ANNUAL REPORT 2019

Maxi-Cash 大興當

MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

SPONSOR

SAC Capital Private Limited
1 Robinson Road #21-00
AIA Tower
Singapore 048542

AUDITOR

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

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

PRINCIPAL BANKERS

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

This annual report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This annual report 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 annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr Ong Hwee Li, SAC Capital Private Limited, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

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MESSAGE FROM NON-EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS

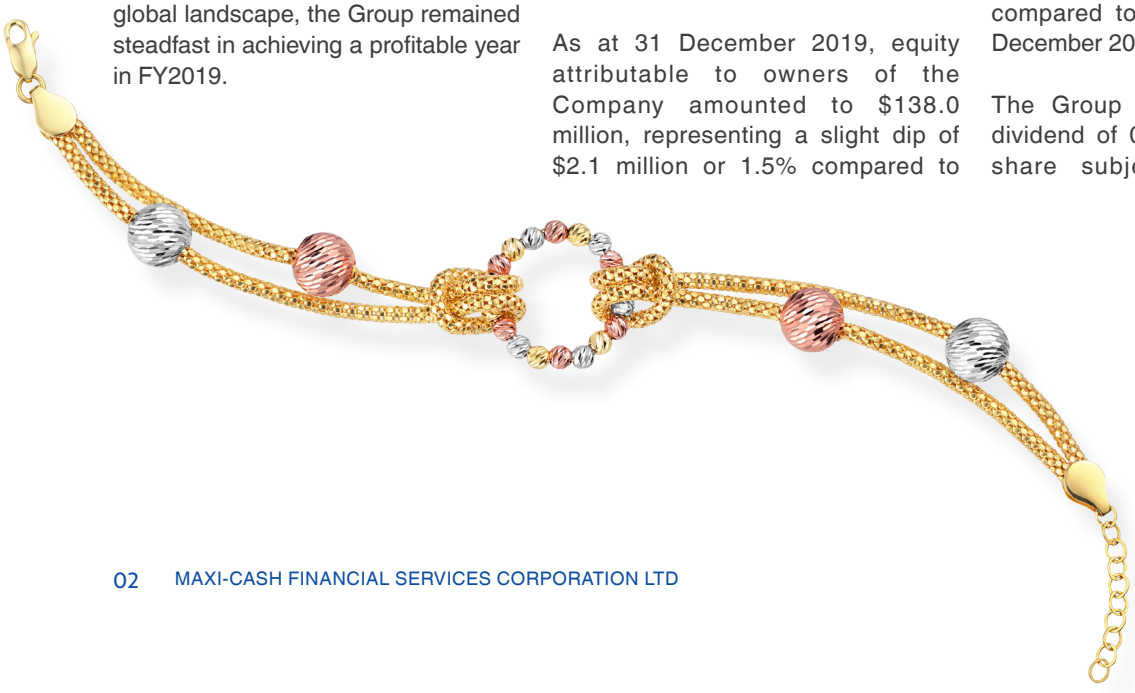
On behalf of the Board, we would like to present to you Maxi-Cash Financial Services Corporation Ltd's (the "Company" and together with its subsidiaries, the "Group", "Maxi-Cash") annual report for the financial year ended 31 December 2019 ("FY2019").

Notwithstanding the dampened economic growth and activity in the global landscape, the Group remained steadfast in achieving a profitable year in FY2019.

For the FY2019, Maxi-Cash posted a total revenue of $218.5 million, 7.3% higher than $203.7 million in the previous financial year ended 31 December 2018 ("FY2018"). The increase was primarily attributed to the higher revenue obtained from the pawnbroking business and the retail and trading of LuxeSTYLE branded merchandise, pre-owned and new jewellery. It was partially offset by the decrease in revenue from the secured lending business.

As at 31 December 2019, equity attributable to owners of the Company amounted to $138.0 million, representing a slight dip of $2.1 million or 1.5% compared to $140.1million as at 31 December 2018. The decrease was largely due to dividend declared in FY2019 and the reduction in other reserves as a result of the acquisition of a subsidiary. Earnings per share of the Group in FY2019 grew to 1.43 cents, an increase of 38.8% from 1.03 cents in FY2018, mainly due to the increase in profit for the year attributable to the owners of the Company. Net asset value per ordinary share stood at 13.33 cents as at 31 December 2019 compared to 13.54 cents as at 31 December 2018.

The Group has proposed a final dividend of 0.35 cents per ordinary share subject to shareholders'



approval at the forthcoming annual general meeting of the Company. Combined with the interim dividend of 1.00 cents per ordinary share the Group paid, the total dividend declared in FY2019 would amount to 1.35 cents per ordinary share.

MAINTAINING MOMENTUM IN 2020

Our goal coming into the current financial year is the improvement of our business operations, as well as tap on opportunities to penetrate into networks with high market potential.

To this end, we have expanded regionally in FY2019 and will continue to explore opportunities to strengthen our regional presence in FY2020.

One of the subsidiaries of the Group, Maxi-Cash Property Pte. Ltd., had completed the purchase of four properties in Singapore. The acquisition will enable the Group to own the properties on which it carried out its businesses and will not be subject to the periodic renewal of leases that could affect the operation and costs.

The ongoing global trade tensions, namely the China-US trade war, in tandem with the recent novel coronavirus ("COVID-19") pandemic will translate to a negative impact in the form of a general reduction of growth rates of Singapore and the countries we operate in. With continued rising operating costs, volatile gold prices and stiff competition, operating conditions for the upcoming financial year will remain challenging. To mitigate the effects of these, we will launch new products and services and enhance our network of stores to reach a wider group of customers. We also continue to improve our efficiencies in the delivery of our products and services through the continuous strengthening of our training and operating systems.

COMMUNITY ENGAGEMENT

Through our continuous programmes and campaigns, Maxi-Cash maintains a strong relationship with the communities within our network. We endeavour to address the needs of the local society, particularly to support the less privileged. Our commitment to promote social goodwill and responsibility is instilled within the Group, with our employees actively involved in the Group's social activities through the years.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to express our gratitude to our shareholders, business partners, associates, and customers for their unwavering support in the Group. To our directors, the management and staff, we thank them for their commitment and contributions that empower and build upon our foundations of growth. We will continue to enhance our value and promote profitability in the long-term.

KOH WEE SENG
Non-Executive Chairman

NG LEOK CHENG
Chief Executive Officer

BUSINESS REVIEW

PAWNBROKING BUSINESS

Revenue of the Group's pawnbroking business for the FY2019 saw an increase from $41.1 million in FY2018 to $43.2 million in the year in review. Profit after tax also increased from $8.4 million in FY2018 to $9.1 million in FY2019.

Maxi-Cash has firmly established itself as a reputable pawnbroker with 47 stores in the region. The overseas expansion into the region will further boost our reputation and position in the market.

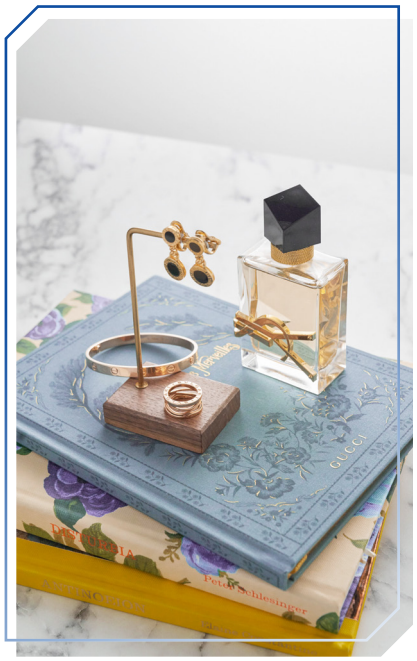
The Group is committed in placing our customers first and providing maximum convenience to them with our "bank-like" pawning experience. We will continue to steer the expansion of our business operations and strengthen our "Maxi-Cash" brand name to maintain our brand leadership in Singapore as well as to gain foothold overseas.

RETAIL AND TRADING OF JEWELLERY AND BRANDED MERCHANDISE

Revenue for the Group's retail and trading of pre-loved jewellery, watches, branded bags, and brand new jewellery segment for FY2019 was $167.3 million compared to the previous financial year which was $153.6 million. Profit after tax rose correspondingly, from $1.9 million attained in FY2018 to $3.6 million in FY2019.

We also welcomed the Citigems brand into our stores, recognizing that it is crucial to revamp our retail touchpoints in order to keep existing as well as attract new customers. From the 'walk-in' Bag Galleria to dedicated Timepiece counters, it fully encapsulates the concept of a 'Retail Gallery', creating a vibrant and comfortable shopping experience.

In June 2019, the Group had also opened its first retail store in Australia, in the heart of Melbourne Central Business District, offering Australians a trusted and established retailer to shop at for genuinely high value jewellery. Maxi-Cash hosted a private VIP preview for exclusive guests to view the new store where they got a chance to witness the Winter Collection – 24K gold crafted in textured abstract ovals epitomising the subtle elegance of the precious metal. Guests were also given shopping credits to experience the new retail concept first hand and brought home exclusive memorabilia.



RETAIL AND TRADING OF JEWELLERY AND BRANDED MERCHANDISE (continued)

To further showcase the jewellery and pre-loved branded merchandise, LuxeSTYLE by Maxi-Cash featured a large range of timepieces, fine jewellery and bags around the world in Singapore's largest pre-loved luxury festival, "Treasures of Time", held in August 2019, which catered the growing pre-loved market for luxury timepieces. New and seasoned watch collectors were treated to a galore of limited edition, rare, and highly sought-after watch models made available for sale or auction at the 3-day festival.

MONEY LENDING

The Group's money lending business segment saw a reduction in the current year in review, registering $7.9 million in FY2019 as compared to the $8.9 million recorded in FY2018. Nevertheless, this business segment provides the Group with a diversified revenue stream and is part of the Group's efforts to further expand its avenues in new businesses that are complementary to our field of expertise.

BOARD OF DIRECTORS

KOH WEE SENG

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

NG LEOK CHENG

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

KOH LEE HWEE

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

KO LEE MENG

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

TAN KEH YAN, PETER

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

LEE SAI SING

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

GOH BEE LEONG

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

TAN SOO KIANG

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

KEY MANAGEMENT

YEO YEN PHING

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

CHUA WEE KIONG

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

ENG SEOK CHENG MAGDALENE

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

PHUA HUE TIAN

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

NG ENG CHYUAN

is our Group's Assistant Director for Singapore Operations. He is responsible for the Sales and Operations of retail and pawnbroking business. Prior to joining our Group in 2017, Mr Ng was the Chief Operating Officer of a restaurant group listed on the SGX-ST. He has over 20 years of experience in sales and operations, personnel and training, kitchen and hygiene as well as beverage and bar management in the food and beverage industry. Mr Ng holds a Double Diploma in Enterprise Development by International Professional Managers Association, United Kingdom and from Australian Institute of Business (formerly known as Entrepreneurship Institute Australia), with a Master of Business Administration.

CORPORATE SOCIAL RESPONSIBILITY

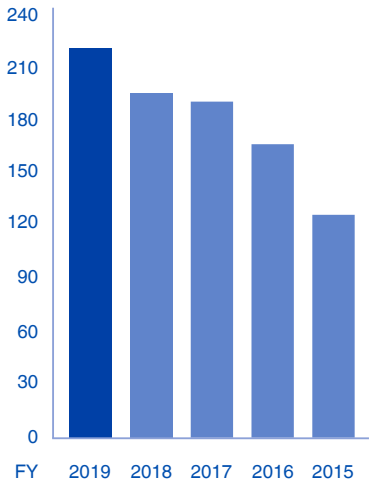
Maxi-Cash has been championing events and charitable programmes through the years, focusing our efforts on meaningful and worthy causes. We believe in giving back to the society, helping and empowering the community so that together, we can make a difference in the lives of others and bring about positive change in the community.

We seek to foster strong and lasting relationships with the local community groups and associations, enriching the welfare of the community. In October, we organised an event for SPD (Society for the Physically Disabled) beneficiaries where we brought them out to Jewel Changi Airport for a fun-filled learning day.

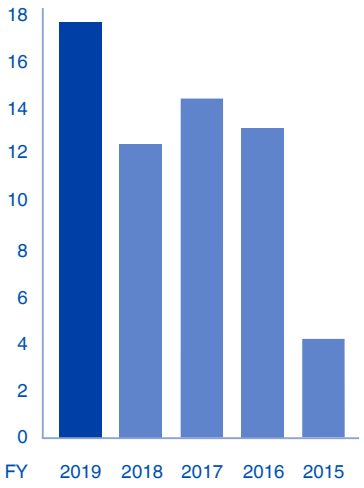
The spirit of volunteerism has been hugely encouraged, with our staff actively involved in the community work that Maxi-Cash carries out on a regular basis. For the upcoming year, the Group will continue to promote the awareness and importance of community outreach, playing our part to give back to the society and build up an inclusive society.

FINANCIAL HIGHLIGHTS

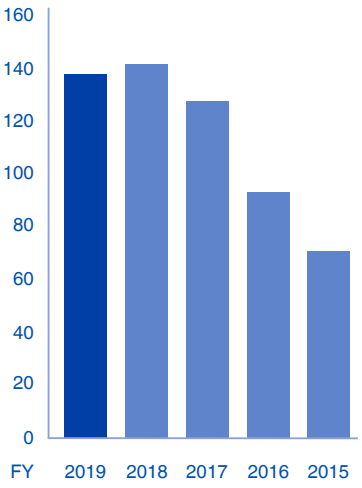
Revenue ($ Million)



Profit Before Tax ($ Million)



Net Asset Value ($ Million)



Group's Financial Highlights

	2019	2018	2017	2016	2015
($'000)					
Revenue	**218,478**	203,651	192,872	163,188	121,053
Profit Before Tax	**17,939**	12,066	14,957	13,149	4,335
Profit After Tax	**14,936**	10,485	13,362	11,450	3,910
Total Equity	**138,893**	141,147	129,342	96,622	67,491
Net Asset Value	**138,034**	140,127	128,425	95,812	66,782
Earnings Per Share (cents)	**1.4**	1.0	1.6	1.9	0.7

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance, with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. Maxi-Cash Financial Services Corporation Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to observing and maintaining high standards of corporate governance with specific reference made to the principles and guidelines as set out in the Code. This report describes the Group's corporate governance practices with specific references to the Code and accompanying Practice Guidance pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Board of Directors (the "**Board**" or "**Directors**") is pleased to report that the Company has adhered to the principles and provisions as set out in the Code for the financial year ended 31 December 2019 ("**FY2019**"), except where otherwise explained. In areas where we have not complied with the Code, the Company will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS (Principles 1, 2 and 3)

Principle 1: The company is headed by an effective Board which is collectively responsible and works with the management of the company (the "Management") for the long-term success of the company.

Principle 2: 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.

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

THE BOARD'S CONDUCT OF AFFAIRS

The Board's role is to:

- provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, and to achieve an appropriate balance between risks and Company performance;
- constructively challenge the Management and review the performance of the Management;
- set the Group's corporate values and ensure that obligations to shareholders and other stakeholders are understood and met;
- instill an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture;
- ensure transparency and accountability to key stakeholder groups; and
- consider value creation, innovation and sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Directors are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters pertaining to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by the Management to achieve the objectives set. All Directors are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she should immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she is to abstain from voting in relation to the conflict related matters.

THE BOARD'S CONDUCT OF AFFAIRS (continued)

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

- Financial results announcements and financial statements;
- Declaration of interim dividends and proposal for final dividends;
- Interested person transactions;
- Sustainability report;
- Convening of shareholders' meetings;
- Authorisation of merger and acquisition transactions; and
- Authorisation of major transactions.

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

Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. During the period under review, Directors are provided with briefings and updates (i) on the developments in financial reporting and governance standards by the external auditors, Ernst & Young LLP ("**EY**"); and (ii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings, so as to enable them to make well-informed decisions and to properly discharge their duties as the Board or Board Committee members. All Directors were updated on the Code which applies to the Annual Report covering financial years commencing from 1 January 2019, and some of the Directors had attended the courses conducted by the Singapore Institute of Directors, such as Family Business Director Fundamentals.

All of the Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board has, without abdicating its responsibility, delegated certain matters to specialised committees of the Board. These committees include the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and objectively. The majority of the members of the Board Committees, including the Chairman, are independent. The Board Committees function within clearly defined terms of references setting out their compositions, authorities and duties, including reporting back to the Board, and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis. Information on the Board Committees and their respective terms of reference can be found in the subsequent sections of this report.

For FY2019, the Board had met on a quarterly basis as warranted. Ad hoc meetings were also convened to discuss and deliberate on urgent substantive matters or issues. The constitution of the Company (the "**Constitution**") provides for the Board to convene meetings via telephone conferencing and video conferencing. The details of the number of Board and Board Committees meetings held in FY2019 and the attendance of each Director at those meetings are disclosed below:

THE BOARD'S CONDUCT OF AFFAIRS (continued)

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

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

As the ability to commit sufficient time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorships each of its Directors can hold after taking into consideration factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size. As a guide, Directors should not have more than six (6) listed company board representations. None of the Directors of the Company sit on the boards of more than six (6) listed companies.

The NC determines annually whether a Director with other listed company board representations is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC has reviewed and is satisfied that in FY2019, where Directors had other listed company board representations, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

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

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the requirements under the Companies Act (Chapter 50 of Singapore), Securities and Futures Act (Chapter 289 of Singapore) and all others regulations of the SGX-ST are complied with. The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.

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

BOARD COMPOSITION AND GUIDANCE

As at 31 December 2019, the composition of the Board is as follows:

Name and Age of Director	Appointment Position	Appointment Date	Re-election Date	Length of Service	Board Committee(s) Served on	Present and Past Directorships held in the Last Five (5) Years in Other Listed Companies	Academic and Professional Qualifications/ Experience
Koh Wee Seng[1], 51	Chairman and Non-Executive Director	10 April 2008	26 April 2018	11 years 8 months	Nil	- Aspial Corporation Limited - AF Global Limited - World Class Global Limited	Bachelor of Business Administration, National University of Singapore
Ng Leok Cheng, 59	Chief Executive Officer and Executive Director	5 January 2015	28 April 2015	5 years	Nil	- Datapulse Technology Limited (past) - TT International Limited	Bachelor of Business Administration (Honours), National University of Singapore
Koh Lee Hwee[1], 53	Non-Executive and Non-Independent Director	10 April 2008	26 April 2019	11 years 8 months	- Nominating Committee	- Aspial Corporation Limited - World Class Global Limited	Bachelor of Arts, National University of Singapore
Ko Lee Meng[1], 58	Non-Executive and Non-Independent Director	28 July 2008	26 April 2017	11 years 5 months	- Audit Committee - Remuneration Committee	- Aspial Corporation Limited - Global Premium Hotels Limited (delisted since 2017)	Bachelor of Arts, National University of Singapore
Tan Keh Yan, Peter, 71	Non-Executive and Lead Independent Director	16 April 2012	26 April 2019	7 years 8 months	- Audit Committee (Chairman) - Nominating Committee - Remuneration Committee	- Asia Enterprises Holding Limited - Sin Heng Heavy Machinery Limited	Bachelor of Science (Honours), University of Singapore Master of Business Administration, University of California, Los Angeles
Lee Sai Sing, 48	Non-Executive and Independent Director	16 April 2012	26 April 2018	7 years 8 months	- Remuneration Committee (Chairman) - Nominating Committee - Audit Committee	- GS Holdings Limited (past)	Bachelor of Applied Science (Computer Engineering), Nanyang Technological University, Singapore
Goh Bee Leong, 65	Non-Executive and Independent Director	19 October 2015	26 April 2018	4 years 2 months	- Nominating Committee (Chairman) - Remuneration Committee - Audit Committee	Nil	Bachelor of Science (Pharmacy), University of Singapore
Tan Soo Kiang, 69	Non-Executive and Independent Director	12 July 2016	26 April 2019	3 years 5 months	- Nominating Committee - Remuneration Committee - Audit Committee	- UE E&C Ltd. (past)	Bachelor of Law (Honours), University of Singapore

BOARD COMPOSITION AND GUIDANCE (continued)

Note:

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

The Board currently comprises eight (8) Directors, four (4) of whom are Independent Directors. Under Provision 2.2 of the Code, it provides that independent directors make up a majority of the board where the chairman is not independent. The Company notes that the current Board composition is not in compliance with Provision 2.2 of the Code. However, the Board is of the opinion that based on the Group's current size and operations, it is not necessary nor cost effective to have Independent Directors make up a majority of the Board. The NC is of the view that the current Board composition is of an appropriate size, and comprises Directors who as a group, provide the appropriate balance and mix of skills, knowledge, experience, and are sufficiently diverse so as to foster constructive debate. No individual or small group of individuals dominates the Board's decision making. Further, the Chairman of the Board will abstain from exercising his casting vote as provided for in the Company's Constitution. As at the date of this report, the Board comprises seven (7) Non-Executive Directors which makes up a majority of the Board.

The independence of each Director will be assessed and reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the Code. In relation to the assessment of the independence of the Directors, specific tests of Directors' independence have been codified into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules, it stipulates that a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three (3) financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three (3) financial years.

The NC has reviewed and determined that Mr Tan Keh Yan, Peter, Mr Lee Sai Sing, Ms Goh Bee Leong and Mr Tan Soo Kiang are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.

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

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations. In identifying the need for new directors, the Board's primary consideration is to ensure that the Board consists of an appropriate mix of members with complementary skills, core competencies and experience that could contribute effectively to the Group, regardless of gender.

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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

The responsibilities of the Chairman include:

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

The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. For FY2019, the positions of the Chairman and the CEO are held by Mr Koh Wee Seng and Mr Ng Leok Cheng respectively.

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

For good corporate governance, the Board has appointed Mr Tan Keh Yan, Peter as the Lead Independent Director of the Company. He is available to address the concerns of the shareholders and employees in the event that interactions with the Non-Executive Chairman, CEO or Assistant Finance Director cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate or inadequate. No queries or requests on any matters were received in FY2019 which required the Lead Independent Director's attention.

BOARD MEMBERSHIP & PERFORMANCE (Principles 4 and 5)

Principle 4: 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.

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

NOMINATING COMMITTEE

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

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

NOMINATING COMMITTEE (continued)

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

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of Directors having regard to the Directors' contribution and performance;
- reviewing the succession plans for the Chairman of the Board, Directors, CEO and key management personnel of the Company;
- developing a process for the selection, appointment and re-appointment of Directors to the Board;
- reviewing induction programs for new Directors, as well as the training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director who has multiple listed company board representations;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- recommending to the Board the development of a performance evaluation framework and deciding how the performance of the Board may be evaluated and proposing objective performance criteria. The NC Chairman should act on the results of the performance evaluation, recommend areas that need improvement and, where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC;
- reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees (taking in account Rule 406(3)(c) of the Catalist Rules and Provisions 2.1 to 2.4 of the Code) and make recommendations to the Board with regard to any changes; and
- reviewing and ensuring that there is a clear division of responsibilities between the Chairman and CEO of the Company in place.

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

The NC ensures that new directors are aware of their duties and obligations. Information in respect of the academic and professional qualification and present and past directorships is set out in the "Board Composition and Guidance" section of this report. For FY2019, the Board is of the view that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments. Having reviewed each Director's attendance, participation, contribution, expertise and competing time commitments, the Board (with the NC's concurrence) is of the view that none of the Directors hold a significant number of directorships and other principal commitments that may impede his/her ability to discharge his/her duties. The Board further notes that none of the Directors hold six (6) or more listed company directorships. Further information on multiple directorships can be found under "The Board's Conduct of Affairs" of this report.

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

NOMINATING COMMITTEE (continued)

The Board has implemented a formal annual process to be carried out by the NC to assess the effectiveness of the Board as a whole, its Board Committees, the Chairman of the Board and the individual Director's performance. For FY2019, the Directors participated in the evaluation by providing feedback to the NC in the form of completing a Board Performance Evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with shareholders. The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board and that the time devoted to Board meetings were appropriate and Board meetings are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision-making by the Board. The performance criteria taken into account by the NC in relation to an individual Director include, inter alia, the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings. To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following the review in FY2019, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. There was no external consultant involved in the Board evaluation process in FY2019.

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

All Directors, including the CEO, submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. The Company's Constitution provides that at least one-third of the Board shall retire from office by rotation and are subject to re-election at every Annual General Meeting ("**AGM**"). The NC has reviewed and is satisfied that the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions.

The NC recommended to the Board that Ms Ko Lee Meng, Mr Lee Sai Sing and Ms Goh Bee Leong who are retiring pursuant to Regulation 89 of the Company's Constitution, be nominated for re-election as Directors at the Company's forthcoming AGM. The Board has accepted the recommendation of the NC. Please refer to page 18 of this Annual Report for more information on Ms Ko Lee Meng, Mr Lee Sai Sing and Ms Goh Bee Leong. The re-appointments of Ms Ko Lee Meng, Mr Lee Sai Sing and Ms Goh Bee Leong shall be subject to shareholders' approval at the forthcoming AGM.

The NC also determines, on an annual basis, the independence of the Directors. For FY2019, the NC has assessed and affirmed the status of each Director as follows:

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

The Company has complied with Rule 720(5) of the Catalist Rules as the information relating to the retiring Directors who are submitting themselves for re-election, including their appointment dates, directorships held in other listed companies presently and in the past five (5) years, as well as their principal commitments, are set out on pages 32 to 35 of this Annual Report. Negative disclosures as set out on pages 35 to 38 were provided by the retiring Directors who are submitting themselves for re-election on each item in Appendix 7F (a) to (k) of the Catalist Rules.

The Company does not have any alternate Directors.

REMUNERATION MATTERS (Principle 6, 7 and 8)

Principle 6: 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.

Principle 7: 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.

Principle 8: 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.

REMUNERATION MATTERS

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

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

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

- reviewing and recommending to the Board a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each of the Directors and key management personnel which are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;
- setting performance measures and determine targets for any performance-related pay schemes, as necessary, that are operated by the Company;
- ensuring that a significant and appropriate proportion of the Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance, and that the performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;
- ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
- reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
- reviewing and administering the award of shares to Directors and employees under the employee performance share plan adopted by the Company; and
- reviewing and determining the contents of any service contracts for any Directors or key management personnel, and ensuring that the termination clauses in the service contracts, if any, are fair and reasonable, and not overly generous.

REMUNERATION MATTERS (continued)

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

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

No remuneration consultants were engaged by the Company in FY2019. The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. Where remuneration consultants are appointed, the Company will disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise. Having reviewed and considered the variable components of the Executive Directors and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

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

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

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

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

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

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

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

REMUNERATION MATTERS (continued)

During FY2019, 941,178 shares have been granted under the Share Plan. For further details of the Share Plan, please refer to the Company's offer document dated 12 June 2012.

Disclosure on Directors' Fees and Remuneration

A breakdown showing the level and mix of the remuneration of each individual Director for FY2019 is set out below:

Remuneration bands	Salary[1] (%)	Benefits (%)	Variable or performance bonus (%)	Directors' Fees[2] (%)	Total (%)
Directors					
S$750,000 to S$1,000,000					
Ng Leok Cheng	33.84	–	66.16	–	100.00
Below S$250,000					
Koh Lee Hwee	–	–	–	100.00	100.00
Koh Wee Seng	–	–	–	100.00	100.00
Ko Lee Meng	–	–	–	100.00	100.00
Tan Keh Yan, Peter	–	–	–	100.00	100.00
Lee Sai Sing	–	–	–	100.00	100.00
Goh Bee Leong	–	–	–	100.00	100.00
Tan Soo Kiang	–	–	–	100.00	100.00

Notes:

(1) Salary is inclusive of salary, allowances and Central Provident Fund contributions.

(2) Directors' fees are subject to the approval of the shareholders of the Company at the forthcoming AGM.

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

The Group has five (5) key management personnel. The remuneration of the top five (5) key management personnel comprises of fixed component and variable component. Fixed component is in the form of fixed salary whereas variable component is linked to the performance of the Group's business and individual performance.

A breakdown of the level and mix of the remuneration payable to the top five (5) key management personnel for FY2019 are as follows:

	FY2019			
Remuneration Bands	No. of key management personnel	Salary (including Central Provident Fund) %	Bonus, profit sharing %	Other Benefits %
Below S$250,000	5	78.50	21.50	–

The Board has reviewed the disclosure of the remuneration of the Directors and key management personnel and has decided not to fully disclose their remuneration and the names of the key management personnel. In view of the confidentiality and sensitivity on remuneration matters as well as the competitive business environment the Company operates in, the Board believes that such disclosure may be prejudicial to its businesses and harm its commercial interests

The total remuneration paid to the top five (5) key management personnel was S$908,836 for FY2019.

REMUNERATION MATTERS (continued)

Save for Mr Koh Wee Seng (Non-Executive Chairman), Ms Koh Lee Hwee (Non-Executive Director) and Ms Ko Lee Meng (Non-Executive Director) who are siblings, there was no employee of the Group who is a substantial shareholder of the Company, or is an immediate family member of a Director, the CEO or a substantial shareholder of the Company and was paid more than S$100,000 during FY2019.

RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 9)

Principle 9: 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 acknowledges that it is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives and value creation.

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

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

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

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

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2019.

The Board has also received the assurance from:

(a) the CEO and the Assistant Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and the key management personnel who are responsible that they have evaluated the adequacy and effectiveness of the Company's risk management and internal control systems and assessed the internal auditors' reports on the Group's operations and external auditors' report on the financial statements and management letter, and noted that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

AUDIT COMMITTEE (Principle 10)

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

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

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

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

- reviewing with the external auditors, the audit plan and their evaluation of the system of internal accounting controls as part of their statutory audit and monitor the Management's response and actions to correct noted deficiencies;
- reviewing with the internal auditors of the Company, the adequacy, effectiveness, independence, scope and results of the internal audit and monitor the Management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the internal control systems and procedures and ensure coordination between the external auditors and the Management;
- ensuring that the Company has programmes and policies in place to identify and prevent fraud;
- overseeing the establishment and operation of the whistleblowing process in the Company;
- reviewing the assurance provided by the CEO and the Assistant Finance Director that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances;
- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures, and ensuring compliance with accounting standards, Catalist Rules and statutory/regulatory requirements;
- ensuring that internal and external auditors have direct and unrestricted access to the AC Chairman and the Chairman of the Board;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of periodic financial results, financial statements, and any announcements on the Company's financial performance and recommend changes, if any, to the Board;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls systems in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board);
- reviewing the interested person transactions and related party transactions;
- review any potential conflicts of interests that may arise in respect of any Directors and/or controlling shareholders of the Company for the time being;
- evaluating the independence of the external auditors annually and recommend to the Board the appointment, re-appointment and removal of the external auditors, and its remuneration and terms of engagement; and
- reviewing the adequacy, effectiveness, scope and results of the external audit, and where external auditors provide non-audit services, to review the nature, extent and cost of such services and the independence and objectivity of the external auditors.

AUDIT COMMITTEE (Principle 10) (continued)

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

The AC is guided by its terms of reference which stipulate its principal functions. In performing its functions, the AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function of the Group to ensure that an effective system of internal controls is maintained in the Group. The AC has full access to the external auditors and the internal auditors and has met with them at least once during FY2019 without the presence of the Management. On a quarterly basis, the AC also reviews the interested person transactions before their submission to the Board for approval. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The AC will review the independence of the external auditors annually. The AC undertook the review of the independence and objectivity of the external auditors, EY, through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. A breakdown of the audit and non-audit fees paid to the external auditors can be found on page 70 of this Annual Report. Based on the review, the AC is of the opinion that EY is, and is perceived to be, independent for the purpose of the Group's statutory audit. In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2020, the AC has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. On the basis of the above, the AC is satisfied with the standard and quality of work performed by EY. The AC has recommended to the Board that EY be nominated for re-appointment as the Company's external auditors at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group. No former partner or director of the Company's existing auditing firm is a member of the AC (a) within a period of two (2) years commencing on the date of their ceasing to be a partner or director of the audit firm; or (b) hold any financial interest in the audit firm.

The Company has put in place a whistle-blowing policy, endorsed by the AC where employees of the Company may in confidence, raise concerns about wrongdoing or malpractice within the Company and its subsidiaries and ensure arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. Details of the whistle-blowing policies and arrangements have been made available to all employees. No such whistle-blowing letter was received during FY2019.

The internal audit function of the Group is conducted by the internal audit team of the Company. The internal audit team performs risk assessment and conducts the review of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The internal auditors report primarily to the AC Chairman and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT (Principles 11 and 12)

Principle 11: 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 the Company's performance, position and prospects.

Principle 12: 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.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders by post within the mandatory period. Notice of general meeting is released through SGXNET and published in the Business Times within the same period. Reports and circulars are published on the Company's website and for those shareholders who opted for printed copies, they will also receive the reports and circular by post. The results of the general meetings are also released on SGXNET on the same day.

All registered shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. Matters which require shareholders' approval were presented and proposed as a separate resolution. The resolutions are not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications in the notice of meeting. The Company practices having separate resolutions at general meetings for each distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all shareholders. If shareholders are unable to attend the general meetings, a shareholder who is not a relevant intermediary may appoint not more than two (2) proxies (or in the case of a shareholder who is a relevant intermediary, more than two (2) proxies) to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

All Directors, Management, Company Secretary, external auditors and legal advisors (if necessary) attend the general meetings of the Company. The procedures of the general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company. All Directors attended the AGM held on 26 April 2019 and the EGMs held on 7 August 2019 and 20 November 2019. The Company's external auditors, EY, were also present at the AGM and were available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Voting in absentia such as voting via mail, 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.

The Company Secretary prepares detailed minutes of the general meetings which include substantial and relevant comments or queries from shareholders relating to the agendas of the meetings, and responses from the Board and Management. These minutes are subsequently approved by the Board and make available to shareholders during office hours at the registered office. The minutes will be posted on the Group's website as soon as practicable. All material information relating to the Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including the shareholders.

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT (Principles 11 and 12) (continued)

The Company has proposed a final one-tier dividend of 0.35 Singapore cents per ordinary share in respect of FY2019, subject to shareholders' approval at the forthcoming AGM. Any dividend payments are clearly communicated to shareholders via announcements on SGXNET.

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board. The Management currently provides the Board with management accounts of the Group's position, performance and prospects on a quarterly basis and as and when deemed necessary, and the Board provides shareholders with an assessment of the Company's performance, position and prospects periodically via announcements of financial results and other ad-hoc announcements as required by the SGX-ST. The Board has taken adequate steps to ensure that there is compliance towards the legislative and regulatory requirements. The Board seeks the confirmation of the Company's legal advisors if necessary before deciding on significant matters.

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS (Principle 13)

Principle 13: 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 Group takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. The Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who similarly are able to impact the Group's business and operations. Four (4) stakeholders groups have been identified through an assessment of their significance to the business operations. The Group has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. Please refer to the Group's Sustainability Report for further details.

The Group maintains a website at www.maxi-cash.com.sg to communicate and engage with stakeholders. All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. The Company's website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities. During the financial year, the Company issued quarterly memos to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results, if required, and one (1) month before the announcement of the Company's half year and full-year financial results (if the Company is not required to announce its quarterly financial results), and ending on the date of announcement of the relevant results. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. All Directors are required to notify the Company Secretary of any change in his interest in the Company's shares within two (2) business days of the change. The Group confirms that it has adhered to its internal securities code of compliance for FY2019.

INTERESTED PERSON TRANSACTIONS

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

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

The aggregate value of interested person transactions above S$100,000 entered into during FY2019 is as follows:

Name of interested person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Lease of premises		
Aspial Property Investment Pte. Ltd.[1]	558	–
8G Investment Pte Ltd[2]	608	–
Corporate Charges		
Aspial Corporation Limited[1]	1,425	–
Adjustment to Payments		
Aspial Corporation Limited[1]	141	–
Provision of interest-bearing loan		
Aspial Corporation Limited[1]	17,968	–
Subscription of 3-year 6.35 per cent. Bonds due 2020 issued by Maxi-Cash Financial Services Corporation Ltd		
Koh Wee Seng[1]	1,333	–
Koh Lee Hwee[1]	191	–
Ko Lee Meng[1]	333	–
Tan Su Lan[1]	810	–
Ng Lak Chuan[3]	143	–
AF Global Limited[4]	476	–
DN Global[5]	572	–
Acquisition of Properties		
8G Investment Pte. Ltd.[2]	23,700	–
Acquisition of Aspial Property Investment Pte. Ltd.		
Aspial Corporation Limited[1]	5,314	–

Notes:

(1) Aspial Corporation Limited (an entity listed on the Official List of the SGX-ST) ("**Aspial**", and together with its subsidiaries), is a controlling shareholder of the Company, holding 64.72% of the issued and paid-up share capital of the Company. Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng, who are Directors and controlling shareholders of the Company, are also Directors and substantial shareholders of Aspial. Tan Su Lan is the mother of Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee.

(2) 8G Investment Pte Ltd, a company in which Koh Wee Seng has an interest of 30 per cent or more.

(3) Ng Lak Chuan is a brother of Ng Leok Cheng, a Director of the Company.

(4) AF Global Limited, a company listed on the SGX-ST in which Koh Wee Seng and Koh Wee Meng have an interest of 30 per cent or more. Koh Wee Meng is the brother of Koh Wee Seng.

(5) DN Global, a company in which Koh Lee Hwee has an interest of 30 per cent or more.

MATERIAL CONTRACTS

Save as disclosed above in the section entitled "Interested Person Transactions", there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the financial year ended 31 December 2018.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid/payable to the Company's Sponsor, SAC Capital Private Limited, for FY2019.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules relating to Ms Ko Lee Meng, Mr Lee Sai Sing and Ms Goh Bee Leong, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
Date of appointment	28 July 2008	16 April 2012	19 October 2015
Date of last re-appointment (if applicable)	26 April 2017	26 April 2018	26 April 2018
Age	58	48	65
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Ko Lee Meng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Ko Lee Meng's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Lee Sai Sing as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Lee Sai Sing's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Goh Bee Leong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Goh Bee Leong's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title	- Non-Executive and Non-Independent Director - Audit Committee (member) - Remuneration Committee (member)	- Independent Director - Remuneration Committee (Chairman) - Nominating Committee (member) - Audit Committee (member)	- Independent Director - Nominating Committee (Chairman) - Remuneration Committee (member) - Audit Committee (member)
Professional qualifications	Bachelor of Arts, National University of Singapore	Bachelor of Applied Science (Computer Engineering), Nanyang Technological University, Singapore	Bachelor of Science (Pharmacy), University of Singapore
Working experience and occupation(s) during the past 10 years	October 2015 to present: Global Premium Hotels Limited - Executive Director, Deputy Chairman and Chief Executive Officer. May 1987 to October 2015: Aspial Corporation Limited - Executive Director October 2015 to present: Aspial Corporation Limited – Non-executive Director July 2008 to present: Maxi-Cash Financial Services Corporation Limited – Non-Executive Director	Feb 2012 to present: Maxi-Harvest Group Pte. Ltd. – Executive Director	April 2003 to present: Haw Par Healthcare Limited – General Manager (Manufacturing)

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
Shareholding interest in the listed issuer and its subsidiaries	The Company Direct Interest – 2,813,326 shares Indirect Interest -728,765,805 shares Subsidiaries of the Group Nil	The Company Direct Interest – 1,200,550 shares	Nil
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	Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng are siblings.	No	No
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Rule 704(8) of the Catalist Rules			
Past (for the last 5 years)	**Past Directorships:** - Parc Sovereign Hotel Management Pte. Ltd. - GP Hotel Properties Pte. Ltd. - AF Corporation Pte. Ltd. - World Class Global Limited - World Class Capital Pte. Ltd. - World Class Capital (LN) Pte. Ltd. - World Class Property (North) Pte. Ltd. - World Class Property (Central) Pte. Ltd. - World Class Property (Dunearn) Pte. Ltd. - World Class Property (Eastcoast) Pte. Ltd. - Belgium-Singapore Diamond Corporation Pte. Ltd. - Gold N Gems Pte. Ltd. - Singapore International Jewellery Pte. Ltd. - Maxi Cash (Malaysia) Sdn. Bhd. - Maxi Cash (Penang) Sdn. Bhd. - Maxi Cash (Southern) Sdn. Bhd. - Max Cash (George Town) Sdn. Bhd. - Maxi Cash (S1) Sdn. Bhd.	**Past Directorships:** - GS Holdings Limited	**Past Directorships:** Nil

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
Present	**Present Directorships:** - Aspial Corporation Limited - Aspial International Pte. Ltd. - Aspial Investment Holding Pte. Ltd. - Aspial Treasury Pte. Ltd. - Aspial-Lee Hwa Jewellery Pte. Ltd. - Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. - BU2 Services Pte. Ltd. - Gold Purple Pte. Ltd. - Goldheart Jewelry Pte. Ltd. - Maxi-Cash Financial Services Corporation Ltd. - Aspial Property Investment Pte. Ltd. - Maxi Financial Pte. Ltd. - Maxi-Cash (Central 2) Pte. Ltd. - Maxi-Cash (Central) Pte. Ltd. - Maxi-Cash (Clementi) Pte. Ltd. - Maxi-Cash (East 2) Pte. Ltd. - Maxi-Cash (East) Pte. Ltd. - Maxi-Cash (North East) Pte. Ltd. - Maxi-Cash (North East 2) Pte. Ltd. - Maxi-Cash (North) Pte. Ltd. - Maxi-Cash (West) Pte. Ltd. - Maxi-Cash Assets Pte. Ltd. - Maxi-Cash Capital Management Pte. Ltd. - Maxi-Cash Capital Pte. Ltd. - Maxi-Cash Group Pte. Ltd. - Maxi-Cash International Pte. Ltd. - Maxi-Cash Investment Holding Pte. Ltd. - Maxi-Cash Jewellery Group Pte. Ltd. - Maxi-Cash Property Pte. Ltd. - Maxi-Cash Retail Pte. Ltd. - Maxi-Cash Ventures Pte. Ltd. - World Class Land Pte. Ltd. - Dynamic Project Management Services Pte. Ltd. - World Class Property Pte. Ltd. - World Class Investments Pte. Ltd. - Advance Property Pte. Ltd. - Headway Construction Pte. Ltd.	**Present Directorships:** - Maxi-Harvest Group Pte. Ltd. - Escess Pte. Ltd. - RL Capital Investment Pte. Ltd. - Harvest Media Capital Pte. Ltd. **Principal Commitment** - Executive Director of Maxi-Harvest Group Pte. Ltd.	**Present Directorships:** - Haw Par Healthcare Limited - Haw Par (India) Private Limited - Xiamen Tiger Medicals Co. Ltd - Tiger Balm (Malaysia) Sdn. Bhd. - Haw Par Tiger Balm (Thailand) Limited - Tiger Medicals (Taiwan) Limited - PT. Haw Par Healthcare **Principal Commitment** - General Manager (Manufacturing) of Haw Par Healthcare Limited

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
	- World Class Property (Telok Kurau) Pte. Ltd. - World Class Developments Pte. Ltd. - World Class Developments (Bedok) Pte. Ltd. - World Class Developments (Central) Pte. Ltd. - World Class Developments (City Central) Pte. Ltd. - World Class Developments (North) Pte. Ltd. - MLHS Holdings Pte. Ltd. - GP Hotel Equity Pte. Ltd. - GP Hotel Capital Pte. Ltd. - GP Hotel Assets Pte. Ltd. - GP Hotel Heritage Pte. Ltd. - GP Hotel Ventures Pte. Ltd. - GP Hotel Investment Pte. Ltd. - GP Hotel Management Pte. Ltd. - Global Premium Hotels Limited - LuxeSTYLE (Malaysia) Sdn. Bhd. - Maxi-Cash (Australia) Pty. Ltd. - Maxi-Cash Melbourne (VIC) Pty. Ltd. - LuxeSTYLE (Australia) Pty. Ltd.		
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(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	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
(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	No
(c Whether there is any unsatisfied judgment against him?	No	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	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	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
(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	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	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	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	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	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES (continued)

Name of Directors	Ms Ko Lee Meng	Mr Lee Sai Sing	Ms Goh Bee Leong
(ii) 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	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	No
(iv) 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,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(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	No
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience.	NA	NA	NA
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.	NA	NA	NA
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	NA	NA	NA

FINANCIAL REPORT CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Maxi-Cash Financial Services Corporation Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

In accordance with Regulation 89 of the Company's Constitution, Ko Lee Meng, Lee Sai Sing and Goh Bee Leong retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

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

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2019	31 December 2019	21 January 2020	1 January 2019	31 December 2019	21 January 2020
The Company						
Maxi-Cash Financial Services Corporation Ltd.						
(Ordinary shares)						
Koh Wee Seng	96,181,017	96,181,017	96,181,017	727,571,074	727,571,074	727,571,074
Koh Lee Hwee	14,288,888	14,288,888	14,288,888	734,687,805	734,687,805	734,687,805
Ko Lee Meng	2,813,326	2,813,326	2,813,326	728,765,805	728,765,805	728,765,805
Ng Leok Cheng	1,092,000	1,883,985	1,883,985	–	–	–
Lee Sai Sing	720,526	1,200,550	1,200,550	–	–	–
Immediate holding company Aspial Corporation Limited						
(Ordinary shares)						
Koh Wee Seng	373,463,357	373,463,357	373,463,357	1,142,907,178	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,890,888	30,890,888	30,890,888	1,156,999,571	1,156,999,571	1,156,999,571
Ko Lee Meng	33,639,865	33,639,865	33,639,865	1,138,979,974	1,138,979,974	1,138,979,974
Ultimate holding company MLHS Holdings Pte Ltd						
(Ordinary shares)						
Koh Wee Seng	1,410,000	1,410,000	1,410,000	–	–	–
Koh Lee Hwee	607,500	727,500	727,500	–	–	–
Ko Lee Meng	772,500	772,500	772,500	–	–	–
Related company World Class Land Pte Ltd						
(Ordinary shares)						
Koh Wee Seng	250,000	250,000	250,000	4,500,000	4,500,000	4,500,000
Koh Lee Hwee	–	–	–	4,500,000	4,500,000	4,500,000
Ko Lee Meng	–	–	–	4,500,000	4,500,000	4,500,000
Related company World Class Global Limited						
(Ordinary shares)						
Koh Wee Seng	22,750,000	22,750,000	22,750,000	742,828,700	742,828,700	742,828,700
Koh Lee Hwee	–	–	–	742,828,700	742,828,700	742,828,700
Ko Lee Meng	–	–	–	742,828,700	742,828,700	742,828,700
Ng Leok Cheng	1,000,000	1,000,000	1,000,000	–	–	–
Tan Keh Yan, Peter	500,000	500,000	500,000	–	–	–

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

Directors' interests in shares or debentures (continued)

At the beginning of the financial year, Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng and Ng Leok Cheng held term notes aggregating to $1,250,000, $750,000, $1,000,000 and $250,000 respectively. The term notes bore a fixed interest rate of 5.50% per annum and were due in 2020. As at the end of the financial year, Koh Wee Seng, Koh Lee Hwee, Ko Lee Meng and Ng Leok Cheng held term notes aggregating to $3,750,000, $750,000, $1,750,000 and $500,000 respectively. The term notes bear a fixed interest rate of 6.35% per annum and are due in 2022. Except for Koh Lee Hwee, who held term notes aggregating to $500,000 as at 21 January 2020, a decrease of $250,000 from 31 December 2019, there is no change in the term notes held by the directors as at 21 January 2020.

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

Options

No options were issued by the Company during the financial year. As at 31 December 2019, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

Audit Committee

The Audit Committee performed the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

Auditor

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

On behalf of the Board of Directors:

Koh Wee Seng
Director

Ng Leok Cheng
Director

Singapore
25 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAXI-CASH FINANCIAL SERVICES CORPORATION LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maxi-Cash Financial Services Corporation Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Allowance for expected credit losses on pawnshop loans and interest receivables on pawnshop loans

Trade receivables are significant to the Group and include pawnshop loans and interest receivables on pawnshop loans. The collectability of trade receivables is a key element of the Group's working capital management.

The Group uses a provision matrix to estimate the allowance for expected credit losses ("**ECLs**") on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss given default as the amount of loss exposure at default after considering the expected realisable value of the customers' pledges.

Significant judgement and estimation is involved in using the historical non-redemption data to derive the probability of default, estimating the expected realisable value of customers' pledges as well as considering any forward-looking economic information. Accordingly, we have identified the Group's ECLs assessment on pawnshop loans and interest receivables on pawnshop loans from the Group's pawnbroking segment as a key audit matter.

As part of our audit, we tested the reasonableness of the key inputs and assumptions used by the Group in the ECLs model which is largely dependent on the Group's historical loss experience and loan-to-valuation data. We reviewed and tested the overall process and key controls relating to the collection of non-redemption data used in the ECLs model including checking the arithmetic accuracy of the probability of default. We also analysed historical trend of expected realisable value of the customers' pledges and considered forward-looking macroeconomic factors that may affect the recoverability of the pawnshop loans and related interest receivables. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 17 to the financial statements.

Key audit matters (continued)

Existence of pledges, cash and inventories

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

As part of our audit, we obtained an understanding of the internal controls with respect to the physical safeguards over pledges, cash and inventories. We tested selected internal controls over cash receipts and disbursements and movement of inventories. We obtained bank confirmations including testing controls over bank reconciliation reviews and obtained an understanding of management's monitoring of cash balances, including monitoring of outlet cash float, physical transfer of cash between outlets and head office, and reconciliation of outlet cash flows to the pledges movement.

On a sample basis, we attended and observed surprise outlet audits on daily cash counts and inventory counts at selected outlets. We performed verification of pledges by taking a sample of pledges held on open pawn tickets and matched details of pledges to the physical pledges during our planned and surprise visits to the outlets. We also attended the year-end inventory count and cash count conducted at head office.

We assessed the adequacy of the disclosures relating to cash and bank balances, trade receivables (which comprise mainly pawnshop loans related to pledges held as collateral) and inventories in Notes 20, 17 and 16, respectively, to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		$'000	$'000
Revenue	4	218,478	203,651
Material costs		(139,200)	(130,201)
Employee benefits	5	(19,979)	(19,644)
Depreciation and amortisation		(11,555)	(2,116)
Finance costs	6	(13,295)	(11,022)
Other operating expenses		(18,348)	(33,218)
Interest income		425	1,274
Dividend income from equity instruments		426	1,569
Rental income		323	261
Other income	7	890	1,653
Share of results of joint venture	13	(226)	(141)
Profit before tax	8	17,939	12,066
Income tax expense	9(a)	(3,003)	(1,581)
Profit for the year		14,936	10,485
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value changes on equity instruments at fair value through other comprehensive income as at the end of the financial year		874	(1,342)
Net fair value changes on equity instruments at fair value through other comprehensive income upon disposal during the financial year		(345)	(992)
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on debt instruments at fair value through other comprehensive income		441	(702)
Foreign currency translation		11	6
Other comprehensive income for the year, net of tax		981	(3,030)
Total comprehensive income for the year		15,917	7,455
Profit for the year attributable to:			
Owners of the Company		14,834	10,382
Non-controlling interests		102	103
		14,936	10,485
Total comprehensive income attributable to:			
Owners of the Company		15,815	7,352
Non-controlling interests		102	103
		15,917	7,455
Earnings per share (cents)			
Basic and diluted	10	1.43	1.03

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	11	52,535	23,150	116	158
Right-of-use assets	24(a)	33,987	–	–	–
Trade and other receivables	17	11,736	15,123	–	–
Investment in subsidiaries	12	–	–	54,242	47,928
Investment in joint venture	13	6,415	141	7,000	500
Investment securities	15	3,228	24,249	–	–
Prepaid rent	18	–	1	–	–
Deferred tax assets	9(c)	433	685	–	–
		108,334	63,349	61,358	48,586
Current assets					
Inventories	16	74,461	61,469	–	–
Trade and other receivables	17	315,283	303,543	27	29
Prepaid rent	18	1	4	–	–
Prepayments		2,743	1,726	758	421
Due from subsidiaries (non-trade)	19	–	–	157,473	161,889
Due from a related company (trade)	19	394	–	–	–
Due from a related company (non-trade)	19	67	1	–	–
Due from a joint venture (non-trade)	19	2,640	5,215	2,640	5,215
Investment securities	15	1,253	2,466	–	–
Derivative financial instruments	14	602	1,058	–	–
Cash and bank balances	20	16,041	21,845	1,532	941
		413,485	397,327	162,430	168,495
Total assets		521,819	460,676	223,788	217,081
Current liabilities					
Trade and other payables	21	10,758	9,089	3,166	2,776
Due to immediate holding company (non-trade)	19	2,696	–	–	–
Due to related companies (non-trade)	19	764	706	–	–
Dividends payable		5,176	3,105	5,176	3,105
Provision for taxation		3,387	1,986	198	50
Interest-bearing loans	22	218,130	222,668	–	–
Lease liabilities	24(b)	8,245	–	–	–
Term notes	23	25,500	–	25,500	–
		274,656	237,554	34,040	5,931
Net current assets		138,829	159,773	128,390	162,564
Non-current liabilities					
Other payables	21	109	74	–	16
Interest-bearing loans	22	31,552	12,644	–	–
Term notes	23	50,000	69,000	50,000	70,000
Deferred tax liabilities	9(c)	371	257	7	–
Lease liabilities	24(b)	26,238	–	–	–
		108,270	81,975	50,007	70,016
Total liabilities		382,926	319,529	84,047	75,947
Net assets		138,893	141,147	139,741	141,134
Equity attributable to owners of the Company					
Share capital	25(a)	137,286	137,286	137,286	137,286
Treasury shares	25(b)	(9)	(15)	(9)	(15)
Other reserves	25(c)	(5,870)	(3,257)	(26)	(23)
Revenue reserves		6,627	6,113	2,490	3,886
		138,034	140,127	139,741	141,134
Non-controlling interests		859	1,020	–	–
Total equity		138,893	141,147	139,741	141,134
Total equity and liabilities		521,819	460,676	223,788	217,081

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 January 2018		118,367	(165)	305	9,918	128,425	917	129,342
Profit for the year		–	–	–	10,382	10,382	103	10,485
Other comprehensive income								
Foreign currency translation		–	–	6	–	6	–	6
Net fair value changes in debt instruments at fair value through other comprehensive income ("**FVOCI**")		–	–	(702)	–	(702)	–	(702)
Net fair value changes in equity instruments at FVOCI		–	–	(2,334)	–	(2,334)	–	(2,334)
Other comprehensive income for the year, net of tax		–	–	(3,030)	–	(3,030)	–	(3,030)
Total comprehensive income for the year		–	–	(3,030)	10,382	7,352	103	7,455
Contributions by and distributions to owners								
Dividends on ordinary shares – Cash		–	–	–	(8,078)	(8,078)	–	(8,078)
Dividends on ordinary shares – Scrip		–	–	–	(5,117)	(5,117)	–	(5,117)
Ordinary shares issued under scrip dividend	25(a)	5,117	–	–	–	5,117	–	5,117
Ordinary shares issued under rights issue	25(a)	13,940	–	–	–	13,940	–	13,940
Share issuance expenses	25(a)	(138)	–	–	–	(138)	–	(138)
Purchase of treasury shares	25(b)	–	(42)	–	–	(42)	–	(42)
Treasury shares reissued pursuant to Maxi-Cash Performance Share Plan	25(b)(c)	–	192	(23)	–	169	–	169
Total contributions by and distributions to owners		18,919	150	(23)	(13,195)	5,851	–	5,851
Changes in ownership interests in subsidiaries								
Reserve on acquisition of subsidiaries under common control	12	–	–	(1,501)	–	(1,501)	–	(1,501)
Total changes in ownership interests in subsidiaries		–	–	(1,501)	–	(1,501)	–	(1,501)
Total transactions with owners in their capacity as owners		137,286	(15)	(4,249)	7,105	140,127	1,020	141,147
Others								
Transfer of fair value reserves of equity instruments at FVOCI upon disposal		–	–	992	(992)	–	–	–
Total others		–	–	992	(992)	–	–	–
At 31 December 2018		137,286	(15)	(3,257)	6,113	140,127	1,020	141,147

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 January 2019		137,286	(15)	(3,257)	6,113	140,127	1,020	141,147
Profit for the year		–	–	–	14,834	14,834	102	14,936
Other comprehensive income								
Foreign currency translation		–	–	11	–	11	–	11
Net fair value changes in debt instruments at FVOCI		–	–	441	–	441	–	441
Net fair value changes in equity instruments at FVOCI		–	–	529	–	529	–	529
Other comprehensive income for the year, net of tax		–	–	981	–	981	–	981
Total comprehensive income for the year		–	–	981	14,834	15,815	102	15,917
Contributions by and distributions to owners								
Dividends on ordinary shares – Cash		–	–	–	(13,975)	(13,975)	(300)	(14,275)
Purchase of treasury shares	25(b)	–	(117)	–	–	(117)	–	(117)
Treasury shares reissued pursuant to Maxi-Cash Performance Share Plan	25(b)(c)	–	123	(3)	–	120	–	120
Total contributions by and distributions to owners		–	6	(3)	(13,975)	(13,972)	(300)	(14,272)
Changes in ownership interests in subsidiaries								
Reserve on acquisition of subsidiaries under common control	12	–	–	(3,913)	–	(3,913)	–	(3,913)
Change in ownership interests in subsidiaries without a change in control	25(c)	–	–	(23)	–	(23)	37	14
Total changes in ownership interests in subsidiaries		–	–	(3,936)	–	(3,936)	37	(3,899)
Total transactions with owners in their capacity as owners		137,286	(9)	(6,215)	6,972	138,034	859	138,893
Others								
Transfer of fair value reserves of equity instruments at FVOCI upon disposal		–	–	345	(345)	–	–	–
Total others		–	–	345	(345)	–	–	–
At 31 December 2019		137,286	(9)	(5,870)	6,627	138,034	859	138,893

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

	Note	Share capital	Treasury shares	Other reserves	Revenue reserves	Total
		$'000	$'000	$'000	$'000	$'000
Company						
At 1 January 2018		118,367	(165)	–	2,198	120,400
Profit for the year		–	–	–	14,883	14,883
Total comprehensive income for the year		–	–	–	14,883	14,883
Contributions by and distributions to owners						
Dividends on ordinary shares – Cash		–	–	–	(8,078)	(8,078)
Dividends on ordinary shares – Scrip		–	–	–	(5,117)	(5,117)
Ordinary shares issued under scrip dividend	25(a)	5,117	–	–	–	5,117
Ordinary shares issued under rights issue	25(a)	13,940	–	–	–	13,940
Share issuance expenses	25(a)	(138)	–	–	–	(138)
Purchase of treasury shares	25(b)	–	(42)	–	–	(42)
Treasury shares reissued pursuant to Maxi-Cash Performance Share Plan	25(b)(c)	–	192	(23)	–	169
Total contributions by and distributions to owners		18,919	150	(23)	(13,195)	5,851
At 31 December 2018		137,286	(15)	(23)	3,886	141,134
At 1 January 2019		137,286	(15)	(23)	3,886	141,134
Profit for the year		–	–	–	12,579	12,579
Total comprehensive income for the year		–	–	–	12,579	12,579
Contributions by and distributions to owners						
Dividends on ordinary shares – Cash		–	–	–	(13,975)	(13,975)
Purchase of treasury shares	25(b)	–	(117)	–	–	(117)
Treasury shares reissued pursuant to Maxi-Cash Performance Share Plan	25(b)(c)	–	123	(3)	–	120
Total contributions by and distributions to owners		–	6	(3)	(13,975)	(13,972)
At 31 December 2019		137,286	(9)	(26)	2,490	139,741

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		$'000	$'000
Operating activities			
Profit before tax		17,939	12,066
Adjustments for:			
Write-back of allowance for doubtful receivables		–	(26)
Depreciation of property, plant and equipment	11	2,370	2,113
Depreciation of right-of-use assets	24(c)	9,181	–
Write-down of inventories	16	100	–
Interest expense	6	12,943	10,794
Interest income		(425)	(1,274)
Dividend income from equity instruments		(426)	(1,569)
Amortisation of prepaid commitment fee	6	409	283
Amortisation of premium on term notes	6	(57)	(55)
Financial losses on pledged items not fully covered by insurance		32	13
Loss on disposal of property, plant and equipment	8	222	129
Loss on disposal of investment securities	8	240	187
Net fair value change on derivatives		456	(1,058)
Amortisation of prepaid rent	18	4	3
Gain on purchase of term notes		(12)	(4)
Unrealised foreign exchange differences		(527)	3,813
Share of results of joint venture	13	226	141
Operating cash flows before changes in working capital		42,675	25,556
Changes in working capital			
Increase in inventories		(13,092)	(9,611)
Increase in trade and other receivables		(8,065)	(1,768)
(Increase)/decrease in prepayments		(667)	439
Decrease in due from a related company (trade)		(393)	–
Increase in trade and other payables		1,551	5,196
Total changes in working capital		(20,666)	(5,744)
Cash flows from operations		22,009	19,812
Interest paid		(12,127)	(10,794)
Interest received		52	63
Income taxes refunded		128	35
Income taxes paid		(1,593)	(1,495)
Net cash flows from operating activities		8,469	7,621
Investing activities			
Purchase of property, plant and equipment	11	(2,151)	(9,170)
Interest received		1,182	2,380
Acquisition of a subsidiary	12	(5,259)	(1,610)
Purchase of investment securities		–	(42,830)
Investment in joint venture	13	(6,500)	–
Proceeds from disposal of plant and equipment		60	14
Due from a joint venture (non-trade)		2,575	(2,625)
Proceeds from disposal of investment securities		23,240	48,644
Net cash flows from/(used in) investing activities		13,147	(5,197)

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

	Note	2019	2018
		$'000	$'000
Financing activities			
Proceeds from issuance of term notes	23	23,500	–
Purchase of term notes	23	(16,988)	(996)
Repayment of short-term bank borrowings, net	23	(5,578)	(7,895)
Proceeds from term loans	23	–	5,678
Repayment of term loans	23	(848)	(470)
Purchase of treasury shares	25(b)	(117)	(42)
Repayment of advances from immediate holding company (non-trade), net		(4,873)	–
Term notes commitment fee paid		(756)	–
Repayment of advances from related companies (non-trade), net		–	(213)
Decrease in due from a related company (non-trade)		–	27
Proceeds from rights issue, net	25(a)	–	13,802
Dividends paid on ordinary shares		(11,904)	(8,078)
Repayment of principal portion of lease liabilities	24(b)	(9,501)	–
Due from a related company (non-trade)		(67)	–
Dividends paid to non-controlling interest of subsidiary		(300)	–
Net cash flows (used in)/from financing activities		(27,432)	1,813
Net (decrease)/increase in cash and cash equivalents		(5,816)	4,237
Effect of exchange rate changes on cash and cash equivalents		12	(86)
Cash and cash equivalents at the beginning of the financial year		21,845	17,694
Cash and cash equivalents at the end of the financial year	20	16,041	21,845

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

1. Corporate information

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

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

The Company's registered office is located at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624 and its principal place of business is located at 55 Ubi Avenue 3, #03-01, Singapore 408864.

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases-Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this method, the Group has also adopted to measure the carrying amount of the right-of-use assets at an amount equal to the lease liability on the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The Group has lease contracts for retail stores. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.22 Leases. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

2. Summary of significant accounting policies (continued)

2.2 *Adoption of new and amended standards and interpretations (continued)*

SFRS(I) 16 *Leases* (continued)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use assets of $21,645,000 were recognised and presented separately in the statement of financial position; and
- lease liabilities of $21,645,000 were recognised and presented separately in the statement of financial position

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$'000
Operating lease commitments as at 31 December 2018	16,914
Less:	
Commitments relating to short-term leases	(1,981)
	14,933
Weighted average incremental borrowing rate as at 1 January 2019	2.77%
Discounted operating lease commitments as at 1 January 2019	13,230
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	8,415
Lease liabilities as at 1 January 2019 (Note 24(a))	21,645

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation*

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

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

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

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

2.5 *Business combination involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity under other reserves.
- The statement of comprehensive income reflects the results of the combining entities prospectively from the date on which the business combination occurred.

2.6 *Transactions with non-controlling interests*

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

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

2. Summary of significant accounting policies (continued)

2.7 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2.8 *Property, plant and equipment*

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

Freehold properties	–	50 years
Leasehold properties	–	59 to 69 years
Renovations, electrical fittings, furniture and fittings	–	3 – 5 years
Air-conditioners, office and security equipment	–	3 – 5 years
Showroom tools and machinery	–	5 years
Computers	–	3 years
Motor vehicles	–	3 – 7 years

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

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

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

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

2. Summary of significant accounting policies (continued)

2.9 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

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

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

2.11 *Joint arrangements*

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

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

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

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

2.12 *Joint ventures and associates*

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

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

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

2. Summary of significant accounting policies (continued)

2.12 *Joint ventures and associates (continued)*

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

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

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

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

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. Summary of significant accounting policies (continued)

2.13 ***Financial instruments (continued)***

(a) *Financial assets (continued)*

Subsequent measurement (continued)

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss. For derecognition of equity instruments, cumulative fair value changes previously recognised in FVOCI will be transferred to retained earnings.

Regular way purchases and sales

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

2. Summary of significant accounting policies (continued)

2.13 *Financial instruments (continued)*

(b) *Financial liabilities (continued)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group estimates the ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group's estimation varies with respect to its various types of financial assets as follows:

Pawnshop loans and interest receivables on pawnshop loans

The Group uses the general approach and estimates for lifetime ECLs on the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contractual terms of the pawn tickets and all the cash flows that the Group expects to receive from the sale of collateral held or other credit enhancements that are integral to the contractual terms of the pawn tickets.

The Group considers the financial assets in default upon forfeiture of the collateral to the Group. When such default occurs, the Group has no reasonable expectations of recovering the interest receivable portion of the financial assets. Therefore, the Group writes off the interest receivable portion of the financial assets.

Secured lending receivables

The Group uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

Debt investment securities

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECLs).

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Due from a joint venture

The Group uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

2. Summary of significant accounting policies (continued)

2.15 *Cash and cash equivalents*

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

2.16 *Inventories*

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

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

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

2.17 *Provisions*

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

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

2.18 *Government grants*

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

2.19 *Financial guarantees*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 *Borrowing costs*

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

2. Summary of significant accounting policies (continued)

2.21 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

(c) *Employee share award plan*

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

2.22 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Retail stores – 2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Summary of significant accounting policies (continued)

2.22 *Leases (continued)*

Group as a lessee (continued)

(b) *Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of retail stores (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

2.23 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue from sale of jewellery and branded merchandise is recognised upon satisfaction of identified performance obligation, which generally coincides with delivery and acceptance of promised goods sold, net of discounts, returns and applicable goods and services tax. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rental income from operating leases*

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

(d) *Distribution income*

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

2. Summary of significant accounting policies (continued)

2.24 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2. Summary of significant accounting policies (continued)

2.24 *Taxes (continued)*

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.25 *Share capital and share issuance expenses*

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

2.26 *Treasury shares*

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

2.27 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

3. Significant accounting judgments and estimates

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

3.1 *Judgments made in applying accounting policies*

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

3. Significant accounting judgments and estimates (continued)

3.1 *Judgments made in applying accounting policies (continued)*

Income taxes

The Group has exposure to income taxes in countries where the Group operates. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax liabilities at the end of the financial year was $3,387,000 (2018: $1,986,000) and $371,000 (2018: $257,000) respectively.

Deferred tax assets are recognised for all deductible temporary differences and unutilised tax credits and losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax credits/losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets at the end of the financial year was $433,000 (2018: $685,000).

Classification and measurement of equity instruments as fair value through other comprehensive income

The Group intends to hold its equity instruments for an indefinite period and it may be sold in response to liquidity needs or in response to changes in the market conditions. Therefore, management has concluded that these equity instruments are not held for trading and can be classified and measured at FVOCI.

Determining the lease term of contracts with renewal options – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of retail stores with shorter non-cancellable period (i.e., two to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on its operations if a replacement asset is not readily available.

As at 31 December 2019, potential future (undiscounted) cash outflows of approximately $1,035,000 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

3.2 *Key sources of estimation uncertainty*

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

3. Significant accounting judgments and estimates (continued)

3.2 *Key sources of estimation uncertainty (continued)*

(a) *Allowance for expected credit losses on pawnshop loans and interest receivables on pawnshop loans*

The Group uses a provision matrix to estimate the allowance for ECLs on pawnshop loans and interest receivables on pawnshop loans. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss given default based on the expected realisable value of the customers' pledges. Significant judgement and estimation is involved in using the historical non-redemption data to derive the probability of default as well as considering any forward-looking economic information. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's trade receivables which includes the pawnshop loans and interest receivables on pawnshop loans at the end of the financial year is disclosed in Note 17 to the financial statements.

(b) *Allowance for inventory obsolescence*

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the financial year is disclosed in Note 16 to the financial statements.

(c) *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using the effective interest rates of its term notes and bank borrowings.

4. Revenue

	Group	
	2019	**2018**
	$'000	$'000
Sale of jewellery and branded merchandise (Revenue recognised at a point in time)	167,314	153,597
Interest income from pawnbroking services	43,224	41,110
Interest income and distribution income from secured lending	7,940	8,944
	218,478	203,651

5. Employee benefits

	Group	
	2019	**2018**
	$'000	$'000
Employee benefits expense:		
- Salaries and bonuses	17,786	17,419
- Central Provident Fund contributions	2,193	2,225
	19,979	19,644

6. Finance costs

	Group	
	2019	**2018**
	$'000	$'000
Interest expense on:		
- Short-term bank borrowings	7,373	6,680
- Term loans	578	264
- Term notes	4,058	3,850
- Advances from immediate holding company	118	–
- Lease liabilities (Note 24(b))	816	–
	12,943	10,794
Amortisation of prepaid commitment fee	409	283
Amortisation of premium on term notes	(57)	(55)
	13,295	11,022

7. Other income

	Group	
	2019	**2018**
	$'000	$'000
Net foreign exchange gain	573	–
Net fair value gain on derivatives	–	1,058
Government grants and other miscellaneous income	317	595
	890	1,653

8. Profit before tax

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

	Group	
	2019	**2018**
	$'000	$'000
Audit fees:		
- Auditor of the Company	304	299
- Other auditors	30	–
Non-audit fees:		
- Auditor of the Company	67	74
- Other auditors	19	–
Write-back of allowance for doubtful receivables	–	(26)
Amortisation of prepaid rent	4	3
Depreciation of property, plant and equipment	2,370	2,113
Depreciation of right-of-use assets	9,181	–
Operating leases	–	11,675
- Fixed rental expense on operating leases	–	11,536
- Contingent rental expense on operating leases	–	139
Lease expense not capitalised in lease liabilities:	2,399	–
- Expense relating to short-term leases (Note 24(c))	2,277	–
- Variable lease payments (Note 24(c))	122	–
Loss on disposal of property, plant and equipment	222	129
Net loss on disposal of investment securities	240	187
Net foreign exchange loss	–	5,854
Net fair value loss on derivatives	456	–
Interest receivables on pawnshop loans written off	3,946	4,427
Write-down of inventories	100	–
Financial losses on pledged items not fully covered by insurance	32	13
Branding and marketing related costs	1,911	1,605

9. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	$'000
Consolidated statement of comprehensive income:		
Current income tax		
Current income taxation	3,028	1,693
Over provision in respect of previous years	(11)	(12)
Withholding tax	–	7
	3,017	1,688
Deferred income tax		
Origination and reversal of temporary differences	(100)	(49)
Under/(over) provision in respect of previous years	86	(58)
Income tax expense recognised in profit or loss	3,003	1,581
Deferred tax expense/(credit) related to other comprehensive income		
Net loss on fair value changes on equity instruments	356	(274)
Net loss on fair value changes on debt instruments	(87)	(144)
	269	(418)

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

The reconciliations between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Profit before tax	17,939	12,066
Tax calculated at a tax rate of 17% (2018: 17%)	3,050	2,051
Adjustments:		
Expenses not deductible for tax purposes	714	113
Income not subject to tax	(48)	(61)
Deferred tax assets not recognised	–	243
Effect of partial tax exemption and tax relief	(262)	(535)
Under/(over) provision in respect of previous years	75	(70)
Benefits from previously unrecognised tax losses	(450)	–
Withholding tax	–	7
Disposal of equity instruments carried at FVOCI, which are not recycled to profit or loss	(59)	(169)
Others	(17)	2
Income tax expense recognised in profit or loss	3,003	1,581

9. Income tax expense (continued)

(c) *Deferred income tax*

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 January	428	(12)	–	110
Tax (charged)/credited to profit or loss	(97)	22	7	(110)
Tax (charged)/credited to other comprehensive income	(269)	418	–	–
Balance at 31 December	62	428	7	–

Deferred income tax relates to the following:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Difference in depreciation	406	307	19	–
Provisions	(33)	(20)	(12)	–
Unutilised tax losses and allowances	(2)	(30)	–	–
	371	257	7	–
Deferred tax assets				
Difference in depreciation	(34)	(69)	–	–
Provisions	(37)	(37)	–	–
Unutilised tax losses and allowances	(276)	(224)	–	–
Fair value change, net of debt and equity instruments in FVOCI	(86)	(355)	–	–
	(433)	(685)	–	–

The subsidiaries of the Group transferred tax losses of approximately $653,000 (2018: $501,000) to other subsidiaries within the Group and related companies under the group relief system, subject to compliance with the relevant rules and agreement of Inland Revenue Authority of Singapore.

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $18,286,000 and $7,434,000 (2018: $21,894,000 and $6,866,000) that are available for offset against future taxable profits of the Company for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authority and compliance with the relevant provisions of the Singapore tax legislation.

Tax consequences of proposed dividends

There are no income tax consequences (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

10. Earnings per share

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

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

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

	Group	
	2019	2018
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share ($'000)	14,834	10,382
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share computation	1,035,151,163	1,012,594,117
Earnings per share (cents)		
– basic and diluted	1.43	1.03

11. Property, plant and equipment

Group	Freehold properties	Leasehold properties	Renovations, electrical fittings, furniture and fittings	Air-conditioners, office and security equipment	Showroom tools and machinery	Computers	Motor vehicles	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2018	–	10,440	6,275	2,915	612	1,206	231	54	21,733
Additions	–	6,935	281	162	44	175	68	1,505	9,170
Acquisition of a subsidiary	–	–	37	–	–	8	–	–	45
Disposals	–	–	(447)	(182)	(35)	(47)	(66)	(6)	(783)
Transfer in/(out)	–	–	581	2	–	99	–	(682)	–
At 31 December 2018 and 1 January 2019	–	17,375	6,727	2,897	621	1,441	233	871	30,165
Additions	–	–	195	269	36	61	–	1,590	2,151
Acquisition of subsidiary	15,183	14,701	–	2	–	–	–	–	29,886
Disposals	–	–	(402)	(58)	(2)	(67)	–	(123)	(652)
Transfer in/(out)	–	–	1,383	125	1	189	–	(1,698)	–
At 31 December 2019	15,183	32,076	7,903	3,235	656	1,624	233	640	61,550
Accumulated depreciation									
At 1 January 2018	–	62	2,284	1,909	437	733	117	–	5,542
Depreciation charge for the year	–	265	1,153	331	76	255	33	–	2,113
Disposals	–	–	(336)	(167)	(31)	(45)	(61)	–	(640)
At 31 December 2018 and 1 January 2019	–	327	3,101	2,073	482	943	89	–	7,015
Depreciation charge for the year	3	362	1,267	328	69	308	33	–	2,370
Disposals	–	–	(278)	(47)	(1)	(44)	–	–	(370)
At 31 December 2019	3	689	4,090	2,354	550	1,207	122	–	9,015
Net carrying amount									
At 31 December 2018	–	17,048	3,626	824	139	498	144	871	23,150
At 31 December 2019	15,180	31,387	3,813	881	106	417	111	640	52,535

11. Property, plant and equipment (continued)

Company	Renovations, electrical fittings, furniture and fittings	Air-conditioners, office and security equipment	Showroom tools and machinery	Computers	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2018	185	90	5	167	42	489
Additions	3	5	–	28	–	36
At 31 December 2018 and 1 January 2019	188	95	5	195	42	525
Additions	–	–	–	12	–	12
At 31 December 2019	188	95	5	207	42	537
Accumulated depreciation						
At 1 January 2018	145	54	5	107	–	311
Depreciation charge for the year	14	10	–	32	–	56
At 31 December 2018 and 1 January 2019	159	64	5	139	–	367
Depreciation charge for the year	12	9	–	33	–	54
At 31 December 2019	171	73	5	172	–	421
Net carrying amount						
At 31 December 2018	29	31	–	56	42	158
At 31 December 2019	17	22	–	35	42	116

A floating charge has been placed on plant and equipment of certain subsidiaries with a carrying amount aggregating $3,829,000 (2018: $4,570,000) as security for bank borrowings (Note 22).

As at 31 December 2019, freehold properties and leasehold properties with a carrying value of $15,180,000 (2018: Nil) and $31,387,000 (2018: $17,048,000) respectively are pledged to banks as security for bank borrowings (Note 22).

12. Investment in subsidiaries

	Company	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost		
Balance at beginning of the year	47,928	46,100
Additions during the year	6,314	1,828
Balance at end of the year	54,242	47,928

The Company had the following subsidiaries:

	Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
				2019	2018
	Held by the Company				
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100
(a), (f)	Gold N Gems Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	–	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100
(a)	Maxi-Cash Property Pte. Ltd.	Singapore	Real estate activities	100	100
(a)	Maxi-Cash Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100
(a)	Maxi-Cash Capital Management Pte. Ltd.	Singapore	Secured lending and investment holding	100	100
(a)	Maxi-Cash International Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100
(a), (f)	Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.)	Singapore	Jewellery retailing	100	100
(a), (d)	Aspial Property Investment Pte. Ltd.	Singapore	Real estate activities	100	–
	Held by Maxi-Cash Group Pte. Ltd.				
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East 2) Pte. Ltd.	Singapore	Inactive	100	100

12. Investment in subsidiaries (continued)

The Company had the following subsidiaries (continued):

	Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
				2019	2018
	Held by Maxi-Cash Capital Management Pte. Ltd.				
(a)	Maxi Financial Pte. Ltd.	Singapore	Inactive	100	100
	Held by Maxi-Cash International Pte. Ltd.				
(b)	Maxi Cash (Malaysia) Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
(c)	Maxi-Cash (Australia) Pty. Ltd.	Australia	Investment holding and provision of management services	100	100
(b),(e)	Maxi-Cash (Hong Kong) Co. Ltd.	Hong Kong	Investment holding and provision of management services	100	–
	Held by Maxi Cash (Malaysia) Sdn. Bhd.				
(b)	Maxi Cash (Penang) Sdn. Bhd.	Malaysia	Inactive	100	90
(b)	Maxi Cash (Southern) Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	90
(b)	LuxeSTYLE (Malaysia) Sdn. Bhd.	Malaysia	Trading and retailing of jewellery and branded merchandise	100	100
	Held by Maxi Cash (Penang) Sdn. Bhd.				
(b)	Max Cash (George Town) Sdn. Bhd.	Malaysia	Inactive	100	100
	Held by Maxi Cash (Southern) Sdn. Bhd.				
(b)	Maxi Cash (S1) Sdn. Bhd.	Malaysia	Pawn brokerage	99	100
(b),(e)	Maxi Cash (S2) Sdn. Bhd.	Malaysia	Inactive	99	–
(b),(e)	Maxi Cash (S3) Sdn. Bhd.	Malaysia	Inactive	99	–
(b),(e)	Maxi Cash (KL1) Sdn. Bhd.	Malaysia	Inactive	99	–
(b),(e)	Maxi Cash (KL2) Sdn. Bhd.	Malaysia	Inactive	99	–
	Held by Maxi-Cash (Australia) Pty. Ltd.				
(c)	Maxi-Cash Melbourne (VIC) Pty. Ltd.	Australia	Pawn brokerage	100	100
(c)	LuxeSTYLE (Australia) Pty. Ltd.	Australia	Trading and retailing of jewellery and branded merchandise	100	100
	Held by Maxi-Cash (Hong Kong) Co. Ltd.				
(b),(e)	Maxi-Cash (HKI) Co. Ltd.	Hong Kong	Pawn brokerage	100	–
(b),(e)	Maxi-Cash Retail (HKI) Co. Ltd.	Hong Kong	Inactive	100	–

(a) Audited by Ernst & Young LLP, Singapore

(b) Audited by a member firm of EY Global

(c) Audited by The Field Group, Melbourne

(d) Acquired during the financial year ended 31 December 2019

(e) Newly incorporated during the financial year ended 31 December 2019

(f) During the financial year ended 31 December 2019, Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.) amalgamated with Gold N Gems Pte. Ltd. pursuant to Section 215A and Section 215D of the Companies Act (Chapter 50), with Maxi-Cash Retail Pte. Ltd. remaining as the amalgamated entity. The amalgamation took effect on 1 July 2019.

12. Investment in subsidiaries (continued)

(a) *Acquisition of Aspial Property Investment Pte. Ltd. under common control*

On 31 August 2019, the Company acquired 100% equity interest in Aspial Property Investment Pte. Ltd. ("**API**") for a cash consideration of $5,314,000 from Aspial Corporation Limited ("**ACL**"). Both the Company and ACL are ultimately controlled by the same party before and after the business combination within the MLHS Holdings Group. The Company is of the view that the acquisition is in line with the Group's strategic plans to acquire an asset which has the potential for capital gain, while being utilised (or potentially utilised) for the purposes of its existing pawnbroking and retail businesses.

The above acquisition is considered to be a business combination under common control and the acquired assets and liabilities transferred have been included in the consolidated financial statements at their carrying amounts. The consolidated financial statements include the financial position and financial performance of API from the date of acquisition.

The carrying value of the assets and liabilities of API as at the acquisition date were:

	Carrying value recognised on acquisition
	$'000
Property, plant and equipment	29,886
Trade and other receivables	161
Prepayments	2
Cash and bank balances	55
	30,104
Trade and other payables	(7,884)
Interest-bearing loans	(20,796)
Provision for taxation	(23)
Total net assets at carrying value	1,401
Cash paid, representing total consideration transferred	(5,314)
Reserve on acquisition of subsidiaries (Note 25(c))	(3,913)
Effect of the acquisition of API on cash flows	
Cash paid	(5,314)
Less: Cash and cash equivalents of subsidiary acquired	55
Net cash outflow on acquisition	(5,259)

From the acquisition date, API contributed a loss of $128,000 to the Group's profit for the financial year ended 31 December 2019. If the business combination had taken place at the beginning of the year, the Group's profit for the year would have reduced by approximately $391,000.

(b) *Acquisition of Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.) under common control*

On 1 April 2018, the Company acquired 100% equity interest in Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.) ("**MCR**") for a cash consideration of $1,828,000 from Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALHJS**"). Both the Company and ALHJS are ultimately controlled by the same party before and after the business combination within the Aspial Corporation Limited Group. The reason for the acquisition is to leverage on the branding of Citigems as part of the Group's strategic plans of increasing its product offerings in the market.

The acquisition is considered to be a business combination under common control and the acquired assets and liabilities transferred have been included in the consolidated financial statements at their carrying amounts. The consolidated financial statements include the financial position and financial performance of MCR from the date of acquisition.

12. Investment in subsidiaries (continued)

(b) ***Acquisition of Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.) under common control (continued)***

The carrying value of the assets and liabilities of MCR as at the acquisition date were:

	Carrying value recognised on acquisition
	$'000
Property, plant and equipment	45
Trade and other receivables	1,066
Inventories	52
Due from the then-existing shareholders of the subsidiary	1
Prepayments	130
Cash and bank balances	218
	1,512
Trade and other payables	(1,185)
Total net assets at carrying value	327
Cash paid, representing total consideration transferred	(1,828)
Reserve on acquisition of subsidiaries (Note 25(c))	(1,501)
Effect of the acquisition of MCR on cash flows	
Cash paid	(1,828)
Less: Cash and cash equivalents of subsidiary acquired	218
Net cash outflow on acquisition	(1,610)

From the acquisition date, MCR contributed $3,845,000 of revenue and a loss of $555,000 to the Group's profit for the financial year ended 31 December 2018. If the business combination had taken place at the beginning of the year, the Group's revenue would have increased by approximately $2,653,000 and profit before tax would have reduced by approximately $888,000.

13. Investment in joint venture

The Company has 50% (2018: 50%) interest in the ownership and voting rights in Aspial Capital (Ubi) Pte. Ltd ("**ACUPL**") amounting to cost of investment of $7,000,000 (2018: $500,000), as the Group subsequently subscribed for new shares issued by ACUPL during the year amounting to $6,500,000.

ACUPL is incorporated in Singapore and is a strategic venture in the business of investment holding. The Company jointly controls ACUPL with a subsidiary of the immediate holding company under the contractual agreement which provides the Company with rights to the net assets of the joint venture and requires unanimous consent for all major decisions over the relevant activities.

Details of the joint venture are as follow:

	Name of Company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
				2019	2018
(a)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Investment holding	50	50

(a) Audited by Ernst & Young LLP, Singapore

13. Investment in joint venture (continued)

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

Summarised statement of financial position

	ACUPL	
	2019	**2018**
	$'000	$'000
Cash and cash equivalents	100	13
Other current assets	456	351
Current assets	556	364
Investment properties	51,441	28,805
Right-of-use assets	7,611	–
Total assets	59,608	29,169
Other payables and provisions	4,572	1,679
Other current liabilities	5,280	10,430
Interest-bearing loans	1,788	631
Lease liabilities	96	–
Current liabilities	11,736	12,740
Interest-bearing loans	27,403	16,147
Lease liabilities	7,640	–
Total liabilities	46,779	28,887
Net assets	12,829	282
Proportion of Group's ownership	50%	50%
Group's share of net assets and carrying amount of the investment	6,415	141

Summarised statement of comprehensive income

	ACUPL	
	2019	**2018**
	$'000	$'000
Revenue	–	82
Other operating expenses	(339)	(303)
Finance costs	(112)	(61)
Loss before tax	(451)	(282)
Income tax expense	–	–
Loss for the year, representing other comprehensive income	(451)	(282)
Proportion of Group's ownership	50%	50%
Group's share of results of joint venture	(226)	(141)

14. Derivative financial instruments

	Group			
	2019	**2019**	**2018**	**2018**
	$'000	$'000	$'000	$'000
	Contract notional amount	**Assets/ (liabilities)**	**Contract notional amount**	**Assets/ (liabilities)**
Forward currency contracts				
- Assets	36,174	602	57,042	1,273
- Liabilities	–	–	14,177	(215)
		602		1,058

As at 31 December 2019, the Group entered into foreign currency forward contracts mainly in Australian Dollar and Euro, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar and Euro receivables.

15. Investment securities

	Group	
	2019	**2018**
	$'000	$'000
Current:		
At fair value through other comprehensive income		
- Debt securities (quoted)	1,253	2,466
Add:		
Non-current:		
At fair value through other comprehensive income		
- Debt securities (quoted)	747	11,536
- Equity securities (quoted)	2,481	12,713
	3,228	24,249
Total financial assets measured at fair value through other comprehensive income	4,481	26,715

15. Investment securities (continued)

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	2019	**2018**
	$'000	$'000
At fair value through other comprehensive income		
- Equity securities (quoted)		
Lippo Malls Indonesia Retail Trust	2,481	2,762
Olam International Ltd.	–	2,205
Ara Asset Management Limited	–	721
Wing Tai Properties Finance Limited	–	3,779
Frasers Property Treasury Limited	–	3,009
GLL IHT Pte. Ltd.	–	237
	2,481	12,713

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. The fair value of equity instruments designated at fair value through other comprehensive income at the date of derecognition amounted to $10,941,000 (2018: $31,515,000). The cumulative losses arising from disposal amounted to $345,000 (2018: $992,000) and were transferred from fair value adjustment reserve to retained earnings. The reason for disposal is to meet requirements for new investment opportunities in secured lending.

Investment pledged as securities

A floating charge has been placed on investment securities with a carrying value of $4,481,000 (2018: $26,715,000) as security for bank borrowings (Note 22).

16. Inventories

	Group	
	2019	**2018**
	$'000	$'000
Consolidated statement of financial position:		
Finished goods, at cost or net realisable value	74,461	61,469
Consolidated statement of comprehensive income:		
Inventories recognised as an expense:		
- Material costs	139,200	130,201
- Inventories written-down	100	–

A floating charge has been placed on inventories with a carrying value of $67,720,000 (2018: $56,988,000) as security for bank borrowings (Note 22).

17. Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	312,921	301,852	–	–
Other receivables	40	426	11	11
Deposits	2,322	1,265	16	18
	315,283	303,543	27	29
Trade and other receivables (non-current):				
Trade receivables	–	3,517	–	–
Unquoted debt securities at fair value through profit or loss	9,430	9,625	–	–
Deposits	2,306	1,981	–	–
	11,736	15,123	–	–
Total trade and other receivables (current and non-current)	327,019	318,666	27	29
Add:				
Due from subsidiaries (non-trade)	–	–	157,473	161,889
Due from a related company (trade)	394	–	–	–
Due from a related company (non-trade)	67	1	–	–
Cash and bank balances	16,041	21,845	1,532	941
Less:				
Unquoted debt securities at fair value through profit or loss	(9,430)	(9,625)	–	–
Total financial assets carried at amortised cost	334,091	330,887	159,032	162,859
Financial assets at fair value through profit or loss				
Unquoted debt securities at fair value through profit or loss	9,430	9,625	–	–
Derivative financial instruments (Note 14)	602	1,058	–	–
Due from joint venture (non-trade)	2,640	5,215	2,640	5,215
Total financial assets at fair value through profit or loss	12,672	15,898	2,640	5,215

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

Pawnshop loans are loans to customers extended under pawnbroking business which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (2018: 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

Secured lending receivables are measured at amortised cost using the effective interest rate method which are interest-bearing ranging between 5.0% to 22.5% (2018: 5.0% to 22.5%) per annum and are secured by way of collateralised real estate held by the investment trustee. These loans and receivables have remaining maturities ranging between 1 to 6 months.

17. Trade and other receivables (continued)

Included in non-current financial assets held at fair value through profit or loss is an amount of $9,430,000 (2018: $9,625,000), extended through a fund which extends interest-bearing loans to borrowers and has provided a return of approximately 9% (2018: 11%) per annum for the financial year ended 31 December 2019. This financial asset is secured by way of collateralised real estate held by the fund, and has a remaining maturity of 17 months (2018: 29 months), with an option by the fund to extend the maturity by a further 12 months.

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

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

A floating charge has been placed on trade and other receivables with a carrying value of $287,645,000 (2018: $266,796,000) as security for bank borrowings (Note 22).

Trade and other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
United States Dollar	323	203	–	–
Australian Dollar	26,034	51,471	–	–
Euro	10,143	–	–	–

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2019	2018
	$'000	$'000
Movement in allowance accounts:		
At 1 January	–	(101)
Charge for the year	(3,946)	(4,427)
Write-back	–	26
Written off	3,946	4,502
At 31 December	–	–

When customer default occurs, the Group has no reasonable expectations of recovering the interest receivable and therefore, the Group writes off the interest receivable portion of the financial assets. However, this loss is expected to be recoverable when the forfeited pledges are subsequently sold to customers under the Group's retail and trading of jewellery and branded merchandise business segment (Note 29).

18. Prepaid rent

	Group	
	2019	**2018**
	$'000	$'000
Cost		
At 1 January	8	150
Additions	–	8
Write-off	–	(150)
At 31 December	8	8
Accumulated amortisation		
At 1 January	3	150
Amortisation for the year	4	3
Write-off	–	(150)
At 31 December	7	3
Balance at 31 December	1	5
Current portion	1	4
Non-current portion	–	1
	1	5

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

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

The amounts due from subsidiaries are non-trade related, unsecured, receivable on demand and are to be settled in cash. These amounts are interest-free except for amounts due from subsidiaries of $55,974,000 (2018: $82,250,000) which bear interest at rates ranging from 3.24% to 6.39% (2018: 3.52% to 6.39%) per annum.

The amounts due from related companies and joint venture are unsecured, interest-free, receivable on demand and are to be settled in cash.

The amount due to immediate holding are unsecured, interest-bearing at 6.35%, repayable on demand and are to be settled in cash.

The amounts due to related companies are unsecured, interest-free, repayable on demand and are to be settled in cash.

20. Cash and bank balances

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at banks and on hand	16,041	21,845	1,532	941

A floating charge has been placed on cash and bank balances with a carrying value of $6,168,000 (2018: $10,800,000) as security for bank borrowings (Note 22).

Cash and bank balances denominated in foreign currency are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Australian Dollar	114	2,004	–	–

21. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade and other payables (current):				
Trade payables	540	462	42	138
Other payables	1,109	1,368	55	114
Accrued operating expenses				
- Payroll related	3,355	3,325	940	1,383
- Others	3,560	3,174	2,129	1,141
Deposits received	2,194	760	–	–
	10,758	9,089	3,166	2,776
Other payables (non-current):				
Other payables	109	74	–	16
	109	74	–	16
Total trade and other payables (current and non-current)	10,867	9,163	3,166	2,792
Add:				
Due to immediate holding company (non-trade)	2,696	–	–	–
Due to related companies (non-trade)	764	706	–	–
Interest-bearing loans (Note 22)	249,682	235,312	–	–
Term notes (Note 23)	75,500	69,000	75,500	70,000
Lease liabilities (Note 24(b))	34,483	–	–	–
Less:				
Accrued operating expenses				
- Payroll related	(313)	(312)	(72)	(92)
- Others	(16)	(73)	(16)	(73)
Total financial liabilities carried at amortised cost	373,663	313,796	78,578	72,627

21. Trade and other payables (continued)

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

Trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Hong Kong Dollar	3	30	–	–
Australian Dollar	188	417	–	8
United States Dollar	78	60	29	14

22. Interest-bearing loans

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Secured borrowings					
Current					
Bank borrowings		216,602	222,180	–	–
Term loans		1,528	488	–	–
		218,130	222,668	–	–
Non-current					
Term loans		31,552	12,644	–	–
		249,682	235,312	–	–
Add:					
Term notes	23	75,500	69,000	75,500	70,000
Total loans and borrowings		325,182	304,312	75,500	70,000

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

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

The term loans of $33,080,000 (2018: $13,132,000) bear interest at rates ranging from 2.08% to 4.40% (2018: 1.88% to 2.61%) per annum and are secured by way of legal mortgage over the freehold and leasehold properties (Note 11). These loans are repayable in instalments and is expected to be fully repaid between years 2032 to 2041 (2018: 2037 to 2038).

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

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

	2019	2018
Bank borrowings	3.37%	2.95%
Term loans	3.04%	2.11%

23. Term notes

Date issued	Interest rate	Maturity dates	Aggregate principal amount outstanding Group 2019	Group 2018	Company 2019	Company 2018
	%		$'000	$'000	$'000	$'000
Current						
27 April 2017	5.50	27 April 2020	5,500	–	5,500	–
9 October 2017	5.50	27 April 2020	20,000	–	20,000	–
			25,500	–	25,500	–
Non-current						
27 April 2017	5.50	27 April 2020	–	49,000	–	50,000
9 October 2017	5.50	27 April 2020	–	20,000	–	20,000
22 July 2019	6.35	22 July 2022	50,000	–	50,000	–
Total term notes			75,500	69,000	75,500	70,000

During 2017, the Company established a Multicurrency Medium Term Note programme ("**MTN Programme**"), under which the Company may issue notes from time to time. As at 31 December 2018, unsecured term notes issued by the Company under the MTN Programme amounted to $69,000,000 at Group level.

As at 1 January 2019, 5.50% term notes issued due 2020 amounted to $69,000,000 as $1,000,000 term notes had been purchased and held by a subsidiary of the Group. During the year, an additional $3,000,000 of term notes were purchased by the subsidiary. Subsequently, the Company purchased $4,000,000 of term notes from its subsidiary.

On 1 July 2019, the Company issued an updated Information Memorandum in relation to the MTN Programme. On the same day, the Company issued a Notice of Tender and Exchange Offer Exercise to note holders on the Series 001 notes.

Upon completion of the Tender Offer, $14,000,000 principal amount of its Series 001 notes were offered for sale and accepted by the Company. $26,500,000 principal amount of Series 001 notes were offered for exchange for Series 002 New Notes. Following the cancellation of Tender Offer notes, the aggregate outstanding Series 001 notes is $25,500,000. In addition to the $26,500,000 principal amount of Exchange Offer Notes, the Company received interest from investors for additional notes (Series 002) of $23,500,000. The Company issued $50,000,000 6.35% term notes due 2022 on 22 July 2019. As at 31 December 2019, outstanding 5.50% term notes (Series 001) due 2020 issued in 2017, amounted to $25,500,000, and 6.35% term notes (Series 002) due 2022 issued in 2019, amounted to $50,000,000.

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

	1 January 2019	Cash flows (used in)/ from financing activities	Changes arising from obtaining control of a subsidiary	Non-cash changes: Accretion of interests	Non-cash changes: Amortisation of premium on term notes	Non-cash changes: Gain on purchase of term notes	Non-cash changes: Additions of lease liabilities	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	73	–	–	–	(57)	–	–	16
Term notes	69,000	6,512	–	–	–	(12)	–	75,500
Interest-bearing loans	222,180	(5,578)	–	–	–	–	–	216,602
Term loans	13,132	(848)	20,796	–	–	–	–	33,080
Lease liabilities	21,645	(9,501)	(1,405)	816	–	–	22,928	34,483
Total	326,030	(9,415)	19,391	816	(57)	(12)	22,928	359,681

23. Term notes (continued)

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

			Non-cash changes		
	1 January 2018	Cash flows (used in)/ from financing activities	Amortisation of premium on term notes	Gain on purchase of term notes	31 December 2018
	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	128	–	(55)	–	73
Term notes	70,000	(996)	–	(4)	69,000
Interest-bearing loans	230,075	(7,895)	–	–	222,180
Term loans	7,924	5,208	–	–	13,132
Total	308,127	(3,683)	(55)	(4)	304,385

24. Leases

Group as a lessee

The Group has lease contracts for retail stores used in its operations. Leases of retail stores generally have lease terms between 2 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of retail stores with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

(a) *Carrying amounts of right-of-use assets*

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Retail stores
	$'000
As at 1 January 2019	21,645
Additions	22,928
Depreciation	(9,181)
Changes arising from obtaining control of a subsidiary	(1,405)
As at 31 December 2019	33,987

24. Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019
	$'000
As at 1 January	21,645
Additions	22,928
Accretion of interest	816
Payments	(9,501)
Changes arising from obtaining control of a subsidiary	(1,405)
As at 31 December	34,483
Current portion	8,245
Non-current portion	26,238
	34,483

The maturity analysis of lease liabilities is disclosed in Note 31.

(c) *Amounts recognised in profit or loss*

The following are the amounts recognised in profit or loss:

	2019
	$'000
Depreciation of right-of-use assets	9,181
Interest expense on lease liabilities (Note 6)	816
Expense relating to short-term leases (included in other operating expenses) (Note 8)	2,277
Variable lease payments (included in other operating expenses) (Note 8)	122
Total amount recognised in profit or loss	12,396

(d) *Total cash outflow*

The Group had total cash outflows for leases of $11,900,000 in 2019.

(e) *Extension options*

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 3.1).

24. Leases (continued)

Group as a lessor

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

Rental income recognised by the Group during the year is $323,000 (2018: $261,000).

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

	Group	
	2019	**2018**
	$'000	$'000
Not later than one year	633	88
Later than one year but not later than five years	409	–
	1,042	88

25. Share capital, treasury shares and other reserves

(a) ***Share capital***

	Group and Company			
	2019		**2018**	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid ordinary shares:				
At 1 January	1,035,252,356	137,286	911,576,048	118,367
Ordinary shares issued under scrip dividend scheme [(2)]	–	–	36,550,676	5,117
Ordinary shares issued under rights issue [(1)]	–	–	87,125,632	13,802
Balance at 31 December	1,035,252,356	137,286	1,035,252,356	137,286

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

Notes

(1) On 30 September 2018 and 12 January 2018, the Company issued 87,125,632 new shares at an issue price of $0.160 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the capital of the Company.

(2) On 13 July 2018, the Company issued 36,550,676 new shares at an issue price of $0.140 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

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

(b) *Treasury shares*

	Group and Company			
	2019		2018	
	No. of shares	$'000	No. of shares	$'000
At 1 January	96,300	15	1,000,000	165
Share buyback through open market [(1)(3)]	911,000	117	300,000	42
Treasury shares reissued pursuant to Maxi-Cash Performance Share Plan [(2)(4)]	(941,178)	(123)	(1,203,700)	(192)
Balance at 31 December	66,122	9	96,300	15

Notes

(1) On 14 August 2018, 17 August 2018 and 20 August 2018, the Company purchased an aggregate of 300,000 shares, which are held as treasury shares and presented as a component within shareholders' equity

(2) On 31 August 2018, the Company transferred 1,203,700 treasury shares to eligible employees under Maxi-Cash Performance Share Plan.

(3) On 22 August 2019, 23 August 2019 and 26 August 2019, the Company purchased an aggregate of 911,000 shares, which are held as treasury shares.

(4) On 30 August 2019, the Company transferred 941,178 treasury shares to eligible employees under the Maxi-Cash Performance Share Plan.

(c) *Other reserves*

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Fair value adjustment reserve	(424)	(1,739)	–	–
Loss on reissuance of treasury shares	(26)	(23)	(26)	(23)
Foreign currency translation reserve	17	6	–	–
Reserve on acquisition of subsidiaries (Note 12)	(5,414)	(1,501)	–	–
Change in ownership interest in subsidiary without a change in control	(23)	–	–	–
	(5,870)	(3,257)	(26)	(23)

Fair value adjustment reserve

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

Loss on reissuance of treasury shares

This represents the loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Reserve on acquisition of subsidiaries

This represents reserve on acquisition of subsidiaries under common control (Note 12).

26. Related party transactions

(a) Sale and purchase of goods and services

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

	Group	
	2019	**2018**
	$'000	$'000
Purchases from a related company	2,530	6,155
Sales to a related company	6,470	6,413
Corporate services charged by immediate holding company	1,425	1,200
Rental to a related company	558	836
Rental to a director related company	608	608
Interest expense on advances from immediate holding company	118	–
Acquisition of Maxi-Cash Retail Pte. Ltd. (Note 12(b))	–	1,828
Acquisition of Aspial Property Investment Pte. Ltd. (Note 12(a))	5,314	–
Bad debt recovered from immediate holding company	141	–

(b) *Commitments with related parties*

As at 31 December 2018, the Group had lease commitments in respect of retail outlet premises with related parties. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group
	2018
	$'000
Rental payable to a related company:	
Not later than one year	837
Later than one year but not later than five years	604
	1,441
Rental payable to a director related company:	
Not later than one year	609
Later than one year but not later than five years	446
	1,055

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to $1,444,000.

As disclosed in Note 2.2, the Group adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term leases.

26. Related party transactions (continued)

(c) *Compensation of key management personnel*

	Group	
	2019	**2018**
	$'000	$'000
Short-term employee benefits	2,044	1,797
Central Provident Fund contributions	89	79
Total compensation paid to key management personnel	2,133	1,876
Comprise amounts paid to:		
Directors of the Company	1,224	1,139
Other key management personnel	909	737
	2,133	1,876

27. Commitments

(a) *Capital commitments*

Capital expenditure contracted for but not recognised in the financial statements are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Capital commitments of a joint venture in respect of property, plant and equipment	–	10,440
Capital commitments of a subsidiary in respect of acquisition of properties#	22,515	–

The subsidiary has completed the acquisition of properties from 8G Investment Pte. Ltd., a director-related company, on 23 January 2020.

(b) *Operating lease commitments - As lessee*

The Group leases office and retail outlet premises under non-cancellable operating lease agreements. Certain of the leases contain an escalation clause and provides for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to $11,675,000.

As at 31 December 2018, the future minimum rental payable under non-cancellable operating leases as the end of the financial year are as follows:

	Group
	2018
	$'000
Not later than one year	9,362
Later than one year but not later than five years	7,552
	16,914

As disclosed in Note 2.2, the Group adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term leases.

28. Contingencies

Guarantees

The Company has provided guarantee to banks for loans of the joint venture, to the extent of its interest, amounting to $14,596,000 (2018: $8,389,000) at the end of the financial year.

The Company has provided corporate guarantees to banks for an aggregate of $243,748,000 (2018: $222,163,000) in respect of bank borrowings drawn down by certain subsidiaries (Note 12).

29. Segmental information

Business segments

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

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

(a) Pawnbroking;

(b) Money lending; and

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

"Others" segment include rental of properties, provision of other support services, share of result of joint venture and investment holding which are mainly intersegment transactions.

Allocation basis and transfer pricing

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

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

Capital expenditure comprises additions to property, plant and equipment.

29. Segmental information (continued)

	Pawnbroking	Money lending	Retail and trading of jewellery and branded merchandise	Others	Elimination	Note	Total
	$'000	$'000	$'000	$'000	$'000		$'000
2019							
Revenue	43,223	7,940	167,315	–	–		218,478
Inter-segment revenue	43,237	–	24	–	(43,261)	A	–
Results							
Segment results	18,592	6,578	4,848	12,847	(12,256)		30,609
Share of result of joint venture	–	–	–	(226)	–		(226)
Interest income	37	11	–	4,695	(4,318)		425
Dividend income from equity instruments	–	–	–	426	–		426
Finance costs	(7,491)	(3,698)	(1,091)	(5,333)	4,318		(13,295)
Profit before tax	11,138	2,891	3,757	12,409	(12,256)	B	17,939
Segment assets	353,150	37,195	82,993	220,450	(178,817)	C	514,971
Investment in joint venture	–	–	–	6,415	–		6,415
Unallocated assets	–	–	–	–	–		433
Total assets							521,819
Segment liabilities	310,101	37,778	68,857	148,168	(178,962)	D	385,942
Unallocated liabilities							(3,016)
Total liabilities							382,926
Capital expenditure	2,026	–	112	13	–		2,151
Depreciation and amortisation	10,670	–	464	421	–		11,555
Other significant non-cash expenses	184	–	170	–	–	E	354

29. Segmental information (continued)

	Pawnbroking $'000	Money lending $'000	Retail and trading of jewellery and branded merchandise $'000	Others $'000	Elimination $'000	Note	Total $'000
2018							
Revenue	41,110	8,944	153,597	–	–		203,651
Inter-segment revenue	44,320	–	3	–	(44,323)	A	–
Results							
Segment results	15,078	3,014	2,850	13,948	(14,504)		20,386
Share of result of joint venture	–	–	–	(141)	–		(141)
Interest income	–	26	–	7,177	(4,360)		2,843
Finance costs	(5,509)	(4,137)	(595)	(5,141)	4,360		(11,022)
Profit before tax	9,569	(1,097)	2,255	15,843	(14,504)	B	12,066
Segment assets	300,675	56,522	67,955	218,840	(184,142)	C	459,850
Investment in joint venture	–	–	–	141	–		141
Unallocated assets	–	–	–	–	–		685
Total assets							460,676
Segment liabilities	263,084	56,781	58,129	127,501	(184,237)	D	321,258
Unallocated liabilities							(1,729)
Total liabilities							319,529
Capital expenditure	1,922	–	131	7,117	–		9,170
Depreciation and amortisation	1,652	–	140	324	–		2,116
Other significant non-cash expenses	116	–	–	–	–	E	116

29. Segmental information (continued)

Notes

A Inter-segment revenues are eliminated on consolidation.

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

	2019	2018
	$'000	$'000
Profit from inter-segment sales	(12,256)	(14,504)

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

	Group	
	2019	2018
	$'000	$'000
Inter-segment assets	(178,817)	(184,142)

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

	Group	
	2019	2018
	$'000	$'000
Inter-segment liabilities	(178,962)	(184,237)

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

	2019	2018
	$'000	$'000
Write-back of allowance for doubtful receivables	–	(26)
Loss on disposal of property, plant and equipment	222	129
Write-down of inventories	100	–
Financial losses on pledged items not fully covered by insurance	32	13
	354	116

29. Segmental information (continued)

Geographical segments

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

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Singapore	209,514	194,707	86,160	23,291
Australia	7,577	8,944	4,683	–
Ireland	1,308	–	–	–
Malaysia	79	–	397	–
Hong Kong	–	–	1,697	–
	218,478	203,651	92,937	23,291

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

30. Dividends

	2019	**2018**
	$'000	$'000
Dividends on ordinary shares declared and payable/paid during the year		
Final exempt (one-tier) dividend in respect of profits for 2018: 0.35 (2017: 0.70) cent per share	3,623	6,984
Interim exempt (one-tier) dividend in respect of profits for 2019: 1.00 (2018: 0.60) cent per share based on 1,035,186,234 shares (2018: based on 997,701,680 shares after rights issue)	10,352	6,211
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
Final exempt (one-tier) dividend in respect of profits for 2019: 0.35 (2018: 0.35) cent per share	3,623	3,623

30. Dividends (continued)

On 30 September 2018 and 12 January 2018, 87,125,632 rights shares were successfully allotted and issued by the Company. As a result of the allotment and issue of the rights shares, the number of issued and paid-up shares has increased from 910,576,048 shares (excluding 1,000,000 treasury shares) to 997,701,680 shares (excluding 1,000,000 treasury shares).

On 13 July 2018, the Company issued 36,550,676 new shares at an issue price of $0.140 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

31. Financial risk management objectives and policies

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

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

(a) Liquidity risk

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

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

31. Financial risk management objectives and policies (continued)

(a) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2019				
Financial assets:				
Trade and other receivables	316,421	11,736	–	328,157
Due from a related company (trade)	394	–	–	394
Due from a related company (non-trade)	67	–	–	67
Due from a joint venture (non-trade)	2,640	–	–	2,640
Investment securities	1,253	747	2,481	4,481
Derivative financial instruments	602	–	–	602
Cash and bank balances	16,041	–	–	16,041
Total undiscounted financial assets	337,418	12,483	2,481	352,382
Financial liabilities:				
Trade and other payables	10,005	109	–	10,114
Due to immediate holding company (non-trade)	2,696	–	–	2,696
Due to related companies (non-trade)	764	–	–	764
Interest-bearing loans	219,556	9,355	29,828	258,739
Term notes	29,235	56,350	–	85,585
Lease liabilities	9,012	23,257	4,446	36,715
Total undiscounted financial liabilities	271,268	89,071	34,274	394,613
Total net undiscounted financial assets/(liabilities)	66,150	(76,588)	(31,793)	(42,231)
2018				
Financial assets:				
Trade and other receivables	315,852	16,261	–	332,113
Due from a related company (non-trade)	1	–	–	1
Due from a joint venture (non-trade)	5,215	–	–	5,215
Investment securities	2,466	11,536	12,713	26,715
Cash and bank balances	21,845	–	–	21,845
Total undiscounted financial assets	345,379	27,797	12,713	385,889
Financial liabilities:				
Trade and other payables	9,017	246	–	9,263
Due to related companies (non-trade)	706	–	–	706
Interest-bearing loans	223,606	3,335	16,068	243,009
Term notes	3,207	70,930	–	74,137
Total undiscounted financial liabilities	236,536	74,511	16,068	327,115
Total net undiscounted financial assets/(liabilities)	108,843	(46,714)	(3,355)	58,774

31. Financial risk management objectives and policies (continued)

(a) *Liquidity risk (continued)*

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company			
2019			
Financial assets:			
Trade and other receivables	27	–	27
Due from subsidiaries (non-trade)	160,366	–	160,366
Due from a joint venture (non-trade)	2,640	–	2,640
Cash and bank balances	1,532	–	1,532
Total undiscounted financial assets	164,565	–	164,565
Financial liabilities:			
Trade and other payables	3,036	–	3,036
Term notes	29,235	56,350	85,585
Total undiscounted financial liabilities	32,271	56,350	88,621
Total net undiscounted financial assets/(liabilities)	132,294	(56,350)	75,944
2018			
Financial assets:			
Trade and other receivables	29	–	29
Due from subsidiaries (non-trade)	166,693	–	166,693
Due from a joint venture (non-trade)	5,215	–	5,215
Cash and bank balances	941	–	941
Total undiscounted financial assets	172,878	–	172,878
Financial liabilities:			
Trade and other payables	2,495	–	2,495
Term notes	3,207	71,930	75,137
Total undiscounted financial liabilities	5,702	71,930	77,632
Total net undiscounted financial assets/(liabilities)	167,176	(71,930)	95,246

31. Financial risk management objectives and policies (continued)

(b) *Interest rate risk*

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

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, term notes of $75,500,000 (2018: $69,000,000) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $137,000 (2018: $54,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans.

(c) *Foreign currency risk*

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

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

As disclosed in Note 14, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar and Euro.

Sensitivity analysis for foreign currency risk

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

			2019 Profit before tax	2018 Profit before tax
			$'000	$'000
			(lower)/ higher	(lower)/ higher
AUD	-	strengthened 5% (2018: 5%)	77	709
	-	weakened 5% (2018: 5%)	(77)	(709)

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables and quoted debt instruments. The Group minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments.

31. Financial risk management objectives and policies (continued)

(d) ***Credit risk (continued)***

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant increases in credit risk on other financial instruments of the same borrower;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third–party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

– There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due, where legally enforceable or practicable. Where recoveries are made, these are recognised in profit or loss.

The following are classes of financial assets that are exposed to credit risk:

Secured lending receivables (Note 17)

Secured lending receivables are secured by way of collateralised real estate held by the investment trustee. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

Pawnshop loans (Note 17)

Collateralised nature of the pawnshop loans whereby the quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

31. Financial risk management objectives and policies (continued)

(d) ***Credit risk (continued)***

Interest receivables on pawnshop loans (Note 17)

When customer default occurs, the Group has no reasonable expectations of recovering the interest receivable and therefore, the Group writes off the interest receivable portion of the financial assets. However, this loss is expected to be recoverable when the forfeited pledges are subsequently sold to customers under the Group's retail and trading of jewellery and branded merchandise business segment (Note 29).

Pawnshop loans and interest receivables on pawnshop loans expected credit losses

The Group uses a provision matrix to estimate the allowance for expected credit losses ("**ECLs**") on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss given default as the amount of loss exposure at default after considering the expected realisable value of the customers' pledges.

Significant judgement and estimation is involved in using the historical non-redemption data to derive the probability of default as well as considering any forward-looking economic information.

Quoted debt instruments (Note 15)

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applied the lifetime ECLs approach and noted that there is no significant impact arising from estimation of loss allowance as the Group does not have a significant portion of quoted debt instruments with high credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring significant counterparties of its trade receivables on an ongoing basis. At the end of the financial year, 100% (2018: 100%) of the Group's trade receivables in the money lending business segment were due from 6 entities (2018: 8 entities).

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

32. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

(b) *Assets measured at fair value*

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

	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Group				
2019				
Assets measured at fair value				
Financial assets				
At fair value through other comprehensive income				
- Debt securities (quoted) (Note 15)	2,000	–	–	2,000
- Equity securities (quoted) (Note 15)	2,481	–	–	2,481
At fair value through profit or loss				
- Forward currency contracts (Note 14)	–	602	–	602
- Debt securities (unquoted) (Note 17)	–	–	9,430	9,430
- Due from a joint venture (non-trade) (Note 19)	–	–	2,640	2,640
	4,481	602	12,070	17,153

32. Fair value of assets and liabilities (continued)

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

	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Group				
2018				
Assets measured at fair value				
Financial assets				
At fair value through other comprehensive income				
- Debt securities (quoted) (Note 15)	14,002	–	–	14,002
- Equity securities (quoted) (Note 15)	12,713	–	–	12,713
At fair value through profit or loss				
- Forward currency contracts (Note 14)	–	1,058	–	1,058
- Debt securities (unquoted) (Note 17)	–	–	9,625	9,625
- Due from a joint venture (non-trade) (Note 19)	–	–	5,215	5,215
	26,715	1,058	14,840	42,613

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

(c) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

32. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements

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

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

Description	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs
	$'000			
Recurring fair value measurements				
Unquoted debt securities at fair value through profit or loss (Note 17)	9,430	Net asset valuation	Note 1	Not applicable
Due from a joint venture (non-trade) (Note 19)	2,640	Discounted cash flow	Note 2	Not applicable

Description	Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs
	$'000			
Recurring fair value measurements				
Unquoted debt securities at fair value through profit or loss (Note 17)	9,625	Net asset valuation	Note 1	Not applicable
Due from a joint venture (non-trade) (Note 19)	5,215	Discounted cash flow	Note 2	Not applicable

Note 1 - Unquoted debt securities at fair value through profit or loss

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

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

Note 2 - Due from a joint venture (non-trade)

The fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the financial year.

32. Fair value of assets and liabilities (continued)

(d) ***Level 3 fair value measurements (continued)***

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

	Group			
	Unquoted debt securities		Due from a joint venture	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Opening balance 1 January	9,625	10,364	5,215	2,590
Purchase	–	224	–	–
Exchange differences	(195)	(963)	–	–
Additions	–	–	2,640	2,625
Settlements	–	–	(5,215)	–
Closing balance	9,430	9,625	2,640	5,215

(iii) Valuation policies and procedures

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

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

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

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

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

32. Fair value of assets and liabilities (continued)

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

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

	Fair value measurements at the end of the financial year using		
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Carrying amount
	$'000	$'000	$'000
Group			
2019			
Assets:			
Non-current:			
Deposits	–	2,176	2,306
Financial liabilities:			
Non-current:			
Term notes	49,668	–	50,000
Company			
Financial liabilities:			
Non-current:			
Term notes	49,668	–	50,000
Group			
2018			
Assets:			
Non-current:			
Trade receivables	–	3,793	3,517
Deposits	–	1,936	1,981
Financial liabilities:			
Non-current:			
Term notes	68,813	–	69,000
Company			
Financial liabilities:			
Non-current:			
Term notes	68,813	–	69,000

32. Fair value of assets and liabilities (continued)

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

Determination of fair value

Trade and other receivables

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

Term notes

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

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

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

	Group			
	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
	$'000	$'000	$'000	$'000
Financial assets:				
Non-current:				
Trade receivables	–	–	3,517	3,793
Deposits	2,306	2,176	1,981	1,936
Financial liabilities:				
Non-current:				
Term notes	50,000	49,668	69,000	68,813

	Company			
	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
	$'000	$'000	$'000	$'000
Financial liabilities:				
Non-current:				
Term notes	50,000	49,668	69,000	68,813

33. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

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

	2019	2018
	$'000	$'000
Trade and other payables	10,867	9,163
Due to related companies (non-trade)	764	706
Due to immediate holding company (non-trade)	2,696	–
Dividends payable	5,176	3,105
Interest-bearing loans	249,682	235,312
Term notes	75,500	69,000
Lease liabilities	34,483	–
Less: Cash and bank balances	(16,041)	(21,845)
Net debt	363,127	295,441
Equity attributable to owners of the Company	138,034	140,127
Capital and net debt	501,161	435,568
Gearing ratio	72.5%	67.8%

34. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a directors' resolution dated 25 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

NO. OF ISSUE SHARES (EXCLUDING TREASURY SHARES)	:	1,035,186,234
CLASS OF SHARES	:	ORDINARY SHARES
NUMBER/PERCENTAGE OF TREASURY SHARES	:	66,122 (0.01%)
VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	ONE VOTE PER SHARE
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	302	9.94	12,924	0.00
100 – 1,000	655	21.57	335,562	0.03
1,001 – 10,000	830	27.33	3,504,879	0.34
10,001 – 1,000,000	1,216	40.04	92,305,293	8.92
1,000,001 & ABOVE	34	1.12	939,027,576	90.71
TOTAL	**3,037**	**100.00**	**1,035,186,234**	**100.00**

TOP TWENTY SHAREHOLDERS AS AT 16 MARCH 2020
(As recorded in the Register of Members and Deputy Register)

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ASPIAL CORPORATION LTD	669,954,669	64.72
MLHS HOLDINGS PTE LTD	57,351,654	5.54
UNITED OVERSEAS BANK NOMINEES PTE LTD	54,378,990	5.25
PHILLIP SECURITIES PTE LTD	44,018,052	4.25
MAYBANK KIM ENG SECURITIES PTE.LTD	26,008,175	2.51
HSBC (SINGAPORE) NOMINEES PTE LTD	14,293,424	1.38
SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	10,560,000	1.02
DBS NOMINEES PTE LTD	7,837,406	0.76
NG SHENG TIONG	7,381,482	0.71
ON FOO LIN	6,000,000	0.58
LEE TIONG ANG	4,595,750	0.44
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,741,197	0.36
UOB KAY HIAN PTE LTD	2,579,039	0.25
LEE SAU YOONG	2,135,096	0.21
LIM SWEE ANN	2,015,871	0.20
NG LEOK CHENG	1,883,985	0.18
OCBC NOMINEES SINGAPORE PTE LTD	1,757,328	0.17
CITIBANK NOMINEES SINGAPORE PTE LTD	1,697,607	0.16
LAU KIN HONG	1,634,850	0.16
SINGAPORE NOMINEES PTE LTD	1,600,000	0.16
TOTAL	**921,424,575**	**89.01**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	**NO. OF SHARES**	**% OF SHARES**	**NO. OF SHARES**	**% OF SHARES**
ASPIAL CORPORATION LIMITED (1)	669,954,669	64.72	–	–
KOH WEE SENG (2)(3)	96,181,017	9.29	727,571,074	70.28
KOH LEE HWEE (2)(5)	14,288,888	1.38	734,687,805	70.97
KO LEE MENG (2)(4)	2,813,326	0.27	728,765,805	70.40
MLHS HOLDINGS PTE LTD (1)	57,351,654	5.54	669,954,669	64.72

Notes:

(1) MLHS Holdings Pte Ltd is the controlling shareholder of Aspial Corporation Limited, holding approximately 58.76% of the shareholdings of Aspial Corporation Limited as at 16 March 2020. MLHS Holdings Pte Ltd is a private limited company incorporated in Singapore on 14 January 1994. It is an investment holding company. The shareholders of MLHS Holdings Pte Ltd are Koh Wee Seng (47.00%), Ko Lee Meng (25.75%), Koh Lee Hwee (24.25%), Tan Su Lan @ Tan Soo Lung (2.00%) and the estate of Koh Chong Him @ Ko Chong Sung (1.00%). Tan Su Lan @ Tan Soo Lung and Koh Chong Him @ Ko Chong Sung (deceased) are the parents of Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng.

(2) Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are directors and substantial shareholders of Aspial Corporation Limited through their shareholdings in MLHS Holdings Pte Ltd. In addition, Koh Wee Seng has 19.27% direct interest in Aspial Corporation Limited as at 16 March 2020. Koh Wee Seng is the chief executive officer of Aspial Corporation Limited. Koh Lee Hwee is an executive director and Ko Lee Meng is a non-executive director of Aspial Corporation Limited.

(3) Koh Wee Seng's direct interest derived from 36,599 shares held in his own name and 96,144,418 shares held in nominee accounts. The deemed interest derived from 264,751 shares held by his spouse, 669,954,669 shares held by Aspial Corporation Limited and 57,351,654 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

(4) Ko Lee Meng's direct interest derived from 2,813,326 shares held in nominee accounts. The deemed interest derived from 1,459,482 shares held by her spouse and 669,954,669 shares held by Aspial Corporation Limited and 57,351,654 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

(5) Koh Lee Hwee's direct interest derived from 14,288,888 shares held in nominee accounts and deemed interest derived from 7,381,482 shares held by her spouse and 669,954,669 shares held by Aspial Corporation Limited and 57,351,654 held by MLHS Holdings Pte Ltd by virtue of Section 7 of the Companies Act (Chapter 50) of Singapore.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on the information provided to the Company as at 16 March 2020 and to the best knowledge of the Directors, approximately 14.59% of the issued ordinary shares of the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Maxi-Cash Financial Services Corporation Ltd. (the "**Company**") will be held at 55 Ubi Avenue 3, #01-01, Singapore 408864 on Monday, 27 April 2020 at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.35 Singapore cents per share in respect of the financial year ended 31 December 2019. (2018: 0.35 Singapore cents) **Resolution 2**

3. To approve the payment of Directors' fees of S$298,000 for the financial year ended 31 December 2019. (2018: S$298,000) **Resolution 3**

4. To re-elect the following Directors of the Company, retiring by rotation pursuant to Regulation 89 of the Company's Constitution:-

   (i) Ms Ko Lee Meng; **Resolution 4**

   (ii) Mr Lee Sai Sing; and **Resolution 5**

   (iii) Ms Goh Bee Leong. **Resolution 6**

   (See Explanatory Notes)

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

6. **Authority to issue shares** **Resolution 8**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares; and

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

PROVIDED THAT:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with the above Paragraph 2a and 2b are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Notes)

7. **Authority to issue shares under the Maxi-Cash Performance Share Plan** **Resolution 9**

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

(See Explanatory Notes)

8. **Authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme** **Resolution 10**

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

(See Explanatory Notes)

9. **Proposed renewal of the Share Purchase Mandate** **Resolution 11**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to make purchases of shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (ascertained as at date of the passing of this Resolution 11) at the price of up to but not exceeding the Maximum Price, in accordance with the "**Guidelines on Share Purchases**" set out in Annex A of the Appendix to Shareholders dated 9 April 2020 for the renewal of the Share Purchase Mandate (the "**Appendix**") and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier.

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

(See Explanatory Notes)

OTHER BUSINESS

10. To transact any other business.

BY ORDER OF THE BOARD

Lim Swee Ann
Company Secretary
9 April 2020, Singapore

Explanatory Notes:

Resolution 4

Ms Ko Lee Meng will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee. Detailed information on Ms Ko Lee Meng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2019.

Resolution 5

Mr Lee Sai Sing will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Lee Sai Sing is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lee Sai Sing can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2019.

Resolution 6

Ms Goh Bee Leong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Ms Goh Bee Leong is considered by the Board of Directors to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Ms Goh Bee Leong can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2019.

Resolution 8

The Ordinary Resolution no. 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which fifty per cent (50%) may be issued other than on a pro-rata basis to the shareholders of the Company.

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

Resolution 9

The Ordinary Resolution no. 9, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the total issued shares in the capital of the Company from time to time pursuant to the vesting of Awards under the Maxi-Cash Performance Share Plan.

Resolution 10

The Ordinary Resolution no. 10, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme. Please refer to the Company's announcement dated 9 March 2016 for details on the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme.

Resolution 11

The Ordinary Resolution no. 11, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting of the Company until the date the next Annual General Meeting of the Company is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in Annex A of the Appendix.

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined in Note 2 below) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his or her stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.

2. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624 not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting of the Company.

6. This notice has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

   The contact person for the Sponsor is Mr Ong Hwee Li, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting of the Company and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and its proxy(ies)'s or representative(s)'s appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty, and (iv) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes. The member's personal data and its proxy(ies)'s and/or representative(s)'s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

MEASURES TO MINIMISE RISKS OF COMMUNITY SPREAD OF COVID-19

In view of the COVID-19 situation, the following steps will be taken for shareholders and others who will be attending the AGM of the Company in order to minimise the risk of COVID-19 community spread:

1) All persons attending the AGM of the Company will be required to undergo a temperature check and sign a health declaration form to provide the travel history on whether during the last 14 days he/she have been travelling to any of the COVID-19 affected countries, regions or areas identified by the Ministry of Health of Singapore's ("**MOH**") travel advisories as places to avoid travelling, prior the date of the AGM of the Company (i.e. commencing from and including Monday, 13 April 2020). The health declaration form will be also be used for the purpose of contact tracing, if required.

2) Any person who has recent travel history to the affected countries listed by MOH or has been in contact with a suspected or confirmed COVID-19 patient, irrespective of nationality, during the said 14 days period will not be permitted to attend the AGM of the Company.

3) Any person who has fever or exhibits flu-like symptoms will not be permitted to attend the AGM of the Company.

4) There will be no food served at the AGM of the Company.

Shareholders who are feeling unwell on the date of the AGM of the Company are advised not to attend the AGM of the Company. Shareholders are also advised to arrive at the venue of the AGM of the Company earlier given that the above-mentioned measures may cause delay in the registration process.

In view of the COVID-19 situation, we wish to advise shareholders that it is not essential for you to attend the AGM of the Company in person. Shareholders should refrain from attending the AGM of the Company under the present circumstances as long as the DORSCON level remains at Orange, or higher.

To vote on any or all of the resolutions at the AGM of the Company, you are encouraged to send in your votes in advance by proxy. You may appoint the Chairman of the AGM of the Company as your proxy. The proxy form is attached to the Notice of AGM.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures in accordance to the guidelines issued by MOH. This includes cancelling the AGM, as appropriate, up to the day of the AGM of the Company in order to minimise any risk to shareholders and others attending the AGM of the Company. The Company seeks the understanding and cooperation of all shareholders to minimise the risk of community spread of the COVID-19.

The Company, the Group, their officers and employees shall have no liability whatsoever to shareholders, their proxies, corporate representatives or any other party arising out of or in connection with any of them being infected or suspected of being infected with COVID-19 or suffering any losses arising out of or in connection with attendance at the AGM of the Company and/or the Company taking precautionary measures at the Company's discretion in response to the COVID-19 pandemic.

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MAXI-CASH FINANCIAL SERVICES CORPORATION LTD.

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

PROXY FORM – ANNUAL GENERAL MEETING

I/We*, _____ (Name)

of _____ (Address)

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

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

and/or*

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

or failing the person, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at 55 Ubi Avenue 3, #01-01, Singapore 408864 on Monday, 27 April 2020 at 10.00 a.m., and at any adjournment thereof.

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

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

**Delete as appropriate.*

No.	Ordinary Resolutions	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
	Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2019 and the Directors' Statement and the Auditors' Report thereon.			
2.	To declare a final tax exempt (one-tier) dividend of 0.35 Singapore cents per share in respect of the financial year ended 31 December 2019.			
3.	To approve the payment of Directors' fees of S$298,000 for the financial year ended 31 December 2019.			
4.	To re-elect Ms Ko Lee Meng, a Director retiring by rotation pursuant to Regulation 89 of the Company's Constitution.			
5.	To re-elect Mr Lee Sai Sing, a Director retiring by rotation pursuant to Regulation 89 of the Company's Constitution.			
6.	To re-elect Ms Goh Bee Leong, a Director retiring by rotation pursuant to Regulation 89 of the Company's Constitution.			
7.	To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
8.	To grant the Directors the authority to issue shares.			
9.	To grant the Directors the authority to issue shares under the Maxi-Cash Performance Share Plan.			
10.	To grant the Directors the authority to issue shares under the Maxi-Cash Financial Services Corporation Ltd Scrip Dividend Scheme.			
11.	To approve the proposed renewal of the Share Purchase Mandate.			

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

Dated this _____ day of _____ 2020.

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

_____

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares in the capital of the Company held by you.

2. A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company and where a member appoints two (2) proxies, the member must specify the proportion of shareholdings to be represented by each proxy. If no such proportion or number is specified the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote on his or her behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not less than seventy-two (72) hours before the time set for the AGM of the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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

PERSONAL DATA PRIVACY:

By attending the AGM of the Company and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty, and (iv) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes. The member's personal data and its proxy(ies)'s and/or representative(s)'s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

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MAXI-CASH FINANCIAL SERVICES CORPORATION LTD