MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

RESPONSES TO QUERIES FROM SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022

The board of directors (the "**Board**") of Maxi-Cash Financial Services Corporation Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries raised by shareholders of the Company in relation to the Company's Annual General Meeting to be held on 29 April 2022 at 10.00 a.m.

The Company wishes to provide the following information in response to such queries:

Question 1

What safeguards do Maxi-Cash have in place to prevent Hin Leong type of incident from similarly happening at the Group? Does the Audit Committee regularly review whether anyone speculates on gold or other precious metal contracts?

Company's response to Query 1:

The Group does not speculate in any precious metals. As mentioned on page 27 of the Corporate Governance Report, the Audit Committee reviews at least annually the Group's risk management and internal control systems.

Question 2(A)

Please refer to below "Price Ratios" table of Maxi-Cash at time of IPO and time of private placement during FY2021:

Price Ratios	Invitation Price of S$0.30/share, Invitation Statistics, Page 46, Maxi-Cash IPO Prospectus dated 12 Jun 2012	Private placement of S$0.162/share, page 98 of 2021 Annual Report	Improved/ Worsened
Price per Share	S$0.30	S$0.162	Worsened by -46.0%
Price to NAV Ratio	1.478 times	S$0.162 / S$0.1401 = 1.156 times	Worsened by -21.8%
Price Earnings Ratio	25.0 times	S$0.162 / S$0.0139 = 11.7 times	Worsened by -53.4%

In other words, it is either Maxi-Cash IPO has been over-priced (in terms of its price ratios) by Directors at time of IPO, or Maxi-Cash's latest private placement price has been under-priced by Directors at time of private placement. If it is that current share price has been undervalued compared to time of its IPO, can the Directors consider using share buyback mandate to do more shares buyback?

Company's response to Query 2(A):

In the Group's announcement dated 6 December 2021, it had included information on the share placement including the price, rationale, the use of proceeds and the proforma financial effect.

The directors of the company may buy back its shares in accordance with its Share Purchase Mandate, taking into consideration the working capital requirements, financial position, gearing, dividend and growth requirements of the Group.

Question 2(B)

If it is that current operational performance has been lacklustre compared to time of its IPO, are there any suggestions from the Directors who have been with the Company since IPO (i.e. Wee Seng, Lee Hwee, Lee Meng, Keh Yan, Sai Sing) how the Company's operational performance can be improved to the point the key price ratios can be brought back to its IPO level (e.g. P/B of 1.478 times, P/E of 25.0 times)?

Company's response to Query 2(B):

*Please refer to the message from the Non-Executive Chairman and Chief Executive Officer in the Group's annual report 2021 ("**AR 2021**") for details of our operational performance.*

Question 3

Please refer to page 104 of the Annual Report about "Dividends". As a % of earnings per share, the Group's dividend payout ratio has been about 92.0% for FY2020 and about 90.0% for FY2021. To maintain shareholders' confidence, can the Board maintain the dividend payout ratio of at least 90%? Cut in dividend payout ratio will create selling pressure on the share price.

Company's response to Query 3:

The Group's dividend payout takes into consideration various factors such as our financial performance, growth plans and prevailing market conditions.

Question 4

From the Maxi-Cash outlets in Singapore that I have visited, for the "Retail and trading of jewellery and branded merchandise", it seems that Maxi-Cash outlets have increasing proportion of brand new jewellery (and decreasing proportion of pre-owned ones). In other words, it is increasingly becoming like the outlets of parent company Aspial's Lee Hwa and Goldheart. May I ask the Board and Management how to avoid cannibalisation of sales by Aspial's Lee Hwa and Goldheart outlets?

Company's response to Query 4:

The Group's retailing and trading revenue source is diversified which includes the retailing and trading of both new and pre-owned jewellery and other branded merchandise such as branded watches and bags. We do not compete directly with other retailers which sell only new jewellery (e.g. Lee Hwa and Goldheart).

Question 5

Can the Board and Management share whether the Group had considered expanding into the Buy-Now-Pay-Later (BNPL) business, especially for its "Retail and trading of jewellery and branded merchandise" segment?

Company's response to Query 5:

The Group currently does not have any plans to enter the Buy-Now-Pay-Later business.

<u>Question 6</u>

Please refer to page 73 of the Annual Report about "Revenue". For Moneylending segment, "Interest income and distribution income from secured lending" has declined by as much as 27.8% from \$2.883m in 2020 to \$2.082m in 2021. And as shared on page 5 and page 110 of the Annual Report, it was because "more of our loans from the secured lending business matured in FY2021" and where "At the end of the financial year, 100% (2020: 100%) of the Group's trade receivables in the money lending business segment were due from 3 entities (2020: 3 entities)". Can the Board and Management provide more colour what kind of growth plans do the Group have "to seek out more business opportunities"?

<u>Company's response to Query 6:</u>

As stated on page 5 of AR 2021, the decline in revenue for the Group's secured lending business was due to maturity of loans in FY2021.

The Group will explore more business opportunities in FY2022 to grow its secured lending business through our existing leads as well as other growth opportunities in Singapore and overseas.

<u>Question 7</u>

Can the Board and Management share whether the Group had considered expanding into the unsecured moneylending business?

<u>Company's response to Query 7:</u>

The Group currently has no plans to expand into the unsecured money lending business.

<u>Question 8</u>

Please refer to page 104 of the Annual Report about "Geographical segments". For Hong Kong segment, how did the Group manage to grow its revenue by as much as 91.1% from \$2.734m in 2020 to \$5.224m, such that it became the largest overseas segment?

<u>Company's response to Query 8:</u>

The Group had started operations in Hong Kong in December 2019. The low base in FY2020, together with further business expansion in FY2021, resulted in the significant growth in revenue.

<u>Question 9</u>

Please refer to page 104 of the Annual Report about "Geographical segments". For Australia segment, how did the Group manage to grow its revenue by 41.5% from \$2.828m in 2020 to \$4.002m, such that it became the second largest overseas segment? On page 18 of the Annual Report, it was also noted that it was the first time in 2021 that the Group has AUD-denominated trade and other receivables of \$9.810m.

<u>Company's response to Query 9:</u>

For the Australia segment, the retail business had grown significantly in FY2021 from the low base in FY2020 as we adjusted and adapted to the local environment and its COVID restrictions.

On page 90 (Note 18) of the Annual Report, the trade and other receivables denominated in Australian dollars relates to secured lending business.

Question 10

Please refer to page 93/94 of the Annual Report about "Interest-bearing loans" and "Term notes". The effective interest rates for the interest-bearing loans are:

	2022	2021	2020	Change from 2020 to 2021
Short-term bank borrowings		1.91%	2.36%	0.45%
Term loans		2.27%	2.68%	0.41%
Term notes	6.05%	6.35%	6.35%	0.30%

The latest effective interest rate for Term notes (i.e. 6.05% p.a.) is 2.67times that of Term loans and 3.16 times that of Short-term bank borrowings. It can even be higher than some "Secured lending receivables" which "are interest bearing at rates ranging between 6% to 16% (2020: 15%) per annum".

Term notes made up about 11.9% of "Total loans and borrowings". How do the Board and Management balance the proportion usage of Term notes and the high interest rate it commands?

Company's response to Query 10:

The term notes are used in the general course of business across the different business segments. The Group optimises the utilization of these different facilities, taking into consideration, inter alia, the cost, tenure, type and diversity of facilities, to improve long-term shareholder value.

By Order of the Board

Lim Swee Ann
Company Secretary

22 April 2022

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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