the pledged article has declined. The determination of the appropriate allowance for expected credit loss on pledge loan receivables requires management to consider factors such as the significant decline in values of collaterals, the authenticity of the collaterals or probabilities of default or significant delay in payments by pledgers. The carrying amounts of the pledged loan receivables at the end of the reporting year are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

Impairment of lease payment receivables:

The group assesses at the end of each reporting year whether there is any objective evidence that the lease payment receivables are impaired. Lease payment receivables are secured by pledges of hire purchase assets. The carrying amount of the pledged loan receivables may not be recoverable in full in the event that a customer defaults the hire purchase payments and the market value of the hire purchase assets has declined. The determination of the appropriate allowance for expected credit loss on lease payment receivables requires management to consider factors such as the significant decline in values of collaterals, probabilities of default or significant delay in payments by customers. The carrying amounts of the lease payment receivables at the end of the reporting year are disclosed in Note 20.

Assessment of impairment of goodwill:

Goodwill is assessed annually for impairment. This assessment is complex and requires significant management's judgement in determining the forecasted revenue growth and profit margins for each cash generating unit ("CGU"), taking into account their knowledge of the local market conditions, economic and legal environment in which the CGUs operate, as well as changes to the market interest rates. The disclosures about goodwill are included in Note 15A on intangible assets, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

Measurement of impairment of investments in subsidiaries:

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment has suffered any impairment. This measurement requires significant judgement. An estimate is made for the future profitability of the subsidiaries, and the financial health of and near-term business outlook of the subsidiaries, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the investment. The carrying amount of the investments in subsidiaries as at the end of the reporting year is disclosed in Note 16.

Fair value of other financial assets:

Other financial assets comprising unquoted equity shares in a corporation, stated at fair value, are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this measurement of fair value. Management has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions involved in the fair value measurement are disclosed in Note 18 to the financial statements.

De facto control of subsidiary:

The group entered into an agreement with a third party, which the group and the third party owns 51% and 49% of the voting shares, to establish and operate SG e-Auction Pte. Ltd. ("SG e-Auction"). According to this agreement and the fact that the group has power to govern the financial and operational matters of SG e-Auction, rights to variable returns and the ability to affect amount of returns, the group recognises SG e-Auction as a subsidiary. Accordingly, the results of SG e-Auction are consolidated within the group.

Assessment of impairment of right-of-use assets:

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group

Name	Relationship	Country of incorporation
Money Farm Pte. Ltd.	Immediate and ultimate parent company	Singapore

Related companies in these financial statements include the member of the above group of companies.

The ultimate controlling parties are Lim Yong Guan, Lim Yong Sheng, who are directors of the company and Lim Liang Eng, who is the shareholder of the company.

3B. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	2020 \$'000	2019 \$'000
<u>Parent company</u>		
Interest expense	(74)	(40)
<u>Other related parties</u>		
Sales of luxury items	4	180
Purchase of luxury items	(14)	(214)
Purchase of plant and equipment	(2)	-
Rental expense	(1,416)	(1,747)
Central support services	(312)	(312)
Interest expense	(54)	(49)
Outsourced payroll services	(16)	-
<u>Directors</u>		
Interest expense	(496)	(411)

The related parties and the group have common directors.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

3C. Key management compensation

	Group	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	3,049	2,292

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

	Group	
	2020	2019
	\$'000	\$'000
Remuneration of directors of the company	1,749	1,060
Fees to directors of the company ^(a)	307	308

^(a) Included in fees to directors of the company is an amount of \$122,000 (2019: \$123,000) paid by a subsidiary.

Further information about the remuneration of individual directors is provided in the Report on Corporate Governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. The above amounts do not include compensation, if any, of certain key management personnel and directors of the company received compensation from related parties in their capacity as directors and or executives of those related parties.

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

The trade transactions and the related trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and (other payables to) related parties are as follows:

	Group and Company	
	2020	2019
	\$'000	\$'000
<u>Other payables to parent company:</u>		
Balance at beginning of the year	(1,700)	(900)
Amounts paid out	700	-
Amounts paid in and settlement of liabilities on behalf of the group	-	(800)
Balance at end of the year (Note 27)	(1,000)	(1,700)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

Other related parties:

Balance at beginning of the year	(4,766)	(4,582)
Amounts paid out and settlement of liabilities on behalf of other related parties	3,744	2,649
Amounts paid in and settlement of liabilities on behalf of the group	(1,935)	(2,853)
Written-off	-	20
Balance at end of the year	(2,957)	(4,766)

Presented in the statement of financial position as follows:

Other receivables (Note 20)	367	330
Other payables (Note 27)	(3,324)	(5,096)
	(2,957)	(4,766)

Other payables to directors:

Balance at beginning of the year	(9,868)	(8,678)
Amounts paid out and settlement of liabilities on behalf of directors	3,878	1,510
Amounts paid in and settlement of liabilities on behalf of the group	(2,500)	(2,700)
Balance at end of the year (Note 27)	(8,490)	(9,868)

Subsidiaries:

Balance at beginning of the year	13,164	9,391
Amounts paid out and settlement of liabilities on behalf of subsidiaries	18,180	9,445
Amounts paid in and settlement of liabilities on behalf of the company	(28,679)	(8,472)
Dividend receivable	4,000	2,800
Balance at end of the year	6,665	13,164

Presented in the statement of financial position as follows:

Other receivables (Note 20)	24,026	26,406
Other payables (Note 27)	(17,361)	(13,242)
	6,665	13,164

NOTES TO THE FINANCIAL STATEMENTS

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

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

Other payables to other related parties:

Balance at beginning of the year	(1,300)	(1,100)
Amounts paid out and settlement of liabilities on behalf of other related parties	1,300	333
Amounts paid in and settlement of liabilities on behalf of the company	-	(533)
Balance at end of the year (Note 27)	-	(1,300)

Company	
2020	2019
\$'000	\$'000
(1,300)	(1,100)
1,300	333
-	(533)
-	(1,300)

Other payables to directors:

Balance at beginning of the year	(8,390)	(7,200)
Amounts paid out and settlement of liabilities on behalf of directors	2,400	-
Amounts paid in and settlement of liabilities on behalf of the company	(2,500)	(1,190)
Balance at end of the year (Note 27)	(8,490)	(8,390)

Company	
2020	2019
\$'000	\$'000
(8,390)	(7,200)
2,400	-
(2,500)	(1,190)
(8,490)	(8,390)

4. Financial information by operating segments

Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management monitoring and financial reporting purposes, the group is organised into two major operating segments, namely:

- i) Pawnbroking; and
- ii) Retail and trading of pre-owned luxury items

Other operations include provision of other support services.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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

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

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

Capital expenditure comprises additions to property, plant and equipment.

Segment information about these businesses is presented below:

	Pawnbroking	Retail and trading of luxury items	Others	Elimination	Note	Group
	\$'000	\$'000	\$'000	\$'000		\$'000
2020						
Revenue by segment						
Revenues from external customers	35,322	156,816	5,009	-		197,147
Inter-segment revenues	21,261	-	9	(21,270)	A	-
Results						
Segment results	17,604	12,626	8,775	(4,061)	B	34,944
Finance costs	(5,325)	(508)	(2,493)	146		(8,180)
Profit before income tax	12,279	12,118	6,282	(3,915)	B	26,764
Income tax expense	(1,920)	(2,046)	(549)	-		(4,515)
Profit, net of tax	10,359	10,072	5,733	(3,915)	B	22,249
Segment assets	253,010	58,953	110,387	(38,454)	C	383,896
Unallocated assets						63
Total group assets						383,959
Segment liabilities	149,738	40,313	140,558	(55,075)	D	275,534
Unallocated liabilities						4,266
Total group liabilities						279,800
Capital expenditure	197	558	18,534	-		19,289
Depreciation and amortisation	464	771	512	-		1,747
Loss on disposal of property, plant and equipment	1	14	-	-		15
Loss on collateral loan services	14	-	-	-		14

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

Segment information about these businesses is presented below:

	Pawnbroking \$'000	Retail and trading of luxury items \$'000	Others \$'000	Elimination \$'000	Note	Group \$'000
2019						
Revenue by segment						
Revenues from external customers	39,030	141,506	1,706	-		182,242
Inter-segment revenues	29,801	-	15	(29,816)	A	-
Results						
Segment results	16,673	4,216	2,582	(2,811)	B	20,660
Finance costs	(6,651)	(496)	(893)	-		(8,040)
Profit before income tax	10,022	3,720	1,689	(2,811)	B	12,620
Income tax expense	(2,213)	(855)	14	-		(3,054)
Profit, net of tax	7,809	2,865	1,703	(2,811)	B	9,566
Segment assets	265,524	45,909	39,136	(42,269)	C	308,300
Unallocated assets						187
Total group assets						308,487
Segment liabilities	166,402	41,907	72,615	(58,590)	D	222,334
Unallocated liabilities						2,623
Total group liabilities						224,957
Capital expenditure	301	344	27	-		672
Depreciation and amortisation	9,342	2,388	25	-		11,755
Loss on disposal of property, plant and equipment	15	273	-	-		288
Loss on collateral loan services	33	-	-	-		33

Notes

A. Inter-segment revenues are eliminated.

B. The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	2020 \$'000	2019 \$'000
Profit from inter-segment sales	4,061	2,811

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

	2020 \$'000	2019 \$'000
Inter-segment balances	38,424	42,224
Unrealised profit on unsold inventories	30	45
	38,454	42,269

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

Notes (cont'd)

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

	2020 \$'000	2019 \$'000
Inter-segment balances	55,075	58,590

Geographical information

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	184,904	170,749	96,516	35,202
Malaysia	12,243	11,493	5,268	5,500
	197,147	182,242	101,784	40,702

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude deferred tax assets.

Information about major customers

	2020 \$'000	2019 \$'000
Top 1 customer	60,395	40,207
Top 2 customers	85,068	65,897

The major customers are from wholesale trading of pre-owned jewellery and watches segment.

5. Revenue

5A. Classification by type of goods or services

	Group	
	2020 \$'000	2019 \$'000
Interest income - collateral loan services	31,454	33,599
Retail and trading of luxury items	160,684	147,246
Others	5,009	1,397
	197,147	182,242

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

5. Revenue (cont'd)

5B. Classification by duration of contracts

	Group	
	2020 \$'000	2019 \$'000
Short-term contracts - less than 12 months	193,384	181,562
Long-term contracts - over 12 months	3,763	680
	<u>197,147</u>	<u>182,242</u>

5C. Classification by timing of revenue recognition

	Group	
	2020 \$'000	2019 \$'000
Point in time	161,930	147,963
Over time	35,217	34,279
	<u>197,147</u>	<u>182,242</u>

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

6. Other gains and (other losses)

	Group	
	2020 \$'000	2019 \$'000
Dividend income	307	196
Foreign exchange adjustments loss	(78)	(79)
Government grants - others ^{#a}	1,986	203
Goodwill on acquisition	-	67
Loss on collateral loan services	(14)	(33)
Loss on disposal of property, plant and equipment	(15)	(288)
Miscellaneous income	245	141
Other minor loss	(15)	-
Rental income (Note 31)	439	372
Net	<u>2,855</u>	<u>579</u>
Presented in profit or loss as:		
Other gains	2,977	979
Other losses	(122)	(400)
Net	<u>2,855</u>	<u>579</u>

#a Included in the amount of government grants is the Job Support Scheme amounting to \$1,547,000 which is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from April 2020 to August 2021. However, for certain sectors, the support is for 14 months from April 2020 to May 2021. Such sectors include financial services in which the group's pawnbroking business is categorised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

7. Employee benefits expense

	Group	
	2020	2019
	\$'000	\$'000
Short term employee benefits expense	15,132	14,891
Contributions to defined contribution plan	1,335	1,252
	<u>16,467</u>	<u>16,143</u>

8. Finance costs

	Group	
	2020	2019
	\$'000	\$'000
Interest expense on loans and borrowings	7,692	7,500
Interest on lease liabilities	488	540
	<u>8,180</u>	<u>8,040</u>

9. Other expenses

The major components include the following:

	Group	
	2020	2019
	\$'000	\$'000
Advertisement and promotions	491	872
Audit fees to the independent auditor of the company	196	194
Audit fees to the other independent auditors	66	72
Other fees to the independent auditor of the company	18	76
Other fees to the other independent auditors	-	2

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

10. Income tax

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

	Group	
	2020 \$'000	2019 \$'000
<u>Current income tax expense:</u>		
Current income tax expense	4,878	2,893
(Over) / under adjustments in respect of prior periods	(507)	68
Withholding tax	66	54
Subtotal	4,437	3,015
<u>Deferred tax expense:</u>		
Deferred tax expense / (income)	78	(187)
Under adjustments in respect of prior periods	-	226
Subtotal	78	39
Total income tax expense	4,515	3,054

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2019: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020 \$'000	2019 \$'000
Profit before income tax	26,764	12,620
Income tax expense at the above rate	4,550	2,145
Effect of different tax rates in different country	324	195
Income not subject to tax	(262)	-
Expenses not deductible for tax purposes	449	450
Tax exemptions and rebates	(105)	(84)
Withholding tax	66	54
(Over) / under adjustments in respect of prior periods	(507)	294
Total income tax expense	4,515	3,054

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

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

	Group	
	2020 \$'000	2019 \$'000
Difference between book value over tax value of property, plant and equipment	(131)	56
Intangible assets	(10)	38
Provision	(25)	16
Tax losses carryforwards	244	(72)
Deferred tax asset not recognised	-	1
Total deferred income tax expense recognised in profit or loss	78	39

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

10. Income tax (cont'd)

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

	Group	
	2020 \$'000	2019 \$'000
<i>Deferred tax (liabilities) / assets recognised in profit or loss:</i>		
Difference between book value over tax value of property, plant and equipment	(134)	(275)
Difference between tax value over book value of property, plant and equipment	-	10
Intangible assets	-	(10)
Provisions	5	(20)
Tax losses carryforwards	42	286
Subtotal	(87)	(9)
<i>Deferred tax (liabilities) / assets recognised in other comprehensive income:</i>		
Cash flow hedges	62	96
Net balance	(25)	87
Presented in the statement of financial position as follows:		
Deferred tax assets	63	187
Deferred tax liabilities	(88)	(100)
Net balance	(25)	87

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowance is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Tax losses carried forward amounted to \$247,000 (2019: \$1,676,000).

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2020 \$'000	2019 \$'000
Numerators: earnings attributable to equity		
Profit attributable to owners of the parent, net of tax	20,379	8,494
Denominators: weighted average number of equity shares		
Basic and diluted	353,800	353,800

The weighted average number of equity shares refers to shares in issue outstanding during the reporting period.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. Both basic and diluted earnings per share are the same as there are no dilutive potential ordinary shares outstanding during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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12. Dividends on equity shares

	Rate per share - cents		Company	
	2020	2019	2020 \$'000	2019 \$'000
First and final tax exempt (one-tier) dividend paid	0.5	0.5	1,769	1,769

13. Property, plant and equipment

	Properties \$'000	Leasehold improvements \$'000	Plant, fixture and fittings \$'000	Total \$'000
<u>Group:</u>				
<u>Cost:</u>				
At 1 January 2019	-	9,827	7,917	17,744
Foreign exchange adjustments	-	(4)	(4)	(8)
Transfer to right-of-use assets (Note 14)	-	-	(78)	(78)
Additions	-	207	465	672
Disposals	-	(543)	(387)	(930)
At 31 December 2019	-	9,487	7,913	17,400
Foreign exchange adjustments	-	(3)	(64)	(67)
Additions	18,529	434	326	19,289
Disposals	-	(25)	(33)	(58)
At 31 December 2020	18,529	9,893	8,142	36,564
<u>Accumulated depreciation:</u>				
At 1 January 2019	-	7,697	5,580	13,277
Foreign exchange adjustments	-	(2)	(2)	(4)
Transfer to right-of-use assets (Note 14)	-	-	(12)	(12)
Depreciation for the year	-	1,056	1,032	2,088
Disposals	-	(382)	(126)	(508)
At 31 December 2019	-	8,369	6,472	14,841
Foreign exchange adjustments	-	(23)	(4)	(27)
Depreciation for the year	390	702	655	1,747
Disposals	-	(18)	(23)	(41)
At 31 December 2020	390	9,030	7,100	16,520
<u>Carrying amount:</u>				
At 1 January 2019	-	2,130	2,337	4,467
At 31 December 2019	-	1,118	1,441	2,559
At 31 December 2020	18,139	863	1,042	20,044

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

A fixed and floating charge has been placed on properties, plant and equipment with a carrying amount of \$19,820,000 (2019: \$2,123,000) as security for bank borrowings (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

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14. Right-of-use assets

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

	Retail outlets \$'000
<u>Group:</u>	
<u>Cost:</u>	
At 1 January 2019	14,126
Foreign exchange adjustments	(3)
Additions	7,526
Transfer from property, plant and equipment (Note 13)	78
Re-measurement	(60)
Disposals	(207)
At 31 December 2019	21,460
Foreign exchange adjustments	(2)
Additions	10,197
Re-measurement	(57)
Disposals	(359)
At 31 December 2020	31,239
<u>Accumulated depreciation and impairment losses:</u>	
At 1 January 2019	-
Depreciation for the year	9,432
Transfer from property, plant and equipment (Note 13)	12
At 31 December 2019	9,444
Foreign exchange adjustments	(28)
Depreciation for the year	8,494
Disposals	(359)
At 31 December 2020	17,551
<u>Carrying amount:</u>	
At 1 January 2019	14,126
At 31 December 2019	12,016
At 31 December 2020	13,688

The right-of-use assets for operating leases in existence at 1 January 2020 do not include initial direct costs.

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

	Retail outlets 2020	Retail outlets 2019
Number of right-to-use assets	70	76
Remaining term - range	0.9 – 9.0 years	1.0 – 10.0 years
Remaining term - average	1.7 years	2.0 years

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

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets

	Group	
	2020	2019
	\$'000	\$'000
Goodwill (Note 15A)	4,035	4,044
Other intangible assets (Note 15B)	112	256
Total	4,147	4,300

	Group	
	2020	2019
	\$'000	\$'000
Cost:		
Balance at beginning of the year	4,044	4,052
Foreign currency translation adjustments	(9)	(8)
Balance at end of the year	4,035	4,044

15A. Goodwill

Goodwill is allocated to cash-generating units ("CGU") or groups of CGUs for the purpose of impairment testing. Each of those CGU represents the group's investment in subsidiaries as follows:

	Group	
	2020	2019
	\$'000	\$'000
<u>Name of CGUs</u>		
Easimine group of companies ^(a)	953	955
Kedai Pajak Heng Soon Sdn. Bhd.	394	395
Pajak Gadai T&M Sdn. Bhd.	195	196
Pajak Gadai Money Mine Sdn. Bhd.	197	198
Pajak Gadai Malim Maju Sdn. Bhd.	110	111
Pajak Gadai Semabok Sdn. Bhd.	173	173
Pajak Gadai Hen Teck Sdn. Bhd.	109	109
Pajak Gadai Pasir Gudang Sdn. Bhd.	149	149
Pajak Gadai Rengit Sdn. Bhd.	145	145
Pajak Gadai Simpang Renggam Sdn. Bhd.	141	141
Pajak Gadai Bukit Mertajam Sdn. Bhd.	160	160
Pajak Gadai Bukit Gambir Sdn. Bhd.	148	148
Pajak Gadai Senai Sdn. Bhd.	197	198
Pajak Gadai Pagoh Sdn. Bhd.	168	168
Pajak Gadai Kulai Sdn. Bhd.	195	195
Pajak Gadai Masai Sdn. Bhd.	180	180
Pajak Gadai Sungai Petani Sdn. Bhd.	200	201
Pajak Gadai Butterworth Sdn. Bhd.	189	190
Various subsidiaries ^(b)	32	32
	4,035	4,044

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

- (a) This relates to subsidiaries, MS 1 Infinite Sdn. Bhd., MS 2 Infinite Sdn. Bhd., MS 3 Infinite Sdn. Bhd., MS 4 Infinite Sdn. Bhd., MS 5 Infinite Sdn. Bhd., MS 10 Infinite Sdn. Bhd., Easigram (Pandan) Sdn. Bhd., Easigram (Batu Pahat) Sdn. Bhd., Pajak Gadai Pure Merit Sdn. Bhd. and Pajak Gadai Aeon Fountain Sdn. Bhd.
- (b) This relates to subsidiaries, Pajak Gadai Poh San Sdn. Bhd., Pajak Gadai Poh Guan Sdn. Bhd., Pajak Gadai Poh Fook Sdn. Bhd. and Pajak Gadai Poh Mei Sdn. Bhd.

The goodwill was tested for impairment at the end of the reporting year except for various subsidiaries^(b). An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on value in use method.

No impairment allowance was recognised because the carrying amount of all CGUs was lower than their recoverable amount.

The value in use was measured by management. The key assumptions for the value in use calculations are discount rates and pledged loan growth rates as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed and is analysed as follows:

Discounted cash flow method and unobservable inputs:

	2020	2019
Pledged loan growth rates ⁽ⁱ⁾	Refer below	Refer below
Terminal growth rates ⁽ⁱⁱ⁾	2.3%	2.3%
Pre-tax cost of debts ⁽ⁱ⁾	7.0%	6.5%
Debts to pledged loans ratio ⁽ⁱ⁾	80.0%	80.0%
Pre-tax discount rates ⁽ⁱⁱⁱ⁾	16.1%	16.1%
Operating expenses growth rates ⁽ⁱ⁾	2% - 5%	2% - 5%
Cash flow forecasts ⁽ⁱ⁾	5 years	5 years

- (i) Estimated based on most recent financial budgets and plans approved by management that derived from historical trend.
- (ii) Estimated based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.
- (iii) Management's estimated discount rates using pre-tax discount rates that reflect current market assessments at the risks specific to the CGUs.

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

Name of the CGUs	2020	2019
<u>Pledged loan growth rates (per annum)</u>		
Easimine group of companies	1.0% - 5.0%	1.0% - 15.0%
Kedai Pajak Heng Soon Sdn. Bhd.	0.0%	0.0%
Pajak Gadai T&M Sdn. Bhd.	15.0%	15.0%
Pajak Gadai Money Mine Sdn. Bhd.	15.0%	10.0%
Pajak Gadai Malim Maju Sdn. Bhd.	15.0%	15.00% - 34.27%
Pajak Gadai Semabok Sdn. Bhd.	15.0%	15.00% - 50.18%
Pajak Gadai Hen Teck Sdn. Bhd.	5.0%	2.50% - 2.87%
Pajak Gadai Pasir Gudang Sdn. Bhd.	10.0%	15.00% - 52.65%
Pajak Gadai Rengit Sdn. Bhd.	15.0%	15.00% - 22.25%
Pajak Gadai Simpang Renggam Sdn. Bhd.	10.0%	15.00% - 44.90%
Pajak Gadai Bukit Mertajam Sdn. Bhd.	10.0%	15.00% - 184.02%
Pajak Gadai Bukit Gambir Sdn. Bhd.	5.0%	5.00% - 47.50%
Pajak Gadai Senai Sdn. Bhd.	15.0%	15.00% - 44.11%
Pajak Gadai Pagoh Sdn. Bhd.	10.0%	15.00% - 19.94%
Pajak Gadai Kulai Sdn. Bhd.	5.0%	15.00% - 133.24%
Pajak Gadai Masai Sdn. Bhd.	5.0%	10.00% - 67.10%
Pajak Gadai Sungai Petani Sdn. Bhd.	5.0%	15.00% - 98.27%
Pajak Gadai Butterworth Sdn. Bhd.	5.0%	15.00% - 68.35%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the CGUs as of the end of the reporting year, assuming if all other assumptions were held constant.

If the estimated pledged loan and terminal growth rates at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai Money Mine Sdn. Bhd. (2019: Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$14,000 (2019: \$38,000).

If the debts to pledged loan ratio at the end of the reporting year had been revised from 80% to 70% at the end of the reporting year, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except for Pajak Gadai Money Mine Sdn. Bhd. (2019: Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$16,000 (2019: \$44,000).

If the estimated pre-tax discount rate applied to the discounted cash flows had been revised from 16.10% to 17.10%, no impairment allowance would be recognised because the carrying amount of all CGUs was lower than their revised estimated recoverable amount except Pajak Gadai Money Mine Sdn. Bhd. (2019: Pajak Gadai T&M Sdn. Bhd.) where the carrying value of goodwill would be reduced by \$18,000 (2019: \$33,000).

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets (cont'd)

15B. Other intangible assets

Group:

Cost:

At 1 January 2019
Foreign exchange adjustments
Additions
At 31 December 2019
Foreign exchange adjustments
At 31 December 2020

Accumulated amortisation:

At 1 January 2019
Amortisation for the year
At 31 December 2019
Amortisation for the year
Foreign exchange adjustments
At 31 December 2020

Carrying amount:

At 1 January 2019
At 31 December 2019
At 31 December 2020

Lease assignment fees \$'000	Customer lists \$'000	Total \$'000
1,500	707	2,207
-	(2)	(2)
-	81	81
1,500	786	2,286
-	(1)	(1)
1,500	785	2,285
1,190	605	1,795
121	114	235
1,311	719	2,030
120	25	145
-	(2)	(2)
1,431	742	2,173
310	102	412
189	67	256
69	43	112

16. Investments in subsidiaries

Unquoted equity shares at cost:

Balance at beginning of the year
Addition during the year
Balance at the end of the year

Company	
2020 \$'000	2019 \$'000
57,930	57,930
1,000	-
58,930	57,930

During the reporting year, the company further injected \$1,000,000 in the equity interest of a subsidiary, MoneyMax Leasing Pte. Ltd.

The listing of and information on the subsidiaries are given in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

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17. Lease payment receivables

Group:

2020

Minimum lease payments receivable:

Due within 1 year

Due within 2 to 5 years

Due over 5 years

Total

Minimum payments \$'000	Finance charges \$'000	Present value \$'000
18,153	(4,849)	13,304
54,507	(9,480)	45,027
11,867	(525)	11,342
<u>84,527</u>	<u>(14,854)</u>	<u>69,673</u>

2019

Minimum lease payments receivable:

Due within 1 year

Due within 2 to 5 years

Due over 5 years

Total

5,705	(1,027)	4,678
14,076	(1,889)	12,187
2,893	(153)	2,740
<u>22,674</u>	<u>(3,069)</u>	<u>19,605</u>

The average lease term ranging from 2 to 7 years. The rate of interest is at 2.00% - 5.95% (2019: 3.80% - 8.43%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental receipts. The obligations under hire purchase agreements are secured by the lessee's charge over the leased assets.

18. Other financial assets

Unquoted equity shares

Investment at fair value through profit or loss

Group		Company	
2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>6,500</u>	<u>5,471</u>	<u>5,471</u>	<u>5,471</u>
Movements during the year:			
Fair value at beginning of the year	5,471	5,471	5,471
Additions	1,029	-	-
<u>Fair value at end of the year</u>	<u>6,500</u>	<u>5,471</u>	<u>5,471</u>

In 2016, the company entered into an agreement with three outside parties to establish Chongqing Zongshen Financial Leasing Company Limited ("Chongqing Zongshen Financial Leasing") in the PRC for the purpose of undertaking a financial leasing business. Pursuant to the agreement, the company will subscribe for 12.5% of the equity interests (unquoted) in Chongqing Zongshen Financial Leasing for approximately \$5.19 million (the "Investment").

As part of this arrangement, the company also entered into a supplementary agreement with all the above parties pursuant to which the major shareholder of Chongqing Zongshen Financial Leasing granted a put option to the company whereby the company has the right to sell to the major shareholder of Chongqing Zongshen Financial Leasing, at their sole discretion, all or part of their equity interests in Chongqing Zongshen Financial Leasing (the "Option"). The Option is exercisable on 1 January 2020 and shall be valid for as long as the company holds the equity interests in Chongqing Zongshen Financial Leasing, and the exercise price shall be based on the higher of the company's original capital contribution and the agreed market value at the time of exercise.

The company has designated this entire hybrid (combined) instrument as at fair value through profit or loss. The fair value of the financial asset (Level 3) was determined by an independent external valuer based on the adjusted net asset approach. There is no transfer between Level 2 to Level 3 during the year. Significant increases (decreases) in adjusted net asset in isolation would result in a significantly lower (higher) fair value measurement.

During the reporting year, the group entered into an agreement with an outside party vendor to acquire 3% equity interest of Link Gold Tec & Co. Ltd. ("Link Gold") for a cash consideration of RMB 5 million (equivalent to approximately \$1.03 million). Link Gold is a company incorporated in the PRC whose principal business activities are those of R&D and supply of automated gold self-recovery machine which uses automated intelligence technology in place of the traditional modes of gold collection and direct dealing with refineries, and functions as a collection point for used gold. The group is of the view that the cost of the investment approximates its fair value (Level 3).

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19. Inventories

	Group	
	2020 \$'000	2019 \$'000
Finished goods	42,407	33,189
Inventories are stated after movements in allowance as follows:		
Balance at beginning of the year	8	8
Additions	37	-
Balance at end of the year	45	8

A fixed and floating charge has been placed on inventories with a carrying value of \$42,407,000 (2019: \$33,189,000) as security for bank borrowings (Note 25).

20. Trade and other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables:</u>				
Pledged loans receivables ^(a)	202,991	210,602	-	-
Lease payment receivables (Note 17)	69,673	19,605	-	-
Outside parties	1,243	1,225	-	-
Subsidiaries	-	-	6,151	412
Related parties	218	1,384	-	-
Sub-total	274,125	232,816	6,151	412
<u>Other receivables:</u>				
Outside parties	1,614	99	8	11
Subsidiaries (Note 3)	-	-	24,026	26,406
Related parties (Note 3)	367	330	-	-
Advances	118	97	-	-
Sub-total	2,099	526	24,034	26,417
Total trade and other receivables	276,224	233,342	30,185	26,829
Presented in statement of financial position as:				
Current	219,855	218,415	30,185	26,829
Non-current	56,369	14,927	-	-
	276,224	233,342	30,185	26,829

^(a) Pledged loans receivables are secured by pledges of goods and chattels. The quantum of loans granted to customers is based on a portion of the value of articles pledged. In the event that a customer does not renew or redeem a pledged article within agreed redemption period from the grant date of the loan, the pledged article will be disposed of by a sale by auction or forfeited, in accordance with the provisions of the Pawnbrokers Act in the local jurisdictions.

The pledge loans receivables bear interest ranging from 0.95% to 2% (2019: 0.95% to 2%) per month.

A fixed and floating charge has been placed on trade and other receivables with a carrying value of \$221,118,000 (2019: \$206,840,000) as security for bank borrowings (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

20. Trade and other receivables (cont'd)

20A. Impairment

Pledged loan receivables, which are secured by pledges of goods and chattels, are assessed for impairment based on the estimated market value of the pledged goods and chattels. The group also assess probability of default based on historical non-renewal and non-redemption and adjusts for forward-looking macroeconomic data obtained from the monitoring process of the volatility of market prices of gold.

Lease payment receivables amounting to \$69,595,000 (2019: \$19,385,000) are secured by collateral of the leased assets. Receivables from related parties of \$218,000 (2019: \$1,380,000) are secured by personal guarantee from shareholders of the related parties.

For the remaining trade receivables, they are subject to the expected credit loss model under the financial reporting standard on financial instruments. These trade receivables are considered to have low credit risk individually. At the end of the reporting year, no loss allowance is considered necessary.

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. These receivables can be graded as low risk individually and are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

21. Other assets

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
Deposits ^(a)	-	1,429	-	-
Deferred commission expenses ^(b)	1,068	-	-	-
Sub-total	1,068	1,429	-	-
<u>Current:</u>				
Prepayments	1,382	867	46	46
Deposits	2,872	3,164	16	16
Deferred commission expenses ^(b)	236	-	-	-
Sub-total	4,490	4,031	62	62
Total	5,558	5,460	62	62

^(a) The non-current deposits in previous reporting year pertain to the deposits paid for the acquisition of properties which have been completed during the reporting year.

^(b) The deferred commission expenses pertain to the commission expenses paid for securing the hire purchase arrangements. The deferred commission expenses are amortised over contract tenor.

22. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Not restricted in use</i>				
Cash on hand and in bank	15,328	11,963	251	456

NOTES TO THE FINANCIAL STATEMENTS

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22. Cash and cash equivalents (cont'd)

The interest earning balances are not significant.

A fixed and floating charge has been placed on cash and bank balances with a carrying value at \$12,613,000 (2019: \$10,286,000) as security for bank borrowings (Note 25).

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

	Group	
	2020	2019
	\$'000	\$'000
Amount as shown above	15,328	11,963
Bank overdrafts (Note 25)	(956)	(3,322)
Cash and cash equivalents for statement of cash flows purposes at end of the year	14,372	8,641

22B. Non-cash transactions:

- Included in additions to leasehold improvements (Note 13) is an amount of \$33,000 (2019: \$60,000) being provision for restoration costs capitalised (Note 28).
- Included in additions to freehold properties (Note 13) is an amount of \$14,400,000 was financed by way of mortgage loan arrangements (Note 25B), and an amount of \$1,429,000 was transferred from non-current deposits (Note 21) upon completion of acquisition of the properties.
- The additions to right-of-use assets (Note 14) relating to retail outlets with a total cost of \$10,197,000 (2019: \$7,526,000) were recognised with corresponding increase in lease liabilities (Note 26).

22C. Reconciliation of liabilities arising from financing activities:

	At beginning of year \$'000	Cash flows \$'000	Non-cash changes \$'000	At end of year \$'000
<u>2020</u>				
Lease liabilities	12,404	(8,623)	10,183	13,964
Bank loans	165,285	44,557	30 (a)	209,872
Term loans	13,372	(3,607)	14,400	24,165
Finance lease liabilities	20	(9)	2 (a)	13
Derivative financial instruments	567	-	(199) (b)	368
Total liabilities from financing activities	191,648	32,318	24,416	248,382
<u>2019</u>				
Lease liabilities	-	(9,357)	21,761	12,404
Bank loans	160,360	4,925	-	165,285
Term loans	2,900	10,472	-	13,372
Finance lease liabilities	29	(9)	-	20
Derivative financial instruments	606	-	(39) (b)	567
Total liabilities from financing activities	163,895	6,031	21,722	191,648

(a) Foreign exchange movements.

(b) Unrealised fair value gains of derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

23. Share capital

	Group and Company	
	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at beginning and end of the reporting year		
31 December 2019 and 31 December 2020	353,800	56,144

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves) less other amounts recognised in the statement of equity relating to cash flow hedges.

In order to maintain its listing on the Singapore Stock Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management monitors the capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	2020 \$'000	2019 \$'000
<u>Group:</u>		
Net debt:		
All current and non-current borrowings including lease liabilities	248,969	194,403
Less: cash and cash equivalents (Note 22)	(15,328)	(11,963)
Net debt	233,641	182,440
Capital:		
Total equity	104,159	83,530
Less: amounts accumulated in equity relating to cash flow hedges (Note 24B)	(306)	(470)
Adjusted capital	103,853	83,060
Debt-to-capital ratio	225%	219%

There are significant borrowings but these are secured by specific assets. The unfavourable change in 2020 as shown by the increase in the debt-to-capital ratio for the reporting year resulted primarily due to increased borrowings and other lease liabilities recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

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24. Other reserves

	Group	
	2020	2019
	\$'000	\$'000
Foreign currency translation reserve (Note 24A)	43	58
Hedging reserve (Note 24B)	(306)	(470)
Total at the end of the year	(263)	(412)

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

24A. Foreign currency translation reserve

	Group	
	2020	2019
	\$'000	\$'000
At beginning of the year	58	57
Exchange differences on translating foreign operations	(15)	1
At end of the year	43	58

The foreign currency translation reserve accumulates all foreign exchange differences.

24B. Hedging reserve

	Group	
	2020	2019
	\$'000	\$'000
At beginning of the year	(470)	(503)
Cash flow hedge gains from interest rate swaps	198	39
Deferred tax thereon	(34)	(6)
At end of the year	(306)	(470)

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

25. Other financial liabilities

Non-current:

Financial instruments with floating interest rates:

Bank loans (secured) (Note 25A)

Term loans (secured) (Note 25B)

Subtotal

Group		Company	
2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000
44,534	12,611	-	-
15,774	-	-	-
60,308	12,611	-	-

Current:

Financial instruments with floating interest rates:

Bank overdrafts (secured) (Note 25A)

Bank loans (secured) (Note 25A)

Term loans (secured) (Note 25B)

Derivative financial instruments (Note 29)

Subtotal

Total

956	3,322	-	-
165,338	165,285	1,500	3,000
8,391	761	-	-
174,685	169,368	1,500	3,000
368	567	-	-
175,053	169,935	1,500	3,000
235,361	182,546	1,500	3,000

The non-current portion is repayable as follows:

Due within 2 – 5 years

Over 5 years

Group	
2020	2019
\$'000	\$'000
52,601	10,496
7,707	2,115
60,308	12,611

The range of floating interest rates paid were as follows:

Bank overdrafts (secured)

Bank loans and term loans (secured)

Group		Company	
2020	2019	2020	2019
%	%	%	%
5.00 – 6.32	5.00 – 7.57	-	-
1.52 – 5.07	3.14 – 5.95	3.30 – 4.97	4.77 – 5.07

25A. Bank overdrafts and bank loans (secured)

The bank loans comprises of money market loans and revolving loans with maturities between one month to six months or any other period agreed by the banks.

Both the money market loans and revolving loans are at floating rates of interest. However, as described in Note 29, interest rate swaps have been entered into with the objective to convert some of these loans to fixed rates.

The carrying amounts approximate their fair values due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

25. Other financial liabilities (cont'd)

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

The bank agreements for the bank loans and overdrafts provide among other matters for the following:

1. Debenture incorporating a fixed and floating charge over present and future assets of certain subsidiaries;
2. Corporate guarantee from the company and certain subsidiaries;
3. Assignment of insurance policies;
4. An all monies facilities agreement of a subsidiary;
5. Subordination of advances from a subsidiary and a director of certain subsidiaries;
6. Personal guarantee granted by a non-controlling shareholder; and
7. Master and recourse block discounting agreement and assignment of hire purchase agreements.

25B. Term loans (secured)

The term loans are at floating rates of interest and will be matured between 2021 to 2040. The carrying amounts of the term loans approximate their fair values due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates. The bank agreements for the term loans provide among other matters for the following:

1. Debenture incorporating a fixed and floating charge over present and future assets of certain subsidiaries;
2. Corporate guarantee from the company;
3. Assignment of insurance policies; and
4. Mortgage over properties.

26. Lease liabilities

	Group	
	2020	2019
	\$'000	\$'000
<u>Non-current:</u>		
Finance lease liability (Note 26A)	-	10
Other lease liabilities (Note 26B)	6,531	5,908
Sub-total	6,531	5,918
<u>Current:</u>		
Finance lease liability (Note 26A)	11	10
Other lease liabilities (Note 26B)	7,434	6,496
Sub-total	7,445	6,506
Total	13,976	12,424

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26. Lease liabilities (cont'd)

26A. Finance leases

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

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Group:</u>			
<u>2020</u>			
Minimum lease payments payable:			
Due within 1 year	12	(1)	11
Total	<u>12</u>	<u>(1)</u>	<u>11</u>
Net book value of plant and equipment under finance leases			<u>11</u>
	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2019</u>			
Minimum lease payments payable:			
Due within 1 year	11	(1)	10
Due within 2 to 5 years	12	(2)	10
Total	<u>23</u>	<u>(3)</u>	<u>20</u>
Net book value of plant and equipment under finance leases			<u>23</u>

It is a policy to lease certain of its plant and equipment under finance lease. The average lease term is 2 to 7 years (2019: 2 to 7 years). The effective interest for finance lease is about 4.88% (2019: 3.87% to 7.21%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. The carrying amounts of the finance lease liabilities approximate their fair values.

26B. Other lease liabilities

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

	Group	
	2020 \$'000	2019 \$'000
Total lease liabilities at beginning of the year	12,404	14,503
Additions	10,197	7,526
Accretion of interests	488	540
Remeasurement	(57)	(60)
Disposals	-	(207)
Lease payments - principal portion paid	(8,623)	(9,357)
Lease payments - interest portion paid	(488)	(540)
Foreign exchange adjustments	44	(1)
Total lease liabilities at end of the year	<u>13,965</u>	<u>12,404</u>

NOTES TO THE FINANCIAL STATEMENTS

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26. Lease liabilities (cont'd)

26B. Other lease liabilities (cont'd)

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

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Group:</u>			
<u>2020</u>			
Due within 1 year	7,728	(294)	7,434
Due within 2 to 5 years	6,557	(146)	6,411
Due after 5 years	134	(14)	120
	<u>14,419</u>	<u>(454)</u>	<u>13,965</u>
	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>Group:</u>			
<u>2019</u>			
Due within 1 year	6,825	(329)	6,496
Due within 2 to 5 years	5,973	(212)	5,761
Due after 5 years	169	(22)	147
	<u>12,967</u>	<u>(563)</u>	<u>12,404</u>

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

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

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

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

	Group	
	2020 \$'000	2019 \$'000
Income from subleasing right-of-use assets	<u>206</u>	<u>162</u>

The fair value of lease liabilities (Level 3) is a reasonable approximation of the carrying amount. The fair value of the lease liabilities were estimated by discounting the future cash flows payable under the terms of the leases using the interest rate of 2.00% to 5.95% (2019: 2.00% to 5.95%) per annum.

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27. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Surplus payable ^(a)	1	1	-	-
Outside parties and accrued liabilities	8,292	7,808	2,108	1,616
Related parties (Note 3)	232	-	-	-
Sub-total	8,525	7,809	2,108	1,616
<u>Other payables:</u>				
Outside parties	2,135	1,030	119	27
Parent company (Note 3) ^(e)	1,000	1,700	1,000	1,700
Subsidiaries (Note 3)	-	-	17,361	13,242
Related parties (Note 3) ^{(b)(c)}	3,324	5,096	-	1,300
Directors (Note 3) ^(d)	8,490	9,868	8,490	8,390
Sub-total	14,949	17,694	26,970	24,659
Total trade and other payables	23,474	25,503	29,078	26,275

(a) This represents surplus realised at sale of unredeemed pledges by auction. They are to be settled with (i) the holders of the pawn tickets on demand within 4 months after the sale and, when no demand is made, (ii) the Accountant-General of Malaysia within 14 days after the expiration of the period of 4 months.

(b) Included in balance is an amount of \$2,795,000 (2019: \$3,777,000) owing to the non-controlling interest which is unsecured, non-interest bearing and repayable on demand.

(c) Included in balance is a loan from a related party of Nil (2019: \$1,300,000) which bears interest 4.5% (2019: 4.5%) per annum and is repayable on demand.

(d) Advances from directors are interest bearing at 4.5% (2019: 4.5%) per annum and are repayable on demand.

(e) Included in balance is a loan from parent company of \$1,000,000 (2019: \$900,000) which bears interest 4.5% (2019: 4.5%) per annum and is repayable on demand.

28. Other liabilities

	Group	
	2020	2019
	\$'000	\$'000
Deposits received	1,591	749
Provision for restoration costs ^(a)	1,130	1,111
Other liabilities	2	1
Total	2,723	1,861
Movements in above provision:		
At beginning of the year	1,111	1,119
Additions	33	51
Utilisation	(14)	(58)
Foreign exchange adjustments	-	(1)
At end of the year	1,130	1,111

(a) The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors. The unexpired lease terms range from 1 to 9 years. The unwinding of discount is not significant.

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29. Derivative financial instruments

	Group	
	2020	2019
	\$'000	\$'000
<i>Liabilities - Contracts with negative fair values:</i>		
<u>Derivatives designated as hedging instruments:</u>		
Cash flow hedges - Interest rate swaps	368	567

The notional amount of the interest rate swaps was \$20,000,000 (2019: \$40,000,000). They are designed to convert floating rate borrowings at 1.85% to 3.39% per annum (2019: 3.13% to 3.82%) to fixed rate exposure for the next two to three years at 4.09% per annum (2019: 4.03% to 4.13%). Information on the maturities of the loans is provided in Note 25.

The gross amount of all notional values for contracts that have not yet been settled or cancelled, is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

The interest rate swaps are not traded in an active market. As a result, their fair values are based on valuation model provided by financial institutions using market observable inputs (Level 3).

30. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements relates to the conditional share purchase agreement, joint venture and shareholders agreement and addendum joint venture and shareholders agreement with the non-controlling shareholder of the group's Malaysian subsidiaries dated 20 June 2014, 15 August 2014 and 24 January 2019 respectively. A remaining RM6.17 million (approximately \$2.03 million) will be payable for the transfer by this non-controlling shareholder of 22 new companies.

31. Operating lease income commitments - as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases are not significant.

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not later than one year	212	172	-	2
Later than one year and not later than five years	-	125	-	-
Rental income for the year	439	372	50	70

Operating lease income commitments are for sub-lease rental receivables from outside parties and a subsidiary for the retail outlet premises and office premise respectively. The lease rental terms range from one to five years and are not subject to an escalation clause.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

32. Financial instruments: information on financial risks

32A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Financial assets:</u>				
Financial assets at amortised costs	291,552	245,305	30,436	27,285
Financial assets at fair value through profit or loss	6,500	5,471	5,471	5,471
	<u>298,052</u>	<u>250,776</u>	<u>35,907</u>	<u>32,756</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised costs	272,443	219,906	30,578	29,275
Financial liabilities at fair value through other comprehensive income	368	567	-	-
	<u>272,811</u>	<u>220,473</u>	<u>30,578</u>	<u>29,275</u>

Further quantitative disclosures are included throughout these financial statements.

32B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief executive officer who monitors the procedures reports to the board.

32C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

32D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 months ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables.

For credit risk on trade receivables and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents as disclosed in Note 22 are amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

32E. Liquidity risk - financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2019: 60 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group:	Less than 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000	Total \$'000
<u>Non-derivative financial liabilities:</u>				
<u>2020</u>				
Gross borrowing commitments	177,579	55,784	13,962	247,325
Gross lease liabilities	7,728	6,557	134	14,419
Gross finance lease liabilities	12	-	-	12
Trade and other payables	23,474	-	-	23,474
At end of the year	<u>208,793</u>	<u>62,341</u>	<u>14,096</u>	<u>285,230</u>
<u>2019</u>				
Gross borrowing commitments	170,113	11,391	2,172	183,676
Gross lease liabilities	6,825	5,973	169	12,967
Gross finance lease liabilities	11	12	-	23
Trade and other payables	25,503	-	-	25,503
At end of the year	<u>202,452</u>	<u>17,376</u>	<u>2,341</u>	<u>222,169</u>
<u>Company:</u>				
<u>Non-derivative financial liabilities:</u>				
<u>Less than 1 year</u>				
Gross borrowing commitments			1,574	3,025
Trade and other payables			29,078	26,275
At end of the year			<u>30,652</u>	<u>29,300</u>
			2020	2019
			\$'000	\$'000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

32E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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

	Within one Year \$'000
Group: Non-derivative financial liabilities: 2020 Net settled: Interest rate swaps	368
Group: Non-derivative financial liabilities: 2019 Net settled: Interest rate swaps	1 - 3 Years \$'000 567

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

32F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2020 \$'000	2019 \$'000
Financial liabilities with interest:		
Fixed rate	13,976	15,746
Floating rate	234,993	178,657
Total at end of the year	248,969	194,403

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in Note 25. When considered appropriate, in order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk relating to fixed-interest assets or liabilities and the cash flow risk related to variable interest rate assets and liabilities.

Sensitivity analysis:

	Group	
	2020 \$'000	2019 \$'000
Financial liabilities with floating rate:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have a change in pre-tax profit for the year by	2,350	1,787

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair values. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

32G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The group and the company is not exposed to significant foreign currency risk.

33. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS(I) 3	Definition of a Business - Amendments
SFRS(I) 1-1 and 1-8	Definition of Material - Amendments to

34. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	<i>Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 3	Definition of a Business - Reference to the Conceptual Framework - Amendments to	1 January 2022
SFRS(I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to	1 January 2022
SFRS(I) 1-37	Onerous Contracts - Costs of Fulfilling a Contract - Amendments to	1 January 2022
SFRS(I) 16	Covid-19-Related Rent Concessions - Amendments to	1 June 2020

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries

The listing of and information on the subsidiaries are given below.

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Cost in books of company		Effective percentage of equity held	
	2020 \$'000	2019 \$'000	2020 %	2019 %
<u>Held by the company:</u>				
MoneyMax Pawnshop Pte. Ltd. ^(a) Singapore Pawn brokerage	18,014	18,014	100	100
MoneyMax Group Pte. Ltd. ^(a) Singapore Pawn brokerage	18,477	18,477	100	100
MoneyMax Pte. Ltd. ^(a) Singapore Pawn brokerage	11,618	11,618	100	100
MoneyMax Express Pte. Ltd. ^(a) Singapore Pawn brokerage	6,725	6,725	100	100
MoneyMax Jewellery Pte. Ltd. ^(a) Singapore Retail of luxury items	2,542	2,542	100	100
MoneyMax Credit Pte. Ltd. ^(a) Singapore Dormant	29	29	100	100
MoneyMax Holdings Pte. Ltd. ^(a) Singapore Investment holding	+	+	100	100
MoneyMax Leasing Pte. Ltd. ^(b) Singapore Finance leasing (Verity Partners)	1,500	500	100	100
MoneyMax Assurance Pte. Ltd. ^(b) Singapore Insurance agency services (Verity Partners)	25	25	100	100
MoneyMax Capital Pte. Ltd. ^(b) Singapore Dormant (Verity Partners)	+	+	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Cost in books of company		Effective percentage of equity held	
	2020 \$'000	2019 \$'000	2020 %	2019 %
<u>Held by the company: (cont'd)</u>				
MoneyMax Pawnshop Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia)	+	+	100	100
MoneyMax Jewellery Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia)	+	+	100	100
Cash Online Sdn. Bhd. ^(c) Malaysia Dormant	+	+	100	100
Lady Paris Sdn. Bhd. ^(b) Malaysia Dormant (FS Wong & Co., Malaysia)	+	+	100	100
<u>Held by MoneyMax Holdings Pte. Ltd.</u>				
SG e-Auction Pte. Ltd. ^{(a) (d)} Singapore Online auction platform			51	51
<u>Held by Cash Online Sdn. Bhd.</u>				
Easimine Group Sdn. Bhd. ^(c) Malaysia Investment holding			51	51
Yong Mei Group Sdn. Bhd. ^(c) Malaysia Investment holding			51	51
Guan Sang Group Sdn. Bhd. ^(c) Malaysia Investment holding			51	51

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Effective percentage of equity held	
	2020 %	2019 %
<u>Held by Easimine Group Sdn. Bhd.</u>		
Easigram Group Sdn. Bhd. ^(c) Malaysia Investment holding	51	51
Easigold Group Sdn. Bhd. ^(c) Malaysia Investment holding	51	51
<u>Held by Easigram Group Sdn. Bhd.</u>		
MS 1 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
MS 2 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
MS 3 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
MS 4 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
MS 5 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
MS 10 Infinite Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Easigram (Pandan) Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Easigram (Batu Pahat) Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Effective percentage of equity held	
	2020 %	2019 %
<u>Held by Easigold Group Sdn. Bhd.</u>		
Pajak Gadai Pure Merit Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Aeon Fountain Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Kedai Pajak Heng Soon Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Poh Heng Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai T&M Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Money Mine Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Malim Maju Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Semabok Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
<u>Held by Yong Mei Group Sdn. Bhd.</u>		
Pajak Gadai Pagoh Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		
Pajak Gadai Hen Teck Sdn. Bhd. ^(c)	51	51
Malaysia		
Pawn brokerage		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Effective percentage of equity held	
	2020 %	2019 %
<u>Held by Yong Mei Group Sdn. Bhd. (cont'd)</u>		
Pajak Gadai Pasir Gudang Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Rengit Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Simpang Renggam Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Senai Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Masai Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Kulai Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Bukit Gambir Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
<u>Held by Guan Sang Group Sdn. Bhd.</u>		
Pajak Gadai Bukit Mertajam Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Poh San Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia)	51	51
Pajak Gadai Poh Guan Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia)	51	51

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (independent auditors)	Effective percentage of equity held	
	2020 %	2019 %
<u>Held by Guan Sang Group Sdn. Bhd. (cont'd)</u>		
Pajak Gadai Poh Fook Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia)	51	51
Pajak Gadai Poh Mei Sdn. Bhd. ^(b) Malaysia Pawn brokerage (FS Wong & Co., Malaysia)	51	51
Pajak Gadai Sungai Petani Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51
Pajak Gadai Butterworth Sdn. Bhd. ^(c) Malaysia Pawn brokerage	51	51

+ Amount less than \$1,000.

^(a) Audited by RSM Chio Lim LLP in Singapore, a member firm of RSM International.

^(b) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

^(c) Audited by RSM Malaysia, a member firm of RSM International.

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

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2021

Number of shares issued	:	353,800,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	1	0.10	87	0.00
100 – 1,000	138	13.19	127,600	0.03
1,001 – 10,000	488	46.65	2,345,000	0.66
10,001 – 1,000,000	409	39.10	33,351,920	9.43
1,000,001 and above	10	0.96	317,975,393	89.87
Total	1,046	100.00	353,800,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 17 March 2021, approximately 12.21% of the total issued shares in the Company was held in the hands of the public as defined in the Catalyst Rules. Accordingly, Rule 723 of the Catalyst Rules has been complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Money Farm Pte Ltd	220,454,300	62.31
2	Lim Yong Guan	44,370,000	12.54
3	Lim Yong Sheng	38,280,000	10.82
4	Lim Liang Eng	4,350,000	1.23
5	CGS-CIMB Securities (Singapore) Pte Ltd	3,259,293	0.92
6	DBS Nominees Pte Ltd	2,080,300	0.59
7	Lim Liang Cheng	1,571,400	0.44
8	Tan Yang Hong	1,500,000	0.42
9	Lew Tuan Tat	1,089,100	0.31
10	Tan Yong Jin	1,021,000	0.29
11	Kok Sip Chon	968,400	0.27
12	Lee Mee Ing	956,500	0.27
13	Poh Boon Kher Melvin (Fu Wenke Melvin)	932,000	0.26
14	Maybank Kim Eng Securities Pte. Ltd	887,800	0.25
15	Toh Ong Tiam	746,700	0.21
16	Philip Securities Pte Ltd	664,800	0.19
17	Ng Siew Hwa	640,100	0.18
18	Tuah Pei Koon	626,900	0.18
19	Singapore Nominees Pte Ltd	600,000	0.17
20	OCBC Securities Private Ltd	512,500	0.15
	Total	325,511,093	92.00

STATISTICS OF SHAREHOLDINGS

As at 17 March 2021

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders

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

Notes:

- (1) Money Farm Pte Ltd is an investment holding company. All of the equity interest in Money Farm Pte Ltd is collectively held by Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.
- (2) Lim Yong Guan is deemed interested in the 1,500,000 shares held by his spouse, Tan Yang Hong by virtue of Section 164 (15) of the Companies Act, Chapter 50 of Singapore.
- (3) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are siblings.
- (4) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng and their associates are entitled to exercise all the votes attached to the voting shares in Money Farm Pte. Ltd. As such, pursuant to Section 4 of the Securities and Futures Act (Chapter 289), each of them is deemed to be interested in the shares which Money Farm Pte. Ltd. holds in MoneyMax Financial Services Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**" or the "**Meeting**") of MoneyMax Financial Services Ltd. ("**Company**") will be held by way of electronic means on Tuesday, 27 April 2021 at 10.00 a.m. (Singapore time) to transact the following business:

ORDINARY BUSINESS

- | | | |
|----|--|--------------|
| 1. | To receive and consider the directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2020 (" FY2020 ") together with the independent auditors' report thereon. | Resolution 1 |
| 2. | To declare a final one-tier tax exempt dividend of 1.18 Singapore cents per ordinary share (" Share ") for FY2020. | Resolution 2 |
| 3. | To re-elect Dato' Sri Dr. Lim Yong Guan, who is retiring pursuant to Article 89 of the constitution of the Company (" Constitution "), as a director of the Company (" Director "). | Resolution 3 |
| 4. | To re-elect Mr. Khua Kian Kheng Ivan, who is retiring pursuant to Article 89 of the Constitution, as a Director. | Resolution 4 |

Mr. Khua Kian Kheng Ivan will, upon re-election as a Director, remain as the Chairman of the Nominating Committee of the Company, and as a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Khua Kian Kheng Ivan will be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

The information of the above-mentioned Directors as required under Rule 720(5) of the Catalist Rules can be found under the section entitled "Corporate Governance Report" in the Company's annual report for FY2020.

- | | | |
|----|--|--------------|
| 5. | To approve the Directors' fees of S\$185,000 for the financial year ending 31 December 2021, payable quarterly in arrears. | Resolution 5 |
| 6. | To re-appoint Messrs RSM Chio Lim LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

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

- | | | |
|----|--|--------------|
| 7. | Authority to allot and issue Shares | Resolution 7 |
|----|--|--------------|

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to allot and issue Shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) 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 provided that:

- (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a *pro rata* basis to existing shareholders of the Company ("**Shareholders**") does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

NOTICE OF ANNUAL GENERAL MEETING

- (ii) (subject to such manner of calculations 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 (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities outstanding or subsisting at the time of the passing of this Resolution approving the mandate;
 - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution approving the mandate, provided that such options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or sub-division of Shares; and
- (iii) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall 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 the earlier.

[See Explanatory Note (i)]

8. Authority to allot and issue Shares under the MoneyMax Performance Share Plan

Resolution 8

That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to:

- (i) offer and grant awards in accordance with the provisions of the MoneyMax Performance Share Plan ("Plan"); and
- (ii) allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time;

and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

9. To transact any other business which may be properly transacted at an AGM.

Explanatory Notes:

- (i) The proposed Resolution 7, if passed, will empower the Directors from the date of the AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under Resolution 7 shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of Resolution 7. For allotment and issuance of Shares and convertible securities other than on a pro rata basis to all Shareholders, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of Resolution 7.
- (ii) The proposed Resolution 8, if passed, will empower the Directors to offer and grant awards and to issue and allot shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan is limited to 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to Shareholders' approval for the proposed final one-tier tax exempt dividend of 1.18 Singapore cents per Share for FY2020 ("**Proposed Final Dividend**") at the forthcoming AGM to be held on 27 April 2021, the Share Transfer Books and Register of Members of the Company will be closed on 17 May 2021 for the purpose of determining members' entitlements to the Proposed Final Dividend.

Duly completed registrable transfers in respect of the Shares received up to the close of business at 5.00 p.m. on 17 May 2021 by the Company's Share Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 17 May 2021 will be entitled to the Proposed Final Dividend.

Subject to the approval of Shareholders at the forthcoming AGM, payment of the Proposed Final Dividend will be made on or about 25 May 2021.

By Order of the Board

GOH HOI LAI
Company Secretary

Date: 5 April 2021

Notes:

- a) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- b) This notice of AGM ("**Notice**"), the Company's annual report for FY2020 and the proxy form may be accessed at the Company's website at <https://moneymax.com.sg/investors-home/> and the SGX-ST's website at <http://www.sgx.com/securities/company-announcements>.
- c) Due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by:
 - (i) observing and/or listening to the AGM proceeding via "live" audio-visual webcast;
 - (ii) submit questions in advance of the AGM; and/or
 - (iii) appointing the Chairman of the Meeting as proxy to attend, to speak and to vote on their behalf at the AGM.

Please refer to the Company's announcement dated 5 April 2021 for the details of the steps for pre-registration, pre-submission of questions and voting at the AGM (the "**Announcement**").

NOTICE OF ANNUAL GENERAL MEETING

d) Members who hold Shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap 50 of Singapore), including SRS investors, and who wish to participate in the AGM by:

- (i) observing and/or listening to the AGM proceedings via “live” audio-visual webcast;
- (ii) submitting questions in advance of the AGM; and/or
- (iii) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM,

should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Approved Bank) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS operators to submit their voting instructions not less than seven (7) working days before the date of the AGM (i.e. by 10.00 a.m. on 15 April 2021).

e) A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must first download, complete and sign the proxy form, before scanning and sending it by email to main@zicoholdings.com or deposit the proxy form at the Company's Share Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding the AGM (i.e. by 10.00 a.m. on 25 April 2021).

Members are strongly encouraged to submit completed proxy forms electronically via email to main@zicoholdings.com to ensure that they are received by the Company by the stipulated deadline.

Shareholders should refer to the Announcement for further details on the appointment of the Chairman of the Meeting as proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM 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 (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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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MONEYMAX FINANCIAL SERVICES LTD.**PROXY FORM**

Company Registration No.: 200819689Z
(Incorporated in the Republic of Singapore)

Important:

- Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the annual general meeting of the Company ("AGM" or the "Meeting") are set out in the Company's announcement dated 5 April 2021 ("Announcement") which, together with the Notice of AGM dated 5 April 2021 have been uploaded on the SGX-ST's website on the same day. The Announcement and the Notice of AGM can also be accessed at the Company's website at <https://moneymax.com.sg/investors-home/>.
- Due to the current COVID-19 situation and the related safe distancing measure in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
- By submitting an instrument appointing a proxy(ies) and / or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this proxy form.

*I/We _____ (Name), *NRIC/ Passport No./ Company Registration No _____

of _____ (Address)

being a *member/members of Moneymax Financial Services Ltd. (the "**Company**") hereby appoint the Chairman of the Meeting as *my/our proxy, to attend, speak and vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on Tuesday, 27 April 2021 at 10.00 a.m. (Singapore time) and at any adjournment thereof.

*I/We direct the Chairman of the Meeting to vote for, against and/or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	ORDINARY RESOLUTIONS	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾	Number of Votes to Abstain ⁽¹⁾
1	To receive and consider the directors' statement and audited financial statements for the financial year ended 31 December 2020 ("FY2020")			
2	To approve payment of a final one-tier tax exempt dividend of 1.18 Singapore cents per ordinary share (" Share ") for FY2020			
3	To re-elect Dato' Sri Dr. Lim Yong Guan as a director of the Company (" Director ")			
4	To re-elect Mr. Khua Kian Kheng Ivan as a Director			
5	To approve Directors' fees of S\$185,000 for the financial year ending 31 December 2021, payable quarterly in arrears			
6	To re-appoint Messrs RSM Chio Lim LLP as the independent auditors of the Company			
7	To authorise the Directors to allot and issue Shares			
8	To authorise the Directors to grant awards and to allot and issue Shares in accordance with the provisions of the MoneyMax Performance Share Plan			

* delete where inapplicable

- (1) Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or to abstain from voting on the resolution in respect of all your votes, please tick "✓" in the relevant box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" in each resolution. In the absence of specific directions in respect of a resolution, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature (s) of Member(s)
or, Common Seal of Corporate Member(s)



NOTES :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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 of Shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's website at <https://moneymax.com.sg/investors-home/> and will also be made available on the SGX-ST's website at <http://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. A member of the Company who holds his Shares through a Relevant Intermediary* (including SRS investors) and who wishes to exercise his votes by appointing the Chairman of the Meeting as proxy should approach his Relevant Intermediary (including SRS Approved Bank) to submit his voting instructions not less than seven (7) working days before the date of the AGM (i.e. by 10.00 a.m. on 15 April 2021).

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
 5. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must first download, complete and sign the proxy form, before scanning and sending it by email to main@zicoholdings.com or submitting it by post to Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the AGM (i.e. by 10.00 a.m. on 25 April 2021).

In view of the current COVID-19 situation and the related safe distancing measures in Singapore, it may be difficult for members to submit completed proxy forms by post and for the Company to process completed proxy forms which are submitted by post. There may also be delays in the delivery of completed proxy forms which are submitted by post. Members are therefore strongly encouraged to submit completed proxy forms electronically via email to main@zicoholdings.com to ensure that they are received by the Company by the stipulated deadline.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as 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. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
7. Any alteration made in this instrument appointing the Chairman of the Meeting as proxy, must be initialed by the person who signs it.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2021.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachments). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



MONEYMAX FINANCIAL SERVICES LTD.

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

7 Changi Business Park Vista, #01-01 SOOKEE HQ, Singapore 486042

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