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PROSPECTUS



WELL CHIP GROUP BERHAD

(Registration No. 202301014119 (1508041-A))
(Incorporated in Malaysia under the Companies Act, 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 150,000,000 NEW ORDINARY SHARES IN WELL CHIP GROUP BERHAD ("WELL CHIP" OR "COMPANY") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF WELL CHIP ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- 30,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 45,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL SELECTED INVESTORS; AND
- 75,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

AT AN IPO PRICE OF RM[•] PER SHARE PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Underwriter and Placement Agent

Kenanga

Kenanga Investment Bank Berhad

(Registration No. 197301002193 (15678-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

[THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.]

THIS PROSPECTUS [HAS BEEN REGISTERED] BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 201.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under “Definitions” commencing on page v and “Presentation of Financial and Other Information” commencing on page xvi.

RESPONSIBILITY STATEMENTS

Our Directors and our Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Kenanga IB, being our Principal Adviser, Underwriter and Placement Agent, acknowledges that based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

[Our Company has obtained the approval of Bursa Securities for our Listing.] Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms, have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should not take the agreement by the Underwriter named in this Prospectus to underwrite our IPO Shares as an indication of the merits of our Shares being offered.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely in connection with our IPO. Our Shares are offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Principal Adviser, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and it has not been and will not be lodged, registered or approved under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves accordingly and to observe applicable restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it. We will further assume that you have accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

It will be your sole responsibility to ensure that your application for our IPO is in compliance with the terms of our IPO and will not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. It will also be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Principal Adviser, Underwriter, Placement Agent nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us or the Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, file or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by the Third-Party Internet Sites; and
- (iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMELINE

An indicative timetable of our IPO is set out below:

Events	Time and/or date
Opening of the Application for our IPO	10.00 a.m., [●]
Closing of Application for our IPO	5.00 p.m., [●]
Balloting of Application for our IPO	[●]
Allotment of our IPO Shares to successful applicants	[●]
Listing on the Main Market of Bursa Securities	[●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and announce it on Bursa Securities.

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DEFINITIONS

The following terms shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:

Acquisition	: The acquisition by our Company of the entire equity interest of the Target Companies, as further described in Section 6 of this Prospectus
Act	: Companies Act 2016
ADA	: Authorised Depository Agent
Admission	: Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	: Annual general meeting
AMLA 2001	: Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
Application	: Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Application form for the application of the IPO Shares accompanying this Prospectus
ATM	: Automated teller machine
Auditors or Reporting Accountants or RSM	: RSM Malaysia PLT
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
BNM	: Bank Negara Malaysia
Board	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	: Compound annual growth rate
Cash Capital	: Capital in cash for our Group's disbursement of pawn loans
CCC or CFO	: Certificate of completion and compliance or certificate of fitness for occupation
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CMSA	: Capital Markets and Services Act 2007

DEFINITIONS *(Cont'd)*

Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019 and was declared as pandemic affecting many countries globally by the World Health Organisation in 2020. Subsequently in May 2023, the World Health Organisation has declared an end to this global health emergency
Depositor	:	A holder of a Securities Account
Director(s)	:	Director(s) of our Company
Disposal of Swift Paragon	:	Disposal of 2,000,000 ordinary shares in Swift Paragon, representing the entire equity interest of Swift Paragon, by SYT Pavilion to VMM Holdings, which was completed on 28 June 2023
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employee Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to, CD-ROMs (Compact Disc - Read Only Memory)
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
EPF	:	Employees Provident Fund, also known as Kumpulan Wang Simpanan Pekerja (KWSP)
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ESG	:	Environmental, social and governance
FPE	:	Financial period ended/ending 30 June, as the case may be
FMCO	:	Full movement control order issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia effective from 12 May 2021
FYE	:	Financial year ended/ending 31 December, as the case may be
Government or Malaysian Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards issued by the International Accounting Standards Board
IMR Report	:	Independent market research report titled "Pawnbroking Industry in Malaysia and an Overview of the Gold and Jewellery Market" dated 14 November 2023 prepared by Protégé

DEFINITIONS (Cont'd)

IMR or Protégé	:	Protégé Associates Sdn. Bhd. (Registration No. 200401037256 (675767-H)), our independent market researcher
Institutional Offering	:	Offering of 120,000,000 IPO Shares at the IPO Price subject to clawback and reallocation provisions as set out in Section 4.3.1 of this Prospectus, to be allocated in the following manner: <ul style="list-style-type: none"> (i) 45,000,000 IPO Shares to institutional and selected investors; and (ii) 75,000,000 IPO Shares to Bumiputera investors approved by the MITI
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application
Internet Share Application	:	Application for our IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering of our IPO Shares in conjunction with our Listing
IPO Price	:	Indicative issue price of RM[●] per IPO Share
IPO Shares	:	150,000,000 new Shares to be issued by our Company pursuant to our IPO
Issuing House	:	Malaysian Issuing House Sdn. Bhd. (Registration No.199301003608 (258345- X))
IT	:	Information technology
Kenanga IB or Principal Adviser or Underwriter or Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H))
Key Management	:	Key management of our Group, whose profiles are set out in Section 5.4.2 of this Prospectus
KPKT	:	Kementerian Pembangunan Kerajaan Tempatan (Ministry of Local Government Development of Malaysia)
LAT	:	Loss after taxation
Listing	:	Listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	[16 October 2023], being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for trading in securities
MCCG	:	Malaysian Code on Corporate Governance

DEFINITIONS *(Cont'd)*

MCO 1.0	:	Movement control order issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia effective from 18 March 2020
MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIA	:	Malaysian Institute of Accountants
MITI	:	Ministry of Investment, Trade and Industry of Malaysia
MyIPO	:	Intellectual Property Corporation of Malaysia
MyKad	:	Compulsory identity card for all Malaysians aged 12 and above
NA	:	Net assets
Official List	:	A list specifying all securities listed on Bursa Securities
PA 1972	:	Pawnbrokers Act 1972, including the ancillary regulations and guidelines
Participating Financial Institution(s)	:	A participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Period Under Review	:	Collectively, the FYE 2020, FYE 2021, FYE 2022 and FPE 2023
Pre-IPO Restructuring	:	Restructuring exercise involving the Disposal of Swift Paragon and the Acquisition
Price Determination Date	:	[●]
Promoters	:	Collectively, Yeah Hiang Nam, Tan Hong Yee, Yeah Chia Kai, Yeah Chia Wei, Yeah Lee Ching, Ng Hooi Lang and Tang Soo Yen
Prospectus	:	This Prospectus dated [●] issued by our Company
Public Issue	:	Public issue of 150,000,000 IPO Shares at the IPO Price by our Company
Purchase Consideration	:	Purchase consideration of RM171,646,606 in relation to the Acquisition
Record of Depositors	:	A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository
Related Parties Loans	:	Loans extended by related parties (related companies, shareholders and directors) of our Group mainly as Cash Capital for the disbursement of pawn loans

DEFINITIONS (Cont'd)

Retail Offering	:	Retail offering of new IPO Shares comprising 30,000,000 new IPO Shares made available for application by the Malaysian Public at the IPO Price, subject to the clawback and reallocation provisions set out in Section 4.3.1 of this Prospectus
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
ROC	:	Registrar of Companies
RPT	:	Related party transaction(s)
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SC	:	Securities Commission Malaysia
Share Registrar or Boardroom	:	Boardroom Share Registrars Sdn Bhd (Registration No.199601006647 (378993-D))
Securities Account or CDS Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SGD	:	Singapore Dollars, the lawful currency of Singapore
SGX	:	Singapore Exchange Securities Trading Limited
SICDA	:	Securities Industry (Central Depositories) Act 1991
Singapore	:	The Republic of Singapore
SOCISO	:	Social Security Organisation, Malaysia, also known as PERKESO (Pertubuhan Keselamatan Sosial)
SOP(s)	:	Standard operating procedure(s)
Specified Shareholders	:	Collectively, VMM Holdings, VYN Holdings, Yeah Hiang Nam, Tan Hong Yee, Yeah Chia Kai, Yeah Lee Ching, Yeah Chia Wei, Yeo Mooi Huang and Chua Swee Heong
Swift Paragon	:	Swift Paragon Sdn. Bhd. (Registration No. 201401037529 (1113674-K))
sq.m.	:	square meter
strong room	:	A secure room constructed within each pawnshop with features such as reinforced concrete walls, vault door, safe cabinets which are used to store cash and pledges for safekeeping
Target Companies	:	Collectively, SYT Pavilion, Thye Shing Pawnshop, KE Well Chip and KP Well Chip
USD	:	United States Dollar, the lawful currency of the United States of America
Underwriting Agreement	:	Underwriting agreement dated [●] entered into between our Company and our Underwriter for the underwriting of 30,000,000 IPO Shares under the Retail Offering

DEFINITIONS *(Cont'd)*

ValueMax Group	:	ValueMax Group Limited and its group of companies
ValueMax Group Limited	:	ValueMax Group Limited (UEN No. 200307530N), a public limited company incorporated in accordance with the laws of Singapore, with its entire issued share capital listed on SGX
ValueMax Pawnbroking System	:	A suite of software and data management system utilised by the Group to facilitate its pawnbroking operations and retail and trading of gold and jewellery business, including flagging of suspicious transactions, recording of pawn transactions and customer data, storage management, renewal of pawn loans through website and mobile application, cash management, data analytics system and point-of-sale system used by the retail and trading of jewellery and gold segment
Vendors	:	Collectively, the shareholders of SYT Pavilion, Thye Shing Pawnshop, KE Well Chip and KP Well Chip
Vendors' Nominee	:	VYN Holdings, being nominated as the recipient of our Shares pursuant to the Acquisition
VMM Holdings	:	VMM Holdings Sdn. Bhd. (Registration No. 201301007454 (1037295-D))
VYN Holdings	:	VYN Holdings Sdn. Bhd. (Registration No. 202301012805 (1506727-P))
Well Chip or Company	:	Well Chip Group Berhad (Registration No. 202301014119 (1508041-A))
Well Chip Group or Group	:	Collectively, Well Chip and our subsidiaries
Well Chip Shares or Shares	:	Ordinary shares in our Company
Yeah Holdings	:	Yeah Holdings Pte. Ltd. (UEN No. 201227861E), a private limited company incorporated in accordance with the laws of Singapore

Our subsidiaries

KE Well Chip	:	Kedai Emas Well Chip Sdn. Bhd. (Registration No. 200901029740 (872846-W))
KP Well Chip	:	Kedai Pajak Well Chip Sdn. Bhd. (Registration No. 200601004113 (723860-V))
SYT Pavilion	:	SYT Pavilion Sdn. Bhd. (Registration No. 201101036288 (964422-M))
Thye Shing Pawnshop	:	Thye Shing Pawnshop Sdn. Bhd. (Registration No. 201001005926 (890545-A))

DEFINITIONS *(Cont'd)***Subsidiaries of SYT Pavilion**

PG Berlian	:	Pajak Gadai Berlian Sdn. Bhd. (Registration No. 201301041812 (1071636-K))
PG Bintang	:	Pajak Gadai Bintang Sdn. Bhd. (Registration No. 201101034500 (962633-V))
PG Cahaya Damai	:	Pajak Gadai Cahaya Damai Sdn. Bhd. (Registration No. 201801007631 (1269645-T))
PG Delima	:	Pajak Gadai Delima Sdn. Bhd. (Registration No. 201901020499 (1329828-X))
PG Fajar Tebrau	:	Pajak Gadai Fajar Tebrau Sdn. Bhd. (Registration No. 201401028149 (1104235-D))
PG Jubli Intan	:	Pajak Gadai Jubli Intan Sdn. Bhd. (Registration No. 201801004945 (1266959-U))
PG Grand Chip	:	Pajak Gadai Grand Chip Sdn. Bhd. (Registration No. 201301041813 (1071637-U))
PG Mutiara Pesona	:	Pajak Gadai Mutiara Pesona Sdn. Bhd. (Registration No. 201801007637 (1269651-K))
PG Nilam	:	Pajak Gadai Nilam Sdn. Bhd. (Registration No. 201901020501 (1329830-T))
PG Rubi Kristal	:	Pajak Gadai Rubi Kristal Sdn. Bhd. (Registration No. 201801004950 (1266964-D))
PG Shinegold	:	Pajak Gadai Shinegold Sdn. Bhd. (Registration No. 201301040088 (1069911-A))
PG Well Chip (1)	:	Pajak Gadai Well Chip (1) Sdn. Bhd. (Registration No. 202001029215 (1385535-A))
PG Well Chip (2)	:	Pajak Gadai Well Chip (2) Sdn. Bhd. (Registration No. 202001029214 (1385534-D))
PG Well Chip (3)	:	Pajak Gadai Well Chip (3) Sdn. Bhd. (Registration No. 202001029223 (1385543-X))
PG Well Chip (4)	:	Pajak Gadai Well Chip (4) Sdn. Bhd. (Registration No. 202101034280 (1434580-X))
PG Well Chip (6)	:	Pajak Gadai Well Chip (6) Sdn. Bhd. (Registration No. 202101034274 (1434574-M))
Well Chip (5)	:	Well Chip (5) Sdn. Bhd. (Registration No. 202101034273 (1434573-P))
Well Chip (7)	:	Well Chip (7) Sdn. Bhd. (Registration No. 202201033771 (1479468-X))
Well Chip (8)	:	Well Chip (8) Sdn. Bhd. (Registration No. 202201033769 (1479466-H))

DEFINITIONS *(Cont'd)*

Well Chip (9)	:	Well Chip (9) Sdn. Bhd. (Registration No. 202201033768 (1479465-M))
Well Chip (10)	:	Well Chip (10) Sdn. Bhd. (Registration No. 202201033773 (1479470-T))
Well Chip (11)	:	Well Chip (11) Sdn. Bhd. (Registration No. 202201033767 (1479464-P))
Well Chip (12)	:	Well Chip (12) Sdn. Bhd. (Registration No. 202301018662 (1512584-K))
Well Chip (13)	:	Well Chip (13) Sdn. Bhd. (Registration No. 202301018665 (1512587-D))

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “Well Chip” or “our Company” are to Well Chip Group Berhad. All references to “Well Chip Group” or “our Group” are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, our Group. All references to “you” are to our prospective investors. Unless the context otherwise requires, references to “Management” are to our Executive Directors and Key Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The words “approximately” used in this Prospectus is to indicate that the number is not an exact one, but that number is usually rounded off to the nearest thousandth or millionth, or one decimal place. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

Certain abbreviations and acronyms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. Reference to persons shall, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

In this Prospectus, references to “Government” are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currency of Malaysia.

All reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

Any reference to the “LPD” in this Prospectus is to 16 October 2023, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and should not be relied upon.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each of such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR as included in **Section 8** of this Prospectus. We have appointed Protégé to provide an independent market and industry review. In compiling its data for the review, Protégé had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

If there are any discrepancies or inconsistencies between the English and Malay versions of this Prospectus, the English version shall prevail.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies and potential growth opportunities;
- (ii) our future plans and objectives;
- (iii) our future financial position, earnings, cash flows and liquidity;
- (iv) the demand for our services, trends and competitive position; and
- (v) the regulatory environment and the effects of future regulation;

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) demand of our customers;
- (ii) general economic, business, social, political and investment environment in Malaysia and globally;
- (iii) interest rates, tax rates and exchange rates;
- (iv) competitive environment in the industry in which we operate;
- (v) reliance on approvals and licences;
- (vi) fixed and contingent obligations and commitments; and
- (vii) the continuation of the existing financing facilities and the availability of any new financing facilities.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in **Section 9** of this Prospectus on “Risk Factors” and **Section 12.3** of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

FORWARD LOOKING STATEMENTS *(Cont'd)*

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of the IPO Shares, we will further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines issued by the SC.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Nationality / Gender	Address
Mak Lye Mun	Independent Non-Executive Chairman	Malaysian / Male	12C, One Tree Hill Singapore 248716
Yeah Hiang Nam	Non-Independent Non-Executive Director	Singaporean / Male	79 Wilkinson Road Singapore 436730
Yeah Chia Kai	Non-Independent Non-Executive Director	Singaporean / Male	79 Wilkinson Road Singapore 436730
Ng Hooi Lang	Executive Director and Chief Executive Officer	Malaysian / Female	No. 3, Jalan Adda 6/8 Taman Adda Height 81100 Johor Bahru Johor
Tang Soo Yen	Executive Director	Malaysian / Female	No. 16, Jalan Ekoflora 1/2 Taman Ekoflora 81100 Johor Bahru Johor
Dr. Yap Lang Ling	Independent Non-Executive Director	Malaysian / Female	1, Solok Kelicap Sungai Ara 11900 Bayan Lepas Pulau Pinang
Chan Kam Chiew	Independent Non-Executive Director	Malaysian / Male	29, Bukit Kiara Residences Jalan Sri Hartamas 1 50480 Kuala Lumpur
Wong Chin Chin	Independent Non-Executive Director	Malaysian / Female	48-3 Faber Ria Jalan Desa Sentosa Taman Desa Off Jalan Klang Lama 58100 Kuala Lumpur

1. CORPORATE DIRECTORY (Cont'd)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Chan Kam Chiew	Chairman	Independent Non-Executive Director
Dr. Yap Lang Ling	Member	Independent Non-Executive Director
Wong Chin Chin	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Wong Chin Chin	Chairman	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Dr. Yap Lang Ling	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dr. Yap Lang Ling	Chairman	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Wong Chin Chin	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Santhi A/P Saminathan

Professional qualification: : Chartered Secretary, Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**")
(MAICSA Membership No.: 7069709)

CCM Practising Certificate No. : 201908002933

Raidah Binti Abd Rahman

Professional qualification: : Licenced Secretary
(Licence No.: LS0010350)

CCM Practising Certificate No. : 201908002931

Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus
80000 Johor Bahru, Johor

Tel. No. : +607-224 1035

REGISTERED OFFICE : Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus
80000 Johor Bahru, Johor

Tel. No. : +607-224 1035

HEAD/MANAGEMENT OFFICE : No. 23-01 & 23-02, Jalan Harmonium 35/3
Taman Desa Tebrau
81100 Johor Bahru, Johor

Tel. No. : +607 354 4621
E-mail : finance@wellchip.com.my
Website : www.wellchip.com.my

**PRINCIPAL ADVISER,
UNDERWRITER AND
PLACEMENT AGENT** : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Tel. No. : +603-2172 2888

1. CORPORATE DIRECTORY (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS	<p>: RSM Malaysia PLT Suite 16-02, Level 16, Menara Landmark No. 12, Jalan Ngee Heng 80000 Johor Bahru Johor.</p> <p>Tel. No. : +607-276 2828</p> <p>Partner-in-charge : Wong Cheng Pin</p> <p>Approval No. : 03611/11/2023J</p> <p>Professional qualification : • Fellow Member, Association of Chartered Certified Accountants (ACCA) • Member, Malaysian Institute of Accountants (MIA)</p>
SOLICITORS FOR OUR IPO	<p>: Mah-Kamariyah & Philip Koh 3A07 Block B, Phileo Damansara II 15, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor</p> <p>Tel. No. : +603-7956 8686</p>
INDEPENDENT MARKET RESEARCHER	<p>: Protégé Associates Sdn. Bhd. Suite C-09-12, Plaza Mont Kiara 2, Jalan Kiara, Mont Kiara 50480 Kuala Lumpur</p> <p>Tel. No. : +603-6201 9301</p> <p>Person-in-charge: Seow Cheow Seng (<i>Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia</i>)</p>
ISSUING HOUSE	<p>: Malaysian Issuing House Sdn. Bhd. 11th Floor, Menara Symphony No.5, Jalan Prof. Khoo Kay Kim Seksyen 13, Petaling Jaya 46200 Selangor</p> <p>Tel. No. : +603-7890 4700</p>
SHARE REGISTRAR	<p>: Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No.5, Jalan Prof. Khoo Kay Kim Seksyen 13, Petaling Jaya 46200 Selangor</p> <p>Tel. No. : +603-7890 4700</p>
LISTING SOUGHT	: Main Market of Bursa Securities

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC had, via its letter dated [●], approved our IPO and our Listing under Section 214(1) of the CMA, subject to the following condition:

No.	Details of condition imposed	Status of compliance
(i)	[●]	[●]

The SC had, via the same letter dated [●], approved the resultant equity structure of our Company pursuant to our Listing under the equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	As at the LPD		After our Listing	
	No. of Shares	%	No. of Shares	(1) %
Bumiputera				
- Bumiputera investors approved by the MITI	-	-	(2) 75,000,000	12.5
- Malaysian Public via balloting	-	-	(2) 15,000,000	2.5
Total Bumiputera			90,000,000	15.0
Non-Bumiputera	1	100.0	504,646,552	84.1
Total Malaysians	1	100.0	594,646,552	99.1
Foreigners ⁽³⁾	-	-	5,353,448	0.9
Total	1	100.0	600,000,000	100.0

Notes:

- (1) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (2) Based on the assumption that our IPO shares allocated to Bumiputera investors approved by the MITI and Bumiputera public investors via balloting are fully subscribed.
- (3) The shareholding of foreigners is in reference to the shareholdings of the Singaporean Vendors who received our Shares pursuant to the Acquisition.

2.1.2 Bursa Securities

Bursa Securities had, via its letter dated [●], approved the admission of our Company to the Official List and our Listing, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	[●]	[●]

2. INTRODUCTION (Cont'd)

2.1.3 MITI

The MITI had, via its letter dated [●], taken note and has no objection for us to implement our Listing.

2.2 MORATORIUM ON OUR SHARES

Pursuant to Paragraph 5.29(a) of the Equity Guidelines, our Shares directly held by our Specified Shareholders at the date of our Listing are subject to moratorium for a period of 6 months from the date of our Listing ("**Moratorium Period**"). The details of the Specified Shareholders and their Shares which will be subject to the moratorium are as set out below:

Name	As at the date of our Listing			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
VYN Holdings	304,171,887	50.7	-	-
VMM Holdings	88,874,956	14.8	(2) 304,171,887	50.7
Yeo Mooi Huang ⁽³⁾	7,271,228	1.2	-	-
Chua Swee Heong ⁽³⁾	2,974,576	0.5	-	-
Total	403,292,647	67.2	304,171,887	50.7

Notes:

- (1) Based on our enlarged issued Shares of 600,000,000 Shares after our IPO.
- (2) Deemed interested by virtue of its shareholding in VYN Holdings pursuant to Section 8 of the Act.
- (3) Persons connected to the controlling shareholder of Well Chip (i.e. Yeah Hiang Nam) are as follows:
 - (i) Yeo Mooi Huang is the sister of Yeah Hiang Nam; and
 - (ii) Chua Swee Heong is the sister-in-law of Yeah Hiang Nam.

The moratorium has been fully accepted by the Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign any of their holdings in our Shares during the Moratorium Period.

The moratorium restrictions are specially endorsed on the share certificates representing our Shares under moratorium held by the Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions. In compliance with the restrictions, the Share Registrar will issue share certificates representing the moratorium block of shares with the moratorium clause endorsed on them together with a letter providing details of the moratorium to Bursa Depository.

The following persons are not allowed to sell, transfer or assign any of their respective holdings in the following entities during the Moratorium Period:

- (i) all the shareholders of VYN Holdings in respect of their respective holdings in VYN Holdings;

2. INTRODUCTION (*Cont'd*)

- (ii) shareholder of VMM Holdings, namely ValueMax Group Limited, in respect of its holdings in VMM Holdings;
- (iii) the controlling shareholder of ValueMax Group Limited, namely Yeah Holdings, in respect of its holdings in ValueMax Group Limited; and
- (iv) all the shareholders of Yeah Holdings in respect of their respective holdings in Yeah Holdings.

The above shareholders have fully accepted the moratorium in respect of their respective holdings as set out above.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

Subject to the terms and conditions of this Prospectus, our Public Issue of 150,000,000 new Shares shall be allocated and allotted in the following manner:

Category	Public Issue	
	No. of Shares	(1)%
Retail Offering:		
Malaysian Public (via balloting):		
- Bumiputera	15,000,000	2.5
- Non-Bumiputera	15,000,000	2.5
Sub-total	30,000,000	5.0
Institutional Offering		
- Bumiputera investors approved by the MITI	75,000,000	12.5
- Other institutional and selected investors	45,000,000	7.5
Sub-total	120,000,000	20.0
Total	150,000,000	25.0
Enlarged issued share capital upon Listing	600,000,000	100.0
IPO Price (RM)	[•]	
Market capitalisation upon Listing (RM)	[•]	

Note:

(1) Based on our enlarged total number of 600,000,000 Shares after our IPO.

Please refer to **Section 4** of this Prospectus for further details of our IPO.

Our Shares directly held by our Specified Shareholders as at the date of our Listing amounting to an aggregate of 403,292,647 Shares (representing approximately 67.2% of our enlarged total number of Shares after our IPO) are subject to moratorium for a period of 6 months from the date of our Listing. Please refer to **Section 2.2** of this Prospectus for further details of the moratorium on our Shares.

3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 12 April 2023 as a private limited company under the name of Well Chip Group Sdn. Bhd. On 13 November 2023, our Company was converted into a public limited company and assumed our present name of Well Chip Group Berhad.

Our Company is an investment holding company and through our subsidiaries, we are principally involved in the provision of pawnbroking services and business of retail and trading of jewellery and gold. As at the LPD, we have 26 operating outlets, comprising 22 pawnshops and 4 retail outlets which are adjacent to our pawnshops.

We principally operate in Malaysia and predominantly serve customers in the state of Johor.

3. PROSPECTUS SUMMARY (Cont'd)

Our business model is illustrated as follows:

Business segment	Pawnbroking services	Retail and trading of jewellery and gold
Product/ Services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold and gold jewellery, luxury watches and diamond jewellery 	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery from walk-in individuals
Revenue model	<ul style="list-style-type: none"> Monthly interest charge based on the pawn loan amount One-off administrative fee for issuance of pawn ticket 	One-off sales
Channels	22 pawnshops in Johor	<ul style="list-style-type: none"> 4 retail outlets in Johor Website and e-commerce platforms Scrap gold traders
Customers	Individuals aged 18 and above	<ul style="list-style-type: none"> End customers Scrap gold traders

The breakdown of our revenue by business segments for the Period Under Review are as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking services										
- Interest income	51,848	42.6	51,618	50.7	59,266	37.5	28,740	33.6	34,610	33.5
- Administrative fees	192	0.1	187	0.1	232	0.1	110	0.1	130	0.1
Subtotal	52,040	42.7	51,805	50.8	59,498	37.6	28,850	33.7	34,740	33.6
Retail and trading of jewellery and gold										
- Retail sales of jewellery and gold	10,040	8.3	11,078	10.9	22,713	14.4	12,567	14.7	10,851	10.5
- Sales of scrap gold	59,760	49.0	38,998	38.3	75,914	48.0	44,140	51.6	57,878	55.9
Subtotal	69,800	57.3	50,076	49.2	98,627	62.4	56,707	66.3	68,729	66.4
Total	121,840	100.0	101,881	100.0	158,125	100.0	85,557	100.0	103,469	100.0

Please refer to **Sections 6 and 7** of this Prospectus for further details of our Group and business.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

3.3.1 We can provide quick and convenient pawn-loans to the population that are unserved or underserved by the conventional financial institutions

Our pawnbroking services provides an alternative for the financially unserved or under-served individuals, whereby we provide short-term pawn loans to our customers to meet their immediate financial needs. Our operating procedures only require us to verify the identity of the customer and authenticity of the pledges, as well as record our customers' information in our pawnbroking system. We are not required to verify the credit ratings and income level of our customers. Generally, our pawnbroking customers are able to receive funds within a relatively quick processing time, typically within 15 minutes.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.3.2 We have a network of outlets which are strategically located to offer convenience for our services

As at the LPD, we have 22 pawnshops and 4 retail outlets, which are located in close proximity to residential and commercial areas with convenient access to amenities such as public transportation, restaurants and supermarkets. By having our pawnshops in these locations, we are able to capture high foot traffic and provide customers with easy access to our services.

3.3.3 Our pawn loans provided are collateralised by pledges

The pawn loans provided to our customer are backed by pledges against valuable items, i.e. such as gold, gold jewellery, diamond jewellery and luxury watches, which safeguard the interest of our Group. In the event that our customers are unable to or do not redeem their pledges upon the expiration of pawn tickets and grace period provided, we will sell these unredeemed pledges to recover the pawn loans disbursed and thus mitigate any potential losses.

3.3.4 Our Executive Directors and Key Management are experienced in the pawnbroking and retail and trading of jewellery and gold

The growth and success of our business is attributed to our experienced and knowledgeable Executive Directors and Key Management. Their extensive knowledge and expertise have been instrumental in driving the growth and development of our business. Further, they are supported by our Chief Financial Officer, Sia Shu Yee, who has more than 18 years of experience in accounting and finance.

3.3.5 Our ValueMax Pawnbroking System streamlines operations and facilitate customer convenience

We utilise the ValueMax Pawnbroking System which enables us to efficiently manage our pawn pledges, track loan transactions and streamline our operational processes, resulting in faster and more efficient service for our customers.

3.3.6 We have a Well Chip mobile application for our pawnbroking services

As part of the ValueMax Pawnbroking System, our Well Chip mobile application, i.e. WellChip eServices, provides a user-friendly interface that allows our customers to, amongst others, check the locations of our pawnshops and retail outlets as well as check their loan balances, renew their pawn loans, pay interests online. By offering our customers a modern software experience, we are able to differentiate ourselves and provide our customers with better service and convenience.

For further details on our competitive strengths, see **Section 7.4** of this Prospectus.

3.4 FUTURE PLANS AND STRATEGIES

We plan to continue expanding our network of pawnshops in Johor and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding our network, we would be able to increase our market presence and serve a wider customer base, allowing us to further improve our financial performance in the future.

3.4.1 Expansion of 8 new pawnshops in Johor and Melaka

As at the LPD, we operate a total of 22 pawnshops in Johor. As part of our expansion plan, we intend to further strengthen our presence in Johor by establishing more pawnshops in Johor. Further, we also intend to leverage on our knowledge and experience in pawnbroking business in Johor to venture into Melaka.

We target to open 6 new pawnshops in Johor and 2 new pawnshops in Melaka within 24 months from our Listing, subject to the issuance of pawnbroking licences for the new pawnshops.

3. PROSPECTUS SUMMARY (Cont'd)

3.4.2 Future expansion into Melaka and Negeri Sembilan

Our future expansion strategy is to grow our business geographically and to increase our market presence in other states within Peninsular Malaysia. After our first venture into Melaka, we intend to first develop and expand our network of pawnshops within Melaka for a wider market reach by setting up new pawnshops. Thereafter, we plan to venture into Negeri Sembilan. We target to achieve our expansion plan to Negeri Sembilan within 3 years from our Listing.

Please refer to **Section 7.24** of this Prospectus for further details of our future plans and strategies.

3.5 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. The following is a summary of the key risks that we face in our business operations:

3.5.1 Our business is exposed to unlawful and suspicious pawn transactions

We are subject to the risk of people using our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes. Further, we are also subject to the risk of transactions of stolen gold, jewellery or watches in our pawnshops and retail outlets. In the event of transactions involving stolen gold, jewellery or watches, we are exposed to the risk of losing the pledges or items purchased if such items are subsequently confiscated by the police. As a result, we may not be able to recover the pawn loans disbursed for such confiscated pledges.

3.5.2 We require substantial Cash Capital to fund and/or grow our pawnbroking business

Our pawnbroking business requires Cash Capital to draw on for the disbursement of pawn loans to our pawnbroking customers. Such Cash Capital requirements will increase as we grow our number of pawnshops and/or disburse more pawn loans. As such, our growth as well as our profitability, in large part, is dependent upon our access to, and the costs associated with, securing additional funding for our Cash Capital. During the Period Under Review, we have funded our Cash Capital requirements from the following sources:

Source of Cash Capital	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>As at end of the relevant financial years/period</u>								
Bank borrowings	86,752	44.1	89,084	47.1	146,934	58.9	161,932	63.6
Related Parties Loans	73,726	37.5	85,650	45.3	95,680	38.3	74,714	29.4
<u>For the relevant financial years/period</u>								
Internally generated funds	36,161	18.4	26,410	14.0	29,073	11.6	17,808	7.0
Subtotal	196,639	100.0	201,144	106.4	271,687	108.8	254,454	100.0
Less:								
Loans provided to Swift Paragon ⁽¹⁾	-	-	(12,182)	(6.4)	(22,118)	(8.8)	-	-
Total Cash Capital	196,639	100.0	188,962	100.0	249,569	100.0	254,454	100.0

Note:

- (1) The sources of funds for the loans provided to Swift Paragon are from a combination of Related Parties Loans and our internally generated funds.

Due to an increase in the usage of bank borrowings and Related Parties Loans to fund the growth of our Group, our Group had recorded negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023. Pursuant to MFRS 107 Statement of Cash Flows, the issuance of pawn loans is recorded as a cash outflow from operating activities as the pawn loans are the principal revenue producing activity of our Group, whereas the corresponding funding (cash inflow to our Group) for the disbursement of pawn loans are captured in cash flow from financing activities.

3. PROSPECTUS SUMMARY (Cont'd)

Since February 2023, our Group no longer relies on additional Related Parties Loans. Within 24 months from the date of our Listing, we intend to utilise RM[●] million of the proceeds from the Public Issue to fund the Cash Capital for our existing pawnshops and new pawnshops. Thereafter, as and when required, we may raise funds from the capital market and/or bank borrowings to finance our Cash Capital requirements. In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

If we are unable to obtain funds from the capital market and/or bank borrowings on terms which are favourable to our Group, we may not be able to implement our business strategies. This would adversely affect our business growth and financial performance.

3.5.3 We are subject to regulatory requirements for our pawnbroking business

Our pawnbroking business is governed under the PA 1972. In the event of non-compliance with the PA 1972, the affected pawnshop's pawnbroking licences issued by KPKT may be suspended, revoked or may not be renewed upon expiry. Further, if there are any changes in the PA 1972 which result in stricter operating standards and/or compliance requirements, our pawnbroking business may need to incur additional operating costs to comply with the new standards/requirements. In the event that such increased operating costs cannot be passed on to our pawnbroking customers, we will have to absorb the additional cost incurred, which may adversely impact the profitability of our pawnbroking business.

3.5.4 We are exposed to risk in meeting our daily cash requirements

It is crucial for our Group to meet the daily cash requirements of our pawnbroking business which includes cash to fulfil our customers' demand for pawn loans as well as to defray other operating costs and expenses such as staff costs, utilities and rental payments. The risk in meeting the daily cash requirements of our pawnbroking business increases when there is a mismatch in timing for our Group to secure sufficient funding for the day-to-day operations of our individual pawnshops. It is crucial for our Group to secure sufficient funding, which may include short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops, in a timely manner. For the Period Under Review and up to the LPD, we have been able to maintain sufficient funds to meet our daily cash needs via short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops and we have not experienced any instances whereby we are not able to maintain sufficient funds to meet our daily cash needs.

As at the LPD, our total unutilised banking facilities is RM28.80 million, consisting of bank overdrafts. Our Group had recorded negative cash and cash equivalents as at 31 December 2020, 2021 and 2022 as well as 30 June 2023. This is due to the draw down of bank overdrafts, for which was granted by the banks for the disbursement of pawn loans, while some of the pawnbroking customers had not redeemed their pledges as at the respective financial year/period end, as the said pawn loans were not due to be redeemed, were renewed and/or were in default. The amount of defaulted pawn loans as at 30 June 2023 is RM49.08 million.

Our trade receivables turnover period for pawnbroking business for the Period Under Review are between 130 days and 161 days. As at the LPD, out of the RM369.06 million of outstanding trade receivables as at 30 June 2023, RM356.62 million has been collected and/or recovered via pawn loan redemption, public auctions and sales of the unredeemed pledged items while the balance of RM12.54 million have yet to be collected.

In the event we raise funds from the capital market and/or bank borrowings to finance the daily cash requirements of our pawnbroking business, we may face the risk of a mismatch in timing to obtain sufficient funding in view that such funding may not be able to be raised within a short timeframe.

3. PROSPECTUS SUMMARY (Cont'd)

There is no assurance that we are be able to continue to maintain funds to meet daily cash requirements after our Listing. If we are unable to secure funding in a timely manner to meet daily cash requirements of our pawnbroking business, our business operations and financial performance may be adversely affected.

3.5.5 We are dependent on skilled, reliable and trustworthy pawnshop and outlet personnel

One of the key factors for the continuous growth and success of our business is the extensive knowledge and experience of our skilled pawnshop and outlet personnel in providing pawnbroking services and retail and trading of jewellery and gold to our customers, particularly their skills in assessing the value and authenticity of the pledges/pre-owned jewellery brought in by walk-in individuals. Further, due to the nature of our business which involves cash and valuable items, we are dependent on reliable and trustworthy personnel for our operations.

3.5.6 We are subject to gold price volatility

Market price of gold fluctuates and is affected by various factors including amongst others, interest rates, fluctuation in USD exchange rate, global or regional economic or political circumstances, market speculation as well as market supply of and demand for gold. In the event there is a sudden and/or prolonged downward movements, the value of our unredeemed pledges (i.e., gold and gold jewellery) from our pawnbroking business and/or gold and gold jewellery purchased from public auctions and walk-in customers will decline accordingly. If we need to sell these items for cash requirement during a period of significant decline in the gold prices, we would incur a loss upon the sales of these unredeemed pledges and/or purchased items, and this may adversely affect our profitability and financial performance.

3.5.7 We are dependent on our Executive Directors and Key Management for the continued success and growth of our business

Our growth and success depend on the experience, expertise and industry know-how of our Executive Directors and Key Management. The loss of any of our Executive Directors and Key Management without suitable and timely replacement or our inability to attract, hire and retain suitable candidates as replacement for positions within our Key Management may adversely affect our continued ability to compete effectively against other industry players, as well as to implement our business strategies and plans, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

3.5.8 Our insurance coverage may not be adequate to cover all losses or liabilities which may arise in connection with our operations

We need to maintain adequate insurance coverage in order to protect ourselves against losses such as burglary, theft, robbery and/or fire that may arise in connection with our pawnbroking as well as retail and trading of jewellery and gold businesses which involve cash and valuable items.

In addition, some of our insurance policies are subject to periodic review by our insurers. Thus, there can be no assurance that we are able to renew these policies on similar terms and amount desired at reasonable premiums. The outcome of any claim is subject to negotiations among the relevant parties and the result of claims may be unfavourable to us. If an insurer disclaims liability or we are held liable for uninsured losses or the amount of claims for insured losses exceeds the limit of our insurance coverage, our business and financial condition may be adversely affected.

3.5.9 We are exposed to physical security risks

Our pawnbroking as well as retail and trading of jewellery and gold businesses involve the safekeeping of cash and valuable items such as gold, jewellery and watches. As such, we are exposed to physical security risks including burglary, theft, robbery or misappropriation of cash and valuable items.

3. PROSPECTUS SUMMARY (Cont'd)

3.5.10 Our pawnbroking system is subject to security breaches and system breakdowns

We utilise our ValueMax Pawnbroking System to facilitate the operations of our pawnbroking business. As such, we are subject to risks relating to external security threats such as malware attacks, hacking and cyber threats as well as internal security breaches arising from unauthorised access to restricted information. Further, our pawnbroking system may potentially be subjected to system breakdowns and prolonged breakdowns which may disrupt our pawnbroking operations and affect our business operations negatively.

3.5.11 Our business may be affected by non-renewal of existing tenancies and/or increases in the rental rates of our existing and new pawnshops and retail outlets

In the event that any of our tenancies for our existing or new pawnshops and retail outlets are unable to be renewed upon expiry or on favourable terms and conditions, we may be required to relocate the affected pawnshops and retail outlets, which may incur additional costs for relocation, renovation and/or increased rental expenses. Further, we may lose existing and/or potential customers if the new location is less convenient and accessible as compared to the existing location, which may adversely affect our financial performance.

Please refer to **Section 9** of this Prospectus for the full list of risk factors which should be considered before investing in our Shares.

3.6 INTERRUPTIONS TO BUSINESS AND OPERATIONS

The COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. As part of efforts to reduce and control the spread of COVID-19 in the country, the Government had announced various stages of movement control order across different states or localities in the country at different points in time since 18 March 2020. The operations of our pawnshops and retail outlets were affected as a result of the movement control order as we were required to temporarily close our pawnshops and retail outlets.

On 1 April 2022, the Government announced that Malaysia would transit into the “transition to endemic” phase whereby all economic sectors (including the pawnbroking and retail and trading of jewellery and gold) were allowed to operate in accordance with guidelines and SOP imposed by the Government.

Please refer to **Section 7.23** of this Prospectus for further details on interruptions to business and operations.

3.7 DIRECTORS AND KEY MANAGEMENT

As at the LPD, our Directors and Key Management are as follows:

Name	Designation
<u>Directors</u>	
Mak Lye Mun	Independent Non-Executive Chairman
Yeah Hiang Nam	Non-Independent Non-Executive Director
Yeah Chia Kai	Non-Independent Non-Executive Director
Ng Hooi Lang	Executive Director
Tang Soo Yen	Executive Director
Chan Kam Chiew	Independent Non-Executive Director
Wong Chin Chin	Independent Non-Executive Director
Dr. Yap Lang Ling	Independent Non-Executive Director
<u>Key Management</u>	
Ng Hooi Lang	Chief Executive Officer
Tang Soo Yen	Director of Retail and Merchandising
Sia Shu Yee	Chief Financial Officer

For further information on our Directors and Key Management, see **Sections 5.1.2, 5.2.3 and 5.4.2** of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.8 OUR PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

The following table sets out the direct and indirect shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Nationality / Place of incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoters and substantial shareholders</u>									
Yeah Hiang Nam	Singaporean	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
Tan Hong Yee	Singaporean	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
<u>Promoters</u>									
Yeah Chia Kai	Singaporean	-	-	-	-	-	-	-	-
Yeah Chia Wei	Singaporean	-	-	-	-	-	-	-	-
Yeah Lee Ching	Singaporean	-	-	-	-	-	-	-	-
Ng Hooi Lang	Malaysian	5,463,884	1.2	(4)991,534	0.2	5,463,884	0.9	(4)991,534	0.2
Tang Soo Yen	Malaysian	4,957,646	1.1	(5)5,424,066	1.2	4,957,646	0.8	(5)5,424,066	0.9
<u>Substantial shareholders</u>									
VYN Holdings ⁽⁹⁾	Malaysia	304,171,887	67.6	-	-	304,171,887	50.7	-	-
VMM Holdings ⁽¹⁰⁾	Malaysia	88,874,956	19.8	(6)304,171,887	67.6	88,874,956	14.8	(6)304,171,887	50.7
ValueMax Group Limited ⁽¹¹⁾	Singapore	-	-	(7)393,046,843	87.3	-	-	(7)393,046,843	65.5
Yeah Holdings ⁽¹²⁾	Singapore	-	-	(8)393,046,843	87.3	-	-	(8)393,046,843	65.5

Notes:

- (1) Based on our total number of 450,000,000 Shares after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 600,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her shareholding in Yeah Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholdings of her spouse, Yeow Chun Huat, and children pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of its shareholding in VYN Holdings pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of its shareholding in VMM Holdings pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of its shareholding in ValueMax Group Limited pursuant to Section 8 of the Act.
- (9) Please refer to **Section 5.1.2(viii)** of this Prospectus for the shareholders of VYN Holdings and their respective shareholding in VYN Holdings.
- (10) VMM Holdings is a wholly-owned subsidiary of ValueMax Group Limited.

3. PROSPECTUS SUMMARY (Cont'd)

- (11) Please refer to Section 5.1.2(x) of this Prospectus for the substantial shareholders of ValueMax Group Limited, our Directors (who hold shares in ValueMax Group Limited) and the persons connected to them as well as their respective shareholding in ValueMax Group Limited
- (12) Please refer to Section 5.1.2(xi) of this Prospectus for the shareholders of Yeah Holdings and their respective shareholding in Yeah Holdings.

For further information on our Promoters and substantial shareholders, see **Section 5.1** of this Prospectus.

3.9 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM[●] million in the following manner:

Details of use of proceeds	RM'000	%	Estimated timeframe for use from the date of our Listing
Cash Capital for our existing 22 pawnshops	[●]	[●]	Within 24 months
Expansion of pawnshops	[●]	[●]	Within 24 months
Estimated listing expenses	[●]	[●]	Immediate
Total	[●]	100.0	

There is no minimum subscription to be raised from our IPO. Please refer to **Section 4.6** of this Prospectus for further details of our utilisation of proceeds.

3.10 FINANCIAL HIGHLIGHTS

The table below sets out financial highlights based on our audited combined financial statements for the Period Under Review:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit or loss					
Revenue	121,840	101,881	158,125	85,557	103,469
GP	62,954	52,491	62,533	32,342	36,293
PBT from continuing operations	46,160	32,746	36,778	21,882	23,312
PAT and total comprehensive income from continuing operations	33,682	23,781	25,157	15,224	16,065
Cash flows					
Net cash generated from/(used in) operating activities ⁽²⁾	26,548	(6,182)	(60,502)	9,005	(15,951)
Net cash (used in)/generated from investing activities	(1,893)	(892)	(3,372)	(1,705)	978
Net cash (used in)/generated financing activities	(7,042)	7,711	29,016	(3,247)	35,918
Other selected financial information					
EBITDA	48,780	35,516	40,054	23,423	25,201
GP margin (%)	51.7	51.5	39.5	37.8	35.1
PBT margin (%)	37.9	32.1	23.3	25.6	22.5
PAT margin (%)	27.6	23.3	15.9	17.8	15.5
Basic EPS (sen)	7.5	5.3	5.6	3.4	3.6
Diluted EPS (sen)	5.6	4.0	4.2	2.5	2.7
Sources of Cash Capital					
<u>As at end of the relevant financial years/periods</u>					
Bank borrowings					
Term loans	1,231	1,182	3,894	-(1)	3,843
Bank overdrafts	15,021	14,402	43,440	-(1)	26,489
Revolving credits	70,500	73,500	99,600	-(1)	131,600
Related Parties Loans	73,726	85,650	95,680	-(1)	74,714
<u>For the relevant financial years/periods</u>					
Internally generated funds	36,161	26,410	29,703	-(1)	17,808
Total Cash Capital	196,639	201,144	271,687	-(1)	254,454

3. PROSPECTUS SUMMARY (Cont'd)

	Audited as at 31 December			Unaudited	Audited
	2020	2021	2022	as at 30	as at 30
	RM'000	RM'000	RM'000	June 2022	June 2023
Financial position					
Total assets	303,109	334,221	434,568	.. ⁽¹⁾	444,379
Total liabilities	171,099	183,681	262,773	.. ⁽¹⁾	255,410
Total equity	132,010	150,540	171,795	.. ⁽¹⁾	188,969
Cash and balances ⁽³⁾	14,551	14,369	8,606	.. ⁽¹⁾	12,600
Current ratio (times)	1.75	1.72	1.56	.. ⁽¹⁾	1.75
Gearing ratio (times)	1.22	1.16	1.41	.. ⁽¹⁾	1.25

Notes:

- (1) Not available as there is no comparative figure being prepared for the statements of financial position as at 30 June 2023.
- (2) Our Group had recorded negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023. This is due to an increase in the usage of bank borrowings and Related Parties Loans to fund the growth of our Group. Pursuant to MFRS 107 Statement of Cash Flows, cash flows from operating activities are primarily derived from the principal revenue producing activities of the entity as well as other activities that are neither considered as investing or financing. Therefore, the issuance of pawn loans is recorded as a cash outflow from operating activities as the pawn loans are the principal revenue producing activity of our Group, whereas the corresponding funding (cash inflow to our Group) for the disbursement of pawn loans are captured under cash flows from financing activities.
- (3) Our cash and cash equivalents (after taking into consideration bank overdrafts) for the Period Under Review are as follows:

	Audited as at 31 December			Audited as at
	2020	2021	2022	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	14,551	14,369	8,606	12,600
Less: Bank overdrafts	(15,021)	(14,402)	(43,440)	(26,489)
Total cash and cash equivalents	(470)	(33)	(34,834)	(13,889)

Our Group recorded negative cash and cash equivalents as at 31 December 2020, 2021 and 2022 as well as 30 June 2023. This is due to the bank overdrafts drawn down to fund our Cash Capital while some of the pawnbroking customers had not redeemed their pledges as at the respective financial year/period end, as the said pawn loans were not due to be redeemed, were renewed and/or were in default. The amount of defaulted pawn loans as at 30 June 2023 is RM49.08 million.

Please refer to **Section 12** of this Prospectus for further details of our financial information.

3.11 DIVIDEND POLICY

It is our Board's intention to recommend and distribute dividends of at least 35.0% of our consolidated PAT attributed to our shareholders for first 3 financial years after our Listing. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group. Our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for the working capital of our business.

Investors should note that this dividend policy merely describes our present intention and shall not constitute any legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical dividend levels.

Please refer to **Section 12.8** of this Prospectus for further details of our dividend policy.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will open at 10.00 a.m. on [●] and will remain open until 5.00 p.m. on [●].

Late Applications will not be accepted.

4.2 INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Events	Time and/or date
Opening of Application for our IPO	10.00 a.m., [●]
Closing of Application for our IPO	5.00 p.m., [●]
Balloting of Application for our IPO	[●]
Allotment of our IPO Shares to successful applicants	[●]
Listing on the Main Market of Bursa Securities	[●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and announce it on Bursa Securities.

4.3 PARTICULARS OF OUR IPO

4.3.1 Public Issue

Our Public Issue involves the offering of 150,000,000 new Shares, representing 25.0% of our enlarged issued Shares, at the IPO Price. The IPO Shares will be allocated in the following manner:

(i) **Malaysian Public (via balloting)**

30,000,000 IPO Shares, representing 5.0% of our enlarged issued Shares, will be made available for application by the Malaysian Public through a balloting process, of which 50.0% will be set aside for Bumiputera public investors.

(ii) **Institutional and selected investors**

45,000,000 IPO Shares, representing 7.5% of our enlarged issued Shares, will be made available by way of private placement to institutional and selected investors.

(iii) **Bumiputera investors approved by the MITI**

75,000,000 IPO Shares, representing 12.5% of our enlarged issued Shares, will be made available by way of private placement to Bumiputera investors approved by the MITI.

4. DETAILS OF OUR IPO (Cont'd)

In summary, subject to the clawback and reallocation provisions set out in **Section 4.3.2** of this Prospectus, our IPO Shares will be allocated in the following manner:

Category	No. of Shares	(1)%
Retail Offering:		
Malaysian Public (via balloting):		
- Bumiputera	15,000,000	2.5%
- Non-Bumiputera	15,000,000	2.5%
Sub-total	30,000,000	5.0%
Institutional Offering;		
Selected investors via private placement:		
- Institutional and selected investors	45,000,000	7.5%
- Bumiputera investors approved by the MITI	75,000,000	12.5%
Sub-total	120,000,000	20.0%
Total	150,000,000	25.0%

Note:

(1) Based on our enlarged total number of 600,000,000 Shares after our IPO.

The Retail Offering has been fully underwritten while the Institutional Offering is not underwritten. Irrevocable undertakings will be obtained from the investors to subscribe for our IPO Shares made available under the Institutional Offering.

4.3.2 Clawback and reallocation

The Retail Offering and Institutional Offering will be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to identified Bumiputera investors approved by the MITI ("MITI Tranche") are not fully taken up by such identified Bumiputera investors, such IPO Shares will be made available for subscription by the identified Malaysian institutional investors under the Institutional Offering. After such reallocation, if the MITI Tranche is still not fully taken up by the identified Malaysian institutional investors under the Institutional Offering, and there is a corresponding over-subscription for our IPO Shares by identified Bumiputera investors under the Retail Offering, our IPO Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera investors under the Retail Offering;
- (ii) subject to item (i) above, if there is an under-subscription of our IPO Shares under the Institutional Offering and there is an over-subscription by the Malaysian Public under the Retail Offering, our IPO Shares not taken up may be clawed back from the Institutional Offering and reallocated to the Malaysian Public under the Retail Offering; and
- (iii) if there is an under-subscription for our IPO Shares by the Malaysian Public under the Retail Offering and there is an over-subscription by the Institutional Offering, our IPO Shares not taken up may be clawed back from the Malaysian Public under the Retail Offering and reallocated to the Institutional Offering. However, if there is an undersubscription by the Malaysian Public under the Retail Offering but no over-subscription by the Institutional Offering, such remaining IPO Shares available to the Malaysian Public under the Retail Offering will be underwritten by the Underwriter.

4. DETAILS OF OUR IPO (Cont'd)

Notwithstanding the above, in the event there is an under-subscription for our IPO Shares, the subscriptions received for our IPO Shares will first be applied towards subscribing in full the IPO Shares under the Public Issue.

Our IPO Shares will be allocated in a fair and equitable manner and the basis of allocation for such IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares. As at the LPD, to the best of our knowledge and belief:

- (i) there are no substantial shareholders, Directors or Key Management who have indicated that they intend to subscribe for the IPO Shares; and
- (ii) there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

There is no minimum subscription amount to be raised from our IPO. However, in order to comply with the public shareholding spread requirements under the Listing Requirements, the minimum subscription level in terms of the number of our IPO Shares will be the number of our Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have minimum of 25.0% of the total number of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

4.3.3 Share capital

Upon completion of our IPO, our share capital will be as follows:

Details	No. of Shares	Share capital
		RM
Issued share capital as at the date of this Prospectus	450,000,000	171,646,607
New Shares to be issued pursuant to the Public Issue	150,000,000	⁽¹⁾ [●]
Enlarged issued share capital upon Listing	600,000,000	[●]
IPO Price	-	[●]
Market capitalisation upon Listing (based on the IPO Price and the enlarged number of issued Shares after our IPO)	-	⁽²⁾ [●]

Notes:

- (1) After deducting the estimated listing expenses of approximately RM[●] million, which is directly attributable to the issuance of our IPO Shares and offset against our share capital.
- (2) Based on 600,000,000 Shares upon our IPO multiplied by the IPO price of RM[●].

4. DETAILS OF OUR IPO (Cont'd)

4.3.4 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

Our IPO Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of our IPO Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attached to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on our Shares held by them, be entitled to share the profits paid out by us as dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representatives. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may, but need not, be a member of our Company.

4.4 BASIS OF ARRIVING AT THE IPO PRICE

Our IPO Price was determined and agreed upon by our Directors in consultation with our Principal Adviser, Underwriter and Placement Agent after taking into consideration the following factors:

- (i) PE multiple of approximately [●] times⁽¹⁾ based on our EPS of approximately 4.19 sen for the FYE 2022 (calculated based on our PAT attributable to owners of the Company for the FYE 2022 of RM25.16 million and our enlarged total number of 600,000,000 Shares upon Listing);
- (ii) our pro forma combined NA per Share of RM[●] as at 30 June 2023 based on our enlarged number of issued Shares of 600,000,000 Shares, after the IPO and utilisation of proceeds from our Public Issue as set out in **Section 4.5** of this Prospectus;
- (iii) our competitive strengths as described in **Section 7.4** of this Prospectus;
- (iv) our future plans and business strategies as described in **Section 7.24** of this Prospectus; and
- (v) industry overview and future outlook of the pawnbroking industry as set out in **Section 8** of this Prospectus.

Note:

- (1) For shareholders' information, our IPO Price represents a PE multiple of approximately [●] times based on our EPS of approximately 5.59 sen for the FYE 2022 (calculated based on our PAT attributable to owners of the Company for the FYE 2022 of RM25.16 million and our total number of 450,000,000 Shares as at the LPD).

4. DETAILS OF OUR IPO (Cont'd)

YOU SHOULD NOTE THAT THE MARKET PRICE OF OUR SHARES UPON OUR LISTING IS SUBJECT TO THE VAGARIES OF MARKET FORCES AND OTHER UNCERTAINTIES THAT MAY AFFECT THE PRICE OF OUR SHARES. YOU SHOULD FORM YOUR OWN VIEWS ON THE VALUATION OF OUR IPO SHARES AND REASONABLENESS OF THE BASES USED BEFORE DECIDING TO INVEST IN OUR IPO SHARES. YOU ARE REMINDED TO CAREFULLY CONSIDER THE RISK FACTORS AS SET OUT IN SECTION 9 OF THIS PROSPECTUS.

4.5 DILUTION**4.5.1 NA per Share**

Dilution is the amount by which the IPO Price exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates the dilution effect on our pro forma combined NA as at 30 June 2023 on a per Share basis:

	RM
IPO Price	[●]
Pro forma combined NA per Share as at 30 June 2023, after adjusting for the Pre-IPO Restructuring but before adjusting for our IPO	0.41
Pro forma combined NA per Share as at 30 June 2023, after adjusting for the Pre-IPO Restructuring, our IPO and the use of proceeds from our Public Issue	[●]
Increase in pro forma combined NA per Share to our existing shareholders	[●]
Dilution in pro forma combined NA per Share to new investors	[●]
Dilution in pro forma combined NA per Share to new investors as a percentage of the IPO Price	[●]

4. DETAILS OF OUR IPO (Cont'd)

4.5.2 Effective cost per Share

Save as disclosed below, none of our Promoters, substantial shareholders, Directors, Key Management or persons connected to them had acquired or obtained the rights to acquire and/or subscribe for our Shares since our incorporation and up to the LPD:

Name	No. of Shares allotted after the Acquisition but before our IPO			No. of Shares allotted from our IPO	Total consideration	Effective cost for each Share
	No. of Shares allotted to Vendors ⁽¹⁾	No. of Shares allotted to VYN Holdings ⁽¹⁾⁽²⁾	Total		RM	RM
Promoters / Directors						
Ng Hooi Lang	5,463,884	16,391,647	21,855,531	-	8,336,505	⁽³⁾ 0.381
Tang Soo Yen	4,957,646	14,872,937	19,830,583	-	7,564,117	⁽³⁾ 0.381
Subtotal	10,421,530	31,264,584	41,686,114		15,900,622	
Substantial shareholders						
VMM Holdings	88,874,956	133,312,435	222,187,391	-	84,750,488	⁽³⁾ 0.381
Persons connected to the Promoters, substantial shareholders and/or Directors of Well Chip						
Poon Foo Wha ⁽⁴⁾	991,534	2,974,600	3,966,134	-	1,512,829	⁽³⁾ 0.381
Yeow Chun Huat ⁽⁵⁾	4,957,646	14,872,937	19,830,583	-	7,564,117	⁽³⁾ 0.381
Yeow En Min ⁽⁵⁾	233,210	699,631	932,841	-	355,818	⁽³⁾ 0.381
Yeow Shun Kang ⁽⁵⁾	233,210	699,631	932,841	-	355,818	⁽³⁾ 0.381
Yeo Mooi Huang ⁽⁶⁾	7,271,228	21,813,682	29,084,910	-	11,094,058	⁽³⁾ 0.381
Chua Swee Heong ⁽⁶⁾	2,974,576	8,923,729	11,898,305	-	4,538,453	⁽³⁾ 0.381
Ng Heah Joo ⁽⁴⁾	661,022	1,983,064	2,644,086	-	1,008,552	⁽³⁾ 0.381
Lee Moi Keow ⁽⁴⁾	661,022	1,983,064	2,644,086	-	1,008,552	⁽³⁾ 0.381
Ng Hooi Hwang ⁽⁴⁾	2,644,064	7,932,193	10,576,257	-	4,034,175	⁽³⁾ 0.381
Ng Hui Chin ⁽⁴⁾	2,968,252	8,904,757	11,873,009	-	4,528,760	⁽³⁾ 0.381
Ng Yah Ching ⁽⁴⁾	3,634,331	10,902,993	14,537,324	-	5,545,028	⁽³⁾ 0.381
Ng Kooi Eng ⁽⁴⁾	661,022	1,983,064	2,644,086	-	1,008,552	⁽³⁾ 0.381

4. DETAILS OF OUR IPO (Cont'd)

Name	No. of Shares allotted after the Acquisition but before our IPO			No. of Shares allotted from our IPO	Total consideration	Effective cost for each Share
	No. of Shares allotted to Vendors ⁽¹⁾	No. of Shares allotted to VYN Holdings ⁽¹⁾⁽²⁾	Total		RM	RM
Kok Wai See ⁽⁴⁾	5,403	16,209	21,612	-	8,243	⁽³⁾ 0.381
Subtotal	27,896,520	83,689,554	111,586,074		42,562,955	

Notes:

- (1) Allotted pursuant to the Acquisition, further detail of which is set out in **Section 6.3.2**.
- (2) VYN Holdings is the entity nominated by the Vendors to be allotted and issued part of the consideration shares to be allotted and issued to the Vendors pursuant to the Acquisition. The effective cost for each Share acquired by VYN Holdings is RM0.381 (computed based on total consideration of RM 116,022,381 divided by 304,171,887 Shares).
- (3) Rounded to approximately RM0.381.
- (4) Persons connected to Ng Hooi Lang are:
- (i) Poon Foo Wha, being the spouse of Ng Hooi Lang;
 - (ii) Ng Heah Joo, Ng Hooi Hwang, Ng Hui Chin, Ng Yah Ching and Ng Kooi Eng being the siblings of Ng Hooi Lang; and
 - (iii) Lee Moi Keow (spouse of Ng Heah Joo) and Kok Wai See (spouse of Ng Yah Ching), being the sisters-in-law of Ng Hooi Lang.
- (5) Persons connected to Tang Soo Yen are:
- (i) Yeow Chun Huat, being the spouse of Tang Soo Yen; and
 - (ii) Yeow En Min and Yeow Shun Kang, being the children of Tang Soo Yen.
- (6) Persons connected to Yeah Hiang Nam are:
- (i) Yeo Mooi Huang, being the sister of Yeah Hiang Nam; and
 - (ii) Chua Swee Heong, being the sister-in-law of Yeah Hiang Nam.
- (7) 18 other Vendors, who are not deemed as persons connected to our Promoters, substantial shareholders and/or Directors but are extended family members of Yeah Hiang Nam, have also nominated VYN Holdings as the recipient of a total of 55,905,314 Consideration Shares to be allotted to these 18 Vendors. Pursuant thereto, the total number of Shares allotted to VYN Holdings is 304,171,887 Shares.

4. DETAILS OF OUR IPO (Cont'd)

4.6 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM[●] million in the following manner:

Details of use of proceeds	RM'000	%	Estimated timeframe for use from the date of our Listing
Cash Capital for our existing 22 pawnshops	[●]	[●]	Within 24 months
Expansion of pawnshops	[●]	[●]	Within 24 months
Estimated listing expenses	[●]	[●]	Immediate
Total	[●]	100.0	

4.6.1 Cash Capital for our existing 22 pawnshops

Our Group intends to utilise RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue, as Cash Capital for our 22 existing operating pawnshops.

The total proceeds allocated will be utilised to finance the disbursement of more pawn loans.

The allocation of Cash Capital is based on the expected growth of pledge books for our pawnshops, which is observable from the growth trend in interest incomes and evaluating the pledge book of each pawnshop namely the value of pledges, pawn loan volumes and interest rates charged across our various pawnshop locations, are set out below:

No.	Our existing pawnshops	Location	Amount RM'000
1.	KP Well Chip (Pandan)	Johor Bahru, Johor	[●]
2.	KP Well Chip (Taman Daya)	Johor Bahru, Johor	[●]
3.	KP Well Chip (Senai)	Senai, Johor	[●]
4.	Thye Shing Pawnshop (Batu Pahat)	Batu Pahat, Johor	[●]
5.	Thye Shing Pawnshop (Gelang Patah)	Gelang Patah, Johor	[●]
6.	PG Bintang (Perling)	Skudai, Johor	[●]
7.	PG Bintang (Larkin)	Johor Bahru, Johor	[●]
8.	PG Shinegold	Skudai, Johor	[●]
9.	PG Grand Chip	Johor Bahru, Johor	[●]
10.	PG Berlian	Skudai, Johor	[●]
11.	PG Cahaya Damai	Ulu Tiram, Johor	[●]
12.	PG Mutiara Pesona	Masai, Johor	[●]
13.	PG Jubli Intan	Kluang, Johor	[●]
14.	PG Rubi Kristal	Batu Pahat, Johor	[●]

4. DETAILS OF OUR IPO (Cont'd)

No.	Our existing pawnshops	Location	Amount RM'000
15.	PG Fajar Tebrau	Johor Bahru, Johor	[●]
16.	PG Nilam	Kulai, Johor	[●]
17.	PG Delima	Johor Bahru, Johor	[●]
18.	PG Well Chip (1)	Ulu Tiram, Johor	[●]
19.	PG Well Chip (2)	Iskandar Puteri, Johor	[●]
20.	PG Well Chip (3)	Pasir Gudang, Johor	[●]
21.	PG Well Chip (4)	Pasir Gudang, Johor	[●]
22.	PG Well Chip (6)	Skudai, Johor	[●]
Total			[●]

Any Cash Capital which has been allocated for the respective pawnshops which are not utilised will be channelled to other pawnshops as listed above which require additional Cash Capital. For further information, we do maintain sufficient Cash Capital at each of our pawnshops but do not maintain minimum cash balance for operating expenses.

4.6.2 Expansion of pawnshops

Our Group intends to utilise RM[●] million, representing approximately [●]% of the total gross proceeds to be raised from the Public Issue, for the initial set up costs and working capital requirements for 8 new pawnshops.

The breakdown of the initial set up costs and working capital for each of our 8 new pawnshops is set out as follows:

No.	Company	Location	Initial setup costs ⁽¹⁾ RM'000	Cash Capital ⁽²⁾ RM'000	Total RM'000
1.	Well Chip (5)	Johor Bahru, Johor	⁽³⁾ -	[●]	[●]
2.	Well Chip (7)	Pekan Nanas, Johor	⁽³⁾ -	[●]	[●]
3.	Well Chip (8)	⁽⁴⁾ -	[●]	[●]	[●]
4.	Well Chip (9)	⁽⁴⁾ -	[●]	[●]	[●]
5.	Well Chip (10)	⁽⁴⁾ -	[●]	[●]	[●]
6.	Well Chip (11)	⁽⁴⁾ -	[●]	[●]	[●]
7.	Well Chip (12)	⁽⁴⁾ -	[●]	[●]	[●]
8.	Well Chip (13)	⁽⁴⁾ -	[●]	[●]	[●]
Total			[●]	[●]	[●]

4. DETAILS OF OUR IPO (Cont'd)**Notes:**

- (1) The initial set up costs includes renovation costs as well as purchase of furniture and equipment for the new pawnshops. The renovation works include, amongst others, building a safe room as well as installing safety and security system.
- In the event that the initial setup costs have been incurred before the receipt of proceeds raised from the IPO, the IPO proceeds will be used to replenish any internally generated funds used for the purpose of the initial setup costs.
- (2) The amount allocated for each of the new pawnshop is solely to finance the disbursement of pawn loans. The cost of operating the new pawnshops such as salaries and wages, utilities and rental of pawnshops will be funded via internally generated funds of our Group.
- (3) Initial set up costs are funded via internally generated funds of our Group. The initial set up costs for Well Chip (5) and Well Chip (7) are estimated to be RM[●] million and RM[●] million, respectively.
- (4) As at the LPD, preliminary applications have been submitted to KPKT, and the exact location of each new pawnshop is subject to approval by KPKT.

Our Group intends to open 8 new pawnshops, being 6 pawnshops in Johor and 2 pawnshops in Melaka, subject to the issuance of pawnbroking licences for the new pawnshops. As at the LPD, save for Well Chip (5) and Well Chip (7), the exact locations of the new pawnshops are yet to be finalised as they are subject to the approval by KPKT. Under paragraph 4.2 of the 'Garis Panduan Urusan Pelesenan Pemegang Pajak Gadai' issued by KPKT, a minimum paid-up capital of RM4.0 million is required to obtain a pawnbroker's licence for each pawnshop. Please refer to **Section 7.21.2 (i) and (ii)** of this Prospectus for further information on the key laws and regulations applicable for application of new pawnbroking licence and operation of pawnshops.

Once the intended locations of the pawnshops are approved by KPKT, KPKT will then issue us with 10-month conditional approval during which our Group is required to, amongst others, provide the actual address of the location of the new pawnshop within 1 month from the issuance of such conditional approval. We are then required to commence renovation on the pawnshop in compliance with KPKT's requirements. We expect to commence operations of our 8 new pawnshops within 24 months from the date of our Listing. The expected timeline for the receipt of approval-in-principal for the pawnbroking licence, completion of renovation and commencement of business for the new pawnshops ranges approximately from 6 to 9 months from the date of preliminary application for the pawnbroking licence from KPKT.

Please refer to **Section 7.24** of this Prospectus for further information on our expansion of new pawnshops.

4.6.3 Estimated listing expenses

Our listing expenses are estimated to be approximately RM[●] million, comprising the following:

Estimated listing expenses	RM '000
Professional fees ⁽¹⁾	[●]
Fees payable to authorities	[●]
Brokerage fee, underwriting commission and placement fees	[●]
Other fees and expenses relating to our IPO and our Listing ⁽²⁾	[●]
Total	[●]

4. DETAILS OF OUR IPO (Cont'd)

Notes:

- (1) Includes professional fees for, amongst others, the Principal Adviser, solicitors, Reporting Accountants, IMR, internal control consultant and other professionals.
- (2) This includes related fees and expenses in connection with our IPO, such as translation services, printing and advertising, and IPO event expenses.

If the actual listing expenses are higher than estimated, the shortfall will be funded using our internally generated funds. However, if the actual listing expenses are lower than estimated, the surplus will be used as Cash Capital for our existing operating pawnshops.

Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEES

4.7.1 Brokerage Fee

We will pay brokerage at the rate of 1.00% on the IPO Price in respect of all successful applications that bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.7.2 Underwriting commission

Kenanga IB, our Underwriter, has agreed to underwrite 30,000,000 IPO Shares under the Retail Offering as set out in **Section 4.3.1(i)** of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of [●]% of the total value of the underwritten IPO Shares pursuant to the terms of the Underwriting Agreement.

4.7.3 Placement fee

Our Placement Agent has agreed to place out 75,000,000 IPO Shares to Bumiputera investors approved by the MITI and 45,000,000 IPO Shares to institutional and selected investors. We will pay our Placement Agent a placement fee at the rate of between [●]% to [●]% of the value of the IPO Shares placed out to Bumiputera investors approved by the MITI and institutional and selected investors.

4.8 DETAILS OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement entered on [●], the Underwriter has agreed to underwrite 30,000,000 IPO Shares under the Retail Offering ("**Underwritten Shares**") on the terms and conditions as set out in the Underwriting Agreement. The following are the salient terms contained in the Underwriting Agreement:

- (i) [●]

4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

4. DETAILS OF OUR IPO (Cont'd)

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Trading for shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and the payment for the securities is generally settled on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of our IPO. Subscribers or purchasers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS Accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of our Promoters and substantial shareholders

The shareholdings of our Promoters and substantial shareholders before and after our IPO are as follows:

Name	Nationality / Place of incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoters and substantial shareholders</u>									
Yeah Hiang Nam	Singaporean	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
Tan Hong Yee	Singaporean	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
<u>Promoters</u>									
Yeah Chia Kai	Singaporean	-	-	-	-	-	-	-	-
Yeah Chia Wei	Singaporean	-	-	-	-	-	-	-	-
Yeah Lee Ching	Singaporean	-	-	-	-	-	-	-	-
Ng Hooi Lang	Malaysian	5,463,884	1.2	(4)991,534	0.2	5,463,884	0.9	(4)991,534	0.2
Tang Soo Yen	Malaysian	4,957,646	1.1	(5)5,424,066	1.2	4,957,646	0.8	(5)5,424,066	0.9
<u>Substantial shareholders</u>									
VYN Holdings ⁽⁹⁾	Malaysia	304,171,887	67.6	-	-	304,171,887	50.7	-	-
VMM Holdings ⁽¹⁰⁾	Malaysia	88,874,956	19.8	(6)304,171,887	67.6	88,874,956	14.8	(6)304,171,887	50.7
ValueMax Group Limited ⁽¹¹⁾	Singapore	-	-	(7)393,046,843	87.3	-	-	(7)393,046,843	65.5
Yeah Holdings ⁽¹²⁾	Singapore	-	-	(8)393,046,843	87.3	-	-	(8)393,046,843	65.5

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Notes:

- (1) Based on our total number of 450,000,000 Shares after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her shareholding in Yeah Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholdings of her spouse, Yeow Chun Huat, and children pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of its shareholding in VYN Holdings pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of its shareholding in VMM Holdings pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of its shareholding in ValueMax Group Limited pursuant to Section 8 of the Act.
- (9) Please refer to **Section 5.1.2(viii)** of this Prospectus for the shareholders of VYN Holdings and their respective shareholding in VYN Holdings.
- (10) VMM Holdings is a wholly owned subsidiary of ValueMax Group Limited.
- (11) Please refer to **Section 5.1.2(x)** of this Prospectus for the substantial shareholders of ValueMax Group Limited, our Directors (who hold shares in ValueMax Group Limited) and the persons connected to them as well as their respective shareholding in ValueMax Group Limited
- (12) Please refer to **Section 5.1.2(xi)** of this Prospectus for the shareholders of Yeah Holdings and their respective shareholding in Yeah Holdings.

The Shares held by our Promoters and our substantial shareholders do not have different voting rights from our other shareholders. Save as disclosed above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, there is no arrangement between our Company and our Promoters and our substantial shareholders with any third party which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

5.1.2 Profiles of our Promoters and substantial shareholders

(i) Yeah Hiang Nam

Promoter, substantial shareholder and Non-Independent Non-Executive Director

Yeah Hiang Nam, a Singaporean aged 75, is our Promoter, substantial shareholder and Non-Independent Non-Executive Director. He was appointed to our Board on 28 June 2023 as our Non-Independent Non-Executive Chairman and was redesignated as the Non-Independent Non-Executive Director on 8 September 2023. Yeah Hiang Nam completed his primary school education in SJK(C) Pai Teik, Nibong Tebal, Pulau Pinang in 1961, and later joined a secondary school in the same town of Nibong Tebal, Pulau Pinang up to the age of 14 years old.

Yeah Hiang Nam has 35 years of experience in the pawnbroking industry and in total, he has over 50 years of experience dealing in jewellery and gold. He has served as the Managing Director and Chief Executive Officer of ValueMax Group Limited, a company listed on SGX, from January 2013 to December 2021. Since January 2022, he has assumed the position of Executive Chairman of ValueMax Group Limited.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Yeah Hiang Nam began his working career as a sales assistant at a Chinese medicine store in Singapore from year 1965 to 1968 and moved on to be a salesperson in a jewellery store known as Lee Heng Jewellers in the late 1960s. He began to hone his skills and expertise in the jewellery retail industry during the course of the next 10 years and in April 1979, he established Golden Goldsmith Jewellers, a registered partnership in Singapore together with Tan Hong Yee, our Promoter and substantial shareholder, and the business was mainly engaged in the business of wholesale trading, as well as import and export of gold ornaments and jewellery.

In April 1988, he made his first foray into the pawnshop industry in Singapore by starting Ban Soon Pawnshop Pte. Ltd. together with other business partners. As at the LPD, he remains as one of the directors of Ban Soon Pawnshop Pte. Ltd. In February 1989, together with Tan Hong Yee, he established Goldjew Sdn. Bhd., which was initially involved in the business of manufacturing of gold jewellery for export. In 1997, Goldjew Sdn. Bhd. changed its principal activities to that of a property investment holding company, with its activities including property letting and rendering of management services.

In November 1999, Yeah Hiang Nam established ValueMax Pawnshop (BD) Pte. Ltd., one of the first subsidiaries within the ValueMax Group which is incorporated and operating in Singapore. Since then, he has been instrumental in the development and growth of the ValueMax Group. In August 2003, he was appointed as a Director of Fang Yuan Holdings Pte. Ltd. (*now known as ValueMax Group Limited*) and since January 2013, he assumed the role as the Managing Director and Chief Executive Officer of ValueMax Group Limited. Subsequently in January 2022, he was redesignated as the Executive Chairman of ValueMax Group Limited, where he is responsible for the overall strategic direction, management and business development of the ValueMax Group.

In 2010, he was awarded “The Entrepreneur of the Year Award” by the Rotary Club of Singapore and the Association of Small and Medium Enterprises of Singapore (Rotary-ASME). He was also awarded the Public Service Medal (Pingat Bakti Masyarakat) by the Prime Minister’s Office Singapore in 2016, for his contributions to society and business.

Please refer to **Section 5.2.4** of this Prospectus for further details on his principal directorships in other corporations and principal business activities performed outside our Group.

(ii) **Tan Hong Yee**

Promoter and substantial shareholder

Tan Hong Yee, a Singaporean aged 74, is our Promoter and substantial shareholder. Tan Hong Yee obtained her GCSE ‘O’ Levels at Crescent Girls’ School, Singapore in 1967.

Tan Hong Yee has various forms of experience as an entrepreneur and in particular, she has over 40 years of experience dealing in gold jewellery and over 30 years of experience in the pawnbroking industry. In April 1979, she set up Golden Goldsmith Jewellers, a registered partnership in Singapore together with Yeah Hiang Nam, our Non-Independent and Non-Executive Director, mainly engaged in the business of wholesale trading, and import and export of gold ornaments and jewellery.

In February 1989, together with Yeah Hiang Nam, she set up Goldjew Sdn. Bhd., a company involved in the business of manufacturing gold jewellery for export. In 1997, Goldjew Sdn. Bhd. changed its principal activities to that of a property investment holding company, with its activities including property letting and rendering of management services.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

In March 1991, she ventured into the pawnbroking industry and was appointed as a Director of Ban Soon Pawnshop Pte. Ltd., where she continues to remain on the board of directors of the company as at the LPD. In June 1997, she was appointed as a Director of Ban Lian Pawnshop Pte. Ltd., and she was primarily responsible for overseeing the day-to-day operations of the company and ensuring the development and growth of the company. Subsequently, she was appointed as the Managing Director of Ban Lian Pawnshop Pte. Ltd. in October 2002 until the dissolution of the company in February 2018. In August 2003, she was appointed as a Director of Fang Yuan Holdings Pte. Ltd. (*now known as ValueMax Group Limited*) in April 2004, a position which she held up until April 2013.

Between August 2009 to June 2013, she acted as a director of certain ValueMax Group Limited's subsidiaries. In November 2012, she was appointed as a Director of Yeah Holdings, where she continues to remain on the board of directors of such company.

(iii) **Yeah Chia Kai**
Promoter and Non-Independent Non-Executive Director

Yeah Chia Kai, a Singaporean aged 44, is our Promoter and Non-Independent Non-Executive Director. He was appointed to the Board on 28 June 2023 as the Alternate Director to Yeah Hiang Nam and was redesignated as our Non-Independent Non-Executive Director on 28 August 2023.

Yeah Chia Kai holds a Bachelor of Commerce – Marketing degree from Curtin University of Technology, Australia which he obtained in September 2004. He also holds dual Master of Business Administration degrees from Columbia University, United States of America ("**USA**") and London Business School, United Kingdom which he obtained in February 2012 and May 2012 respectively. In 2013, he obtained a Diploma of Certified Diamond Grader from the HRD Antwerp Institute of Gemmology, Belgium and in the same year, he obtained his Foundation Certificate in Gemmology from the Gemmological Association of Great Britain, United Kingdom.

He started his career as an Operations Executive at Fang Yuan Holdings Pte. Ltd. (*now known as ValueMax Group Limited*) in January 2004 and subsequently undertook the position of General Manager in December 2007, where he was responsible for general management of the company and he worked on corporatisation and scaling of the pawnbroking business in Singapore. He resigned from his position as Operations Executive at ValueMax Group Pte. Ltd. (*formerly known as Fang Yuan Holdings Pte. Ltd.*) in April 2006, where he then founded and managed Mischief Studios Pte. Ltd., a company mainly involved in the business of software development, where he acted as the Executive Producer and oversaw the software development projects of the company up to December 2007. Upon cessation of the software development projects of Mischief Studios Pte. Ltd., he returned to ValueMax Group Pte. Ltd. in December 2007 as its General Manager.

In September 2013, he was appointed as an Executive Director of ValueMax Group Limited, where he is responsible for overseeing the pawnbroking and retail businesses of the ValueMax Group. He has accumulated over 20 years of experience in the pawnbroking and jewellery retail industry. He was appointed as the Chief Executive Officer in addition to his existing role as Executive Director of ValueMax Group Limited on 1 January 2022 and in this expanded role, he is responsible for the overall management of the ValueMax Group.

Please refer to **Section 5.2.4** of this Prospectus for further details on his principal directorships in other corporations and principal business activities performed outside our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*CONT'D*)

(iv) Yeah Chia Wei
Promoter

Yeah Chia Wei, a Singaporean aged 50, is our Promoter. He graduated from the University of Manchester, United Kingdom with a Bachelor of Arts in Finance (First Class Honours) in 1998. He also qualified as a Chartered Financial Analyst ® in 2002.

Yeah Chia Wei began his career as a Business Analyst in the corporate planning division of Maybank Singapore in August 1999. In July 2001, he joined ValueMax Pawnshop (BD) Pte. Ltd. as a Finance Manager where he was responsible for overseeing the finance and accounting matters of such company.

Upon the establishment of Fang Yuan Holdings Pte. Ltd. (*now known as ValueMax Group Limited*) in August 2003, Yeah Chia Wei was appointed as its Group Finance Manager and later as its Finance Director in January 2009, and in both roles, he oversaw finance and administration matters of the ValueMax Group, and monitored the business performance and strategic planning of such companies. In October 2012, he was appointed as a Financial Analyst of ValueMax International Pte. Ltd. where he contributed to the preparation of the initial public offering of ValueMax Group Pte. Ltd. on the Main Board of SGX.

After taking a career break from May 2013 to December 2015, Yeah Chia Wei resumed official work at ValueMax Group Limited where he was appointed as the Director of Loans – Moneylending in January 2016, whereby he was responsible for managing ValueMax Group Limited's moneylending segment. He was also concurrently appointed in January 2016 as Special Assistant to the Chief Executive Officer (at the time, being Yeah Hiang Nam), where he assisted the Chief Executive Officer in strategic planning and decision-making.

He was appointed as ValueMax Group Limited's Chief Credit and Risk Officer in January 2022. In this role, he is responsible for the ValueMax Group's credit risk assessment and loan portfolio management functions with particular focus on its moneylending segment.

(v) Yeah Lee Ching
Promoter

Yeah Lee Ching, a Singaporean aged 51, is our Promoter. She pursued a Bachelor in Business at Monash University where she completed her final year under an exchange program at the University of California, Los Angeles (UCLA), USA, and was conferred a Bachelor in Business degree by Monash University in August 1995. Yeah Lee Ching was conferred Master of Business Administration from the National University of Singapore in 1999, where she also received a certificate for Global Project Coordination Course conducted jointly with Stanford University, California, USA in 1998. She was also awarded a Graduate Gemologist Diploma from the Gemological Institute of America, USA in 1995.

Yeah Lee Ching has more than 25 years of experience in the jewellery and gemstone industry. She began her career with Golden Success Jewellery Pte. Ltd., a Singapore private limited company principally involved in the business of manufacturing of fine jewellery as a General Manager from September 1995 to July 1997 and from January 1999 to March 2000, where she was responsible for managing production of jewellery, local and export sales, diamond purchasing and finance of the company.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

She left Golden Success Jewellery Pte. Ltd. in July 1997 to pursue Master of Business Administration studies at the National University of Singapore. After completion of her Master of Business Administration degree, she re-joined Golden Success Jewellery Pte. Ltd. as a General Manager from January 1999 to March 2000. Subsequently, she joined Signity Management Pte. Ltd. (a subsidiary of Swarovski AG) as a Marketing and Communications Manager (Asia Pacific) from April 2000 to January 2004 where she focused on budgets and implementation of marketing activities in various markets within the Asia Pacific region and established media relations of the company.

Yeah Lee Ching joined Fang Yuan Holdings Pte. Ltd. (*now known as ValueMax Group Limited*) in February 2004 as the Marketing Manager and was promoted to the position of Operations Director in February 2009 where she was primarily responsible for the operations and marketing of the pawnbroking and jewellery retail business as well as public relations and human resource matters of the company. She was also in charge of the setting up of new pawnbroking and jewellery retail business, including licensing applications and renovation of new outlets.

In April 2013, she was appointed as the Executive Director of ValueMax Group Limited where she was primarily responsible for the Valuation Department, the Precious Metal Trading Department and corporate communications for the ValueMax Group as well as strategic business direction of the company and its subsidiaries. In January 2022, she was appointed as Chief Marketing Officer of ValueMax Group Limited where she oversees the overall marketing strategies and implementation of marketing initiatives for the ValueMax Group.

She is the Honorary Secretary of the Singapore Pawnbrokers' Association since 2005 and the President of the Enterprise 50 Association since September 2023.

(vi) **Ng Hooi Lang**

Promoter, Executive Director and Chief Executive Officer

Ng Hooi Lang, a Malaysian aged 58, is our Promoter, Executive Director and Chief Executive Officer. She was appointed to our Board on 12 April 2023 and as our Executive Director and Chief Executive Officer, she is responsible for overseeing the day-to-day business operations and charting the business direction and strategies of our Group. She obtained her Lower Secondary Assessment or "Sijil Rendah Pelajaran" from Sekolah Kebangsaan Tunku Abd. Rahman, Penang in 1981.

Ng Hooi Lang has over 16 years of experience in the pawnbroking industry and in total, over 40 years of experience in dealing with gold and jewellery. She began her career in Malaysia as a gold craftswoman at Chin Yee Goldsmith in January 1983, where she was trained in jewellery design and crafting. After working with Chin Yee Goldsmith for more than 20 years, she left in May 2007 and ventured into the pawnbroking industry by joining ValueMax Group Pte. Ltd. (*now known as ValueMax Group Limited*) as a management trainee, where she was responsible for appraising gold jewellery at pawnshops operated by ValueMax Group Pte. Ltd. in Singapore. During her time with ValueMax Group Pte. Ltd, she familiarised herself with the standard operating procedures and administrative matters involved in the operations of a pawnbroking shop.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

In September 2007, she left ValueMax Group Pte. Ltd. And was appointed as the director of KP Well Chip where she was primarily responsible for overseeing the day-to-day business operations and management of the pawnbroking company, including amongst others, appraisal of gold jewellery, supervision of staff and customer service, as well as managing periodic auction of pawned items. Since then and over the years, she has overseen the expansion of the pawnbroking business of KP Well Chip and has been pivotal in the establishment of new pawnbroking shops under our Group.

Subsequently, in September 2009, February 2010 and August 2013, Ng Hooi Lang was appointed as a director of KE Well Chip, Thye Shing Pawnshop and SYT Pavilion respectively. In her capacity as the director of the companies within our Group, Ng Hooi Lang has provided business and management expertise and strategic advice to the key management of our Group over the years. She was promoted to the position of Chief Executive Officer of our Company on 1 September 2022 and in such capacity, she will continue to play a role in overseeing the day-to-day business operations and management of our Group as well as charting the business direction and strategies of our Group.

Please refer to **Section 5.2.4** of this Prospectus for further details on her principal directorships in other corporations and principal business activities performed outside our Group.

(vii) Tang Soo Yen

Promoter, Executive Director and Director of Retail and Merchandising

Tang Soo Yen, a Malaysian aged 44, is our promoter, Executive Director and Director of Retail and Merchandising. She was appointed to our Board on 28 June 2023. She is responsible for overseeing and managing the procurement of gold and jewellery products for our Group and managing the post auction processes for defaulted pawn items, human resources and other general administrative matters of our Group. She obtained her Malaysian Certificate of Education or 'Sijil Pelajaran Malaysia' in 1997 from Sekolah Menengah Tun Syed Sheh Barakbah, Sg. Jawi, Pulau Pinang.

She has over 16 years of experience in the pawnbroking industry and in total, over 25 years of experience dealing in gold and jewellery, and. She began her career as a gold craftswoman with Zai Chen Goldsmith in January 1998, where she crafted gold jewellery products. In April 2007, she left Zai Chen Goldsmith to join Valuemax Group Pte. Ltd. (*now known as ValueMax Group Limited*) as a management trainee and ventured into the pawnbroking industry. She was exposed to the standard operating procedures of the pawnbroking services provided by ValueMax Group Pte. Ltd. And performed various administrative work functions relating to the pawnbroking business of ValueMax Group Pte. Ltd. And its group of companies.

Upon leaving Valuemax Group Pte. Ltd. In September 2007, she joined KP Well Chip as a pawnshop admin where she was responsible for appraising gold jewellery and luxurious watches, as well as overseeing the buying process, forecasting inventory demands and trends, undertaking negotiations with the suppliers and overseeing all relevant processes related to defaulted items post auction, including jewellery assessment and merchandising of scrap gold obtained through the defaulted pawn items. Subsequently in January 2021, she was appointed as the Executive Director of KP Well Chip. She oversees and manages procurement, human resources and other general administrative matters, but is not a member of the board of directors of KP Well Chip.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Between December 2011 to August 2013, she was also appointed and acted as a director of SYT Pavilion and was primarily responsible for overseeing the management and pawnbroking business operations of the subsidiaries of SYT Pavilion. She later left SYT Pavilion and was appointed as a director of PG Shinegold in November 2013, where she helped to expand and grow the pawnbroking business operations. In December 2015, she was re-appointed as a director of SYT Pavilion where she continues to oversee the management and operations of the pawnbroking business carried out under the subsidiaries of SYT Pavilion.

In her capacity as a director of SYT Pavilion, KP Well Chip and PG Shinegold, she has been overseeing the processes relating to procurement of supply, auctions and dealing with defaulted pawn items post-auctions, merchandising of scrap gold, as well as gold and jewellery valuation and assessment. Tang Soo Yen has been instrumental in the expansion of our Group's pawnbroking business in Malaysia over the period of more than 15 years that she has been with our Group.

(viii) VYN Holdings Substantial shareholder

VYN Holdings was incorporated in Malaysia under the Act on 4 April 2023 as a private limited company. VYN Holdings is principally involved in investment holding as at the LPD.

As at the LPD, the issued share capital of VYN Holdings is RM100,000 comprising 100,000 ordinary shares.

As at the LPD, the director of VYN Holdings is Ng Hooi Lang. The shareholders of VYN Holdings and their respective shareholding in VYN Holdings as at the LPD are set out below:

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
VMM Holdings	43,825	43.8	-	-
ValueMax Group Limited	-	-	⁽¹⁾ 43,825	43.8
Yeah Holdings	-	-	⁽²⁾ 43,825	43.8
Yeah Hiang Nam	-	-	⁽³⁾ 43,825	43.8
Tan Hong Yee	-	-	⁽³⁾ 43,825	43.8
Yeo Mooi Huang	7,171	7.2	-	-
Yeow Choong Kuan	5,704	5.7	⁽⁴⁾ 2,911	2.9
Ng Hooi Lang	5,389	5.4	⁽⁵⁾ 978	1.0
Tang Soo Yen	4,890	4.9	⁽⁶⁾ 5,350	5.4
Yeow Chun Huat	4,890	4.9	⁽⁷⁾ 5,350	5.4
Ng Yah Ching	3,584	3.6	⁽⁸⁾ 5	⁽²⁰⁾ -
Chua Swee Heong	2,934	2.9	⁽⁹⁾ 14,466	14.5
Ng Hui Chin	2,928	2.9	-	-
Ng Hooi Hwang	2,608	2.6	⁽¹⁰⁾ 326	0.3
Teow Moy Wha	2,600	2.6	-	-
Yeow Lee Choo	1,863	1.9	⁽¹¹⁾ 466	0.5
Fang Kui Chin	1,793	1.8	⁽¹²⁾ 6,822	6.8
Yeow Lee Hong	978	1.0	⁽¹³⁾ 1,444	1.4

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Chow Wen Kee	978	1.0	⁽¹⁴⁾ 1,444	1.4
Poon Foo Wha	978	1.0	⁽¹⁵⁾ 5,389	5.4
Yeow Jia Hao	885	0.9	-	-
Ng Heah Joo	652	0.7	⁽¹⁶⁾ 652	0.7
Ng Kooi Eng	652	0.7	-	-
Lee Moi Keow	652	0.7	⁽¹⁷⁾ 652	0.7
Yeow Chuen Chai	632	0.6	-	-
Yeo Kiat Li	593	0.6	-	-
Yeow Choong Meng	399	0.4	⁽¹⁸⁾ 466	0.5
Wong Soon Chyi	326	0.3	-	-
Yeow Si Jie	233	0.2	-	-
Yeow Xiang Ting	233	0.2	-	-
Yeow Zhao Feng	233	0.2	-	-
Chow Ke Feng	233	0.2	-	-
Lee Wan Yu	233	0.2	-	-
Lee Zhi Xuan	233	0.2	-	-
Chow Xu Xiang	233	0.2	-	-
Yeow En Min	230	0.2	-	-
Yeow Shun Kang	230	0.2	-	-
Kok Wai See	5	⁽²⁰⁾ -	⁽¹⁹⁾ 3,584	3.6
Total	100,000	100.0		

Notes:

- (1) Deemed interested by virtue of its shareholding in VMM Holdings pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of its shareholding in ValueMax Group Limited pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his/her shareholding in Yeah Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholdings of his spouse, Fang Kui Chin, and children, Yeow Jia Hao and Yeow Xiang Ting, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of the shareholdings of her spouse, Yeow Chun Huat, and children, Yeow En Min and Yeow Shun Kang, pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of the shareholdings of his spouse, Tang Soo Yen, and children, Yeow En Min and Yeow Shun Kang, pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of the shareholding of his spouse, Kok Wai See, pursuant to Section 8 of the Act.
- (9) Deemed interested by virtue of the shareholdings of her children, Yeow Choong Kuan, Yeow Choong Meng, Yeow Chun Huat, Yeow Chuen Chai, Yeow Lee Choo and Yeow Lee Hong, pursuant to Section 8 of the Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (10) Deemed interested by virtue of the shareholding of her child, Wong Soon Chyi, pursuant to Section 8 of the Act.
- (11) Deemed interested by virtue of the shareholdings of her children, Lee Wan Yu and Lee Zhi Xuan, pursuant to Section 8 of the Act.
- (12) Deemed interested by virtue of the shareholdings of her spouse, Yeow Choong Kuan, and children, Yeow Jia Hao and Yeow Xiang Ting, pursuant to Section 8 of the Act.
- (13) Deemed interested by virtue of the shareholdings of her spouse, Chow Wen Kee, and children, Chow Ke Feng and Chow Xu Xiang, pursuant to Section 8 of the Act.
- (14) Deemed interested by virtue of the shareholdings of his spouse, Yeow Lee Hong, and children, Chow Ke Feng and Chow Xu Xiang, pursuant to Section 8 of the Act.
- (15) Deemed interested by virtue of the shareholding of his spouse, Ng Hooi Lang, pursuant to Section 8 of the Act.
- (16) Deemed interested by virtue of the shareholding of his spouse, Lee Moi Keow, pursuant to Section 8 of the Act.
- (17) Deemed interested by virtue of the shareholding of her spouse, Ng Heah Joo, pursuant to Section 8 of the Act.
- (18) Deemed interested by virtue of the shareholdings of his children, Yeow Si Jie and Yeow Zhao Feng, pursuant to Section 8 of the Act.
- (19) Deemed interested by virtue of the shareholding of her spouse, Ng Yah Ching, pursuant to Section 8 of the Act.
- (20) Less than 0.1%.

(ix) VMM Holdings Substantial shareholder

VMM Holdings was incorporated in Malaysia under the Act on 7 March 2013 as a private limited company. VMM Holdings is principally involved in investment holding as at the LPD and is our substantial shareholder.

As at the LPD, the issued share capital of VMM Holdings is RM100 comprising 100 ordinary shares.

As at the LPD, the directors of VMM Holdings are Yeah Hiang Nam, Yeah Chia Kai, Ng Hooi Lang and Yeow Chun Huat. The shareholders of VMM Holdings and their respective shareholding in VMM Holdings as at the LPD are as set out below:

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
ValueMax Group Limited	100	100.0	-	-
Yeah Holdings	-	-	(1) 100	100.0
Yeah Hiang Nam	-	-	(2) 100	100.0
Tan Hong Yee	-	-	(2) 100	100.0

Notes:

- (1) Deemed interested by virtue of its shareholding in ValueMax Group Limited pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his/her shareholding in Yeah Holdings pursuant to Section 8 of the Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(x) ValueMax Group Limited Substantial shareholder

ValueMax Group Limited was incorporated in Singapore under Companies Act, 1967 of Singapore on 7 August 2003 as a private limited company known as Fang Yuan Holdings Pte. Ltd. and changed its name in April 2004 to ValueMax Group Pte. Ltd. Subsequently it was converted into a public limited company and changed its name to its current name of ValueMax Group Limited on 16 October 2013. It was listed on the SGX on 30 October 2013.

As at the LPD, ValueMax Group Limited is an investment holding company where its subsidiaries are principally involved in the business of pawnbroking and retail sale of jewellery made from precious metals and stones, and management consultancy services in Singapore. ValueMax Group Limited, through its subsidiaries is also involved in the business of money-lending, gold bullion trading and auto-finance in Singapore.

As at the LPD, the issued share capital of ValueMax Group Limited is SGD168,328,707 comprising 803,761,089 ordinary shares (which includes 100,000 shares held as treasury shares).

As at the LPD, the directors of ValueMax Group Limited are Tan Guan Hiang, Yeah Lee Ching, Yeah Chia Kai, Yeah Hiang Nam, Neo Poh Kat, Tan Soon Liang, and Lim Teck Chai, Danny.

The respective shareholdings of the substantial shareholders of ValueMax Group Limited and our Directors as well as the persons connected to them in ValueMax Group Limited as at the LPD are set out below:

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
<u>Substantial shareholders</u>				
Yeah Holdings	522,939,937	65.1	-	-
Yeah Hiang Nam	-	-	⁽¹⁾ 670,673,142	83.5
Tan Hong Yee	48,506,450	6.0	⁽²⁾ 622,166,692	77.4
<u>Persons connected to the substantial shareholders:</u>				
Yeo Mooi Huang ⁽⁵⁾	742,216	0.1	-	-
Chua Swee Heong ⁽⁵⁾	460,000	0.1	-	-
Tan Sar Tee ⁽⁵⁾⁽⁶⁾	283,323	⁽⁴⁾ -	-	-
Yeo Ah Nya ⁽⁵⁾	221,502	⁽⁴⁾ -	-	-
Yeah Chia Wei ⁽⁵⁾⁽⁶⁾	174,070	⁽⁴⁾ -	⁽³⁾ 481,287	0.06
Yeow Mooi Gaik ⁽⁵⁾	132,832	⁽⁴⁾ -	-	-
<u>Directors of Well Chip:</u>				
Ng Hooi Lang	250,000	⁽⁴⁾ -	-	-
Tang Soo Yen	19,000	⁽⁴⁾ -	-	-
<u>Persons connected to the directors of Well Chip:</u>				
Ng Hooi Hwang	80,000	⁽⁴⁾ -	-	-
Lee Moi Keow	199,000	⁽⁴⁾ -	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Ng Yah Ching	200,000	(4)-	-	-
Kok Wai See	100,000	(4)-	-	-

Notes:

- (1) Deemed interested: (i) in the shares held by DBS Nominees Pte Ltd where he is the beneficial owner; (ii) in the shares held by OCBC Securities Pte Ltd where he is the beneficial owner jointly with his spouse, Tan Hong Yee; and (iii) by virtue of the shares held by his spouse, Tan Hong Yee, and Yeah Holdings in ValueMax Group Limited pursuant to Section 7 of the Companies Act, 1967 of Singapore.
- (2) Deemed interested: (i) in the shares held by OCBC Securities Pte Ltd where she is the beneficial owner jointly with her spouse, Yeah Hiang Nam; and (ii) by virtue of the shares held by her spouse, Yeah Hiang Nam, and Yeah Holdings in ValueMax Group Limited pursuant to Section 7 of the Companies Act, 1967 of Singapore.
- (3) Deemed interested in the shares held by DBS Nominees Pte Ltd where he is the beneficial owner.
- (4) Less than 0.1%.
- (5) Persons connected to Yeah Hiang Nam are:
 - (i) Yeo Mooi Huang, being the sister of Yeah Hiang Nam;
 - (ii) Chua Swee Heong, being the sister-in-law of Yeah Hiang Nam;
 - (iii) Tan Sar Tee, being the brother-in-law of Yeah Hiang Nam;
 - (iv) Yeo Ah Nya, being the sister of Yeah Hiang Nam;
 - (v) Yeah Chia Wei, being the son of Yeah Hiang Nam; and
 - (vi) Yeow Mooi Gaik, being the sister of Yeah Hiang Nam.
- (6) Persons connected to Tan Hong Yee are:
 - (i) Tan Sar Tee, being the brother of Tan Hong Yee; and
 - (ii) Yeah Chia Wei, being the son of Tan Hong Yee.

(xi) Yeah Holdings
Substantial shareholder

Yeah Holdings was incorporated in Singapore under Companies Act, 1976 of Singapore on 12 November 2012 as a private limited company.

Yeah Holdings is principally involved in investment holding as at the LPD and is our substantial shareholder.

As at the LPD, the issued share capital of Yeah Holdings is SGD10,760,002 comprising 10,760,002 ordinary shares.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

As at the LPD, the directors of Yeah Holdings are Tan Hong Yee and Yeah Hiang Nam. The shareholders of Yeah Holdings and their respective shareholding in Yeah Holdings as at the LPD are as set out below:

Name	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Yeah Hiang Nam	3,766,001	35.0	⁽¹⁾ 3,766,001	35.0
Tan Hong Yee	3,766,001	35.0	⁽²⁾ 3,766,001	35.0
Yeah Lee Ching	1,076,000	10.0	-	-
Yeah Chia Wei	1,076,000	10.0	-	-
Yeah Chia Kai	1,076,000	10.0	-	-

Notes:

- (1) Deemed interested by virtue of the shareholdings of his spouse, Tan Hong Yee, pursuant to Section 7 of the Companies Act, 1967 of Singapore.
- (2) Deemed interested by virtue of the shareholdings of her spouse, Yeah Hiang Nam, pursuant to Section 7 of the Companies Act, 1967 of Singapore.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation and after our IPO are as follows:

Name	As at 12 April 2023 (Date of incorporation)				Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoters and substantial shareholders												
Yeah Hiang Nam	-	-	-	-	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
Tan Hong Yee	-	-	-	-	-	-	(3)393,046,843	87.3	-	-	(3)393,046,843	65.5
Promoters												
Yeah Chia Kai	-	-	-	-	-	-	-	-	-	-	-	-
Yeah Chia Wei	-	-	-	-	-	-	-	-	-	-	-	-
Yeah Lee Ching	-	-	-	-	-	-	-	-	-	-	-	-
Ng Hooi Lang	1	100.0	-	-	5,463,884	1.2	(4)991,534	0.2	5,463,884	0.9	(4)991,534	0.2
Tang Soo Yen	-	-	-	-	4,957,646	1.1	(5)5,424,066	1.2	4,957,646	0.8	(5)5,424,066	0.9
Substantial shareholders												
VYN Holdings	-	-	-	-	304,171,887	67.6	-	-	304,171,887	50.7	-	-
VMM Holdings	-	-	-	-	88,874,956	19.7	(6)304,171,887	67.6	88,874,956	14.8	(6)304,171,887	50.7
ValueMax Group Limited	-	-	-	-	-	-	(7)393,046,843	87.3	-	-	(7)393,046,843	65.5
Yeah Holdings	-	-	-	-	-	-	(8)393,046,843	87.3	-	-	(8)393,046,843	65.5

Notes:

- (1) Based on our total number of 450,000,000 Shares after our Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her shareholdings in Yeah Holdings pursuant to Section 8 of Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

- (4) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholdings of her spouse, Yeow Chun Huat, and children pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of its shareholding in VYN Holdings pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of its shareholding in VMM Holdings pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of its shareholding in ValueMax Group Limited pursuant to Section 8 of the Act.

5.1.4 Amounts or benefits paid/given or intended to be paid/given to our Promoters and our substantial shareholders

Save for the dividend paid to our substantial shareholders as set out in **Section 12.8** of this Prospectus and the aggregate amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders who are also our Executive Directors as set out in **Section 5.2.5** of this Prospectus, there are no other amounts or benefit that have been paid or intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus and up to the LPD.

5.2 BOARD OF DIRECTORS

5.2.1 Our Board

The members of our Board as at the LPD are as follows:

Name	Age	Nationality	Designation	Date of appointment	No. of years in office as at the LPD
Mak Lye Mun	66	Malaysian	Independent Non-Executive Chairman	⁽¹⁾ 28 June 2023	Less than 1 year
Yeah Hiang Nam	75	Singaporean	Non-Independent Non-Executive Director	⁽²⁾ 28 June 2023	Less than 1 year
Yeah Chia Kai	44	Singaporean	Non-Independent Non-Executive Director	⁽³⁾ 28 June 2023	Less than 1 year
Ng Hooi Lang	58	Malaysian	Executive Director and Chief Executive Officer	12 April 2023	Less than 1 year
Tang Soo Yen	44	Malaysian	Executive Director	28 June 2023	Less than 1 year
Dr. Yap Lang Ling	51	Malaysian	Independent Non-Executive Director	28 June 2023	Less than 1 year
Chan Kam Chiew	58	Malaysian	Independent Non-Executive Director	28 June 2023	Less than 1 year
Wong Chin Chin	58	Malaysian	Independent Non-Executive Director	28 August 2023	Less than 1 year

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

Notes:

- (1) Mak Lye Mun was appointed to our Board as an Independent Non-Executive Director on 28 June 2023 and was subsequently redesignated as our Independent Non-Executive Chairman on 8 September 2023.
- (2) Yeah Hiang Nam was appointed to our Board as a Non-Independent Non-Executive Chairman on 28 June 2023 and was subsequently redesignated as our Non-Independent Non-Executive Director on 8 September 2023.
- (3) Yeah Chia Kai was appointed to our Board as an Alternate Director to Yeah Hiang Nam on 28 June 2023 and was subsequently redesignated as our Non-Independent Non-Executive Director on 28 August 2023.

According to our Constitution, at the first AGM of our Company, all the Directors shall retire from office and at every subsequent AGM of the Company, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years. A retiring Director shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires whether adjourned or not. As such, all of our Directors will be subject to retirement at the first AGM of our Company.

Our Directors to retire every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next following AGM of our Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.2.2 Shareholdings of our Directors

The details of our Directors and their direct and indirect shareholding in our Company before and after our IPO are as follows:

Directors	Designation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Mak Lye Mun	Independent Non-Executive Chairman	-	-	-	-	-	-	-	-
Yeah Hiang Nam	Non-Independent Non-Executive Director	-	-	⁽³⁾ 393,046,843	87.3	-	-	⁽³⁾ 393,046,843	65.5
Yeah Chia Kai	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ng Hooi Lang	Executive Director and Chief Executive Officer	5,463,884	1.2	⁽⁴⁾ 991,534	0.2	5,463,884	0.9	⁽⁴⁾ 991,534	0.2
Tang Soo Yen	Executive Director and Director of Retail and Mechandising	4,957,646	1.1	⁽⁵⁾ 5,424,066	1.2	4,957,646	0.8	⁽⁵⁾ 5,424,066	0.9
Dr. Yap Lang Ling	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Chan Kam Chiew	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Wong Chin Chin	Independent Non-Executive Director	-	-	-	-	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

Notes:

- (1) Based on our total number of 450,000,000 Shares after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholding in Yeah Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholding of her spouse, Yeow Chun Huat, and children pursuant to Section 8 of the Act.

5.2.3 Profiles of our Directors

In addition to the profiles of Yeah Hiang Nam, Yeah Chia Kai, Ng Hooi Lang and Tang Soo Yen as set out in **Section 5.1.2** of this Prospectus, the profiles of our other Directors are as follows:

(i) **Mak Lye Mun**
Independent Non-Executive Chairman

Mak Lye Mun, a Malaysian aged 66, is our Independent Non-Executive Chairman. He was appointed to our Board on 28 June 2023 as our Independent Non-Executive Director and was redesignated as our Independent Non-Executive Chairman on 8 September 2023.

Mak Lye Mun holds a Master of Business Administration from the University of Texas at Austin, USA, which he obtained in August 1987 and a Bachelor of Civil Engineering Degree (First Class Honours) from the University of Malaya, Malaysia, which he obtained in June 1980.

Mak Lye Mun has over 30 years of experience in the banking industry. He started his career in August 1989 at Citicorp Investment Bank (Singapore) Limited and left the same company in 1994 as Director of the Corporate Finance Division. He later went on to hold various senior positions in the Corporate Finance divisions of Oversea-Chinese Banking Corporation Limited, Ernst & Young, and Vickers Ballas & Co. Pte. Ltd. between the years 1994 to 2001. He was then appointed as the Head of Mergers & Acquisitions (Advisory Department) of DBS Bank Ltd. in 2001. He later joined GK Goh Securities Pte. Ltd. as Head of Corporate Finance in 2002, a position which he held up until 2008.

Following the acquisition of GK Goh Securities Pte. Ltd. by CIMB Bank Singapore ("**CIMB**"), he was appointed as the Chief Executive Officer of CIMB in August 2008 and as the Country Head, Singapore in January 2009 respectively, where he focused on delivering greater synergy and value across the Singapore operations of CIMB where he held both roles up to his retirement in December 2019.

During his tenure with CIMB, in addition to his role as Country Head, Singapore and Chief Executive Officer, he held various roles and served in various ranks in CIMB's group of companies ("**CIMB Group**"). Between 2013 to 2016, he served as the Regional Head of CIMB Group's Private Banking Business. In April 2016, he was appointed as the Chief Executive Officer of Group Wholesale Banking of CIMB where he held the position up until December 2018, when his 3-year term ended. In these 2 roles, he was primarily responsible for overseeing the overall management and strategic direction of the respective departments within the wholesale division of CIMB.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

In January 2020, following his retirement as the Country Head, Singapore and Chief Executive Officer of CIMB, he was subsequently appointed as an Advisor to the CIMB Group's Chief Executive Officer to provide strategic inputs, specifically in wholesale banking, from January 2020 up until his retirement in March 2021.

He has been a Member of the inaugural SGX Listings and Advisory Committee since October 2015. He was also a Member of the Listing Committee for ADDX Pte. Ltd., a licensed digital securities exchange in Singapore (run by ICHX Tech Pte. Ltd.) between April 2020 to October 2022.

In January 2021, he was appointed as a governing board member of the Duke-NUS Medical School, a position he continues to hold. He was appointed as a Non-Executive Director of Boustead Singapore Limited, a company listed on the SGX, SC Global Developments Pte. Ltd., and its listed Australian subsidiary, AVJennings Limited, in July 2021, May 2021 and October 2021 respectively and also continues to hold such directorships. He is also appointed as the Independent Non-Executive Chairman and Director of Intraco Limited, a company listed on the SGX since April 2021, and was later re-designated as the Executive Chairman and Director of the company in July 2022 and continues to hold the same role as at the LPD.

Mak Lye Mun was the Independent Non-Executive Chairman of the Board of Hwa Hong Corporation Limited, a company previously listed on SGX from May 2020 to May 2022. He was also the Independent Non-Executive Director of Boardroom Limited and Tat Hong Holdings from November 2004 and June 2005 respectively. Both these companies were listed on the SGX and were successfully privatised in August 2019 and July 2018 respectively. Following the privatisations, he ceased to be a director of such companies.

Please refer to **Section 5.2.4** of this Prospectus for further details on his principal directorships in other corporations and principal business activities performed outside our Group.

(ii) **Dr. Yap Lang Ling** *Independent Non-Executive Director*

Dr. Yap Lang Ling, a Malaysian aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 28 June 2023.

Dr. Yap Lang Ling holds a Doctorate degree in Service Supply Chain Management from Universiti Sains Malaysia which she obtained in July 2017. She also holds a Master of Human Resource Management and a Bachelor of Economics with Honours, both from Universiti Utara Malaysia which she obtained in October 2011 and July 1997 respectively. Furthermore, she is a member of the Institute of Corporate Directors Malaysia since April 2022.

She started her career as a Production Superintendent at Intel Technology Sdn. Bhd. ("Intel") in November 1996. During her tenure with Intel, she took on various positions, including as the Regional Benefits Strategic Sourcing and Procurement Manager for Asia and Latin America, Asia-Pacific (APAC) Compensation & Benefits Manager and Senior Strategic Program Manager, within Intel's Technology and Manufacturing Division, Supply Chain Division and Human Resource Division. She was then promoted to as the Director of Human Resource Business Engagement in November 2012. She was leading the creation of roles, processes and formal reporting relationships in the organisation to shape business transformation and instill the right company culture for the company's growth. In addition, she was involved in strategic sourcing and procurement for Intel by managing outsourced business processes with global and regional suppliers, occupational health, employee services, as well as finance and administration matters for Intel. As such, she has gained experience in strategic sourcing and procurement as well as human resource management. In August 2014, she resigned as a Director of Human Resource Business Engagement with Intel.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

Dr. Yap Lang Ling joined Shell Malaysia Limited ("**Shell Malaysia**") in September 2014 as the Head of HR (Human Resource) Policy. Her role entailed reviewing human resource policies, processes, projects as well as employee compensation and benefits packages of Shell Malaysia and its group of companies. In December 2015, she left Shell Malaysia to focus on preparing the dissertation for her Doctorate degree with Universiti Sains Malaysia from January 2016 until July 2016.

After completing her Doctorate degree, she joined AIA Bhd. as a Head of Performance, Rewards and HR (Human Resource) Services in August 2016, a position that she held until June 2018. She was responsible for human resource matters relating to AIA Bhd. and its group of companies (collectively, "**AIA Malaysia**") and was involved in advising AIA Malaysia on matters relating to its performance and total rewards, research and analytics, human resource services as well as matters relating to AIA Malaysia's wellness clinic in Malaysia.

Dr. Yap Lang Ling joined Sunway Integrated Properties Sdn. Bhd. as a Senior General Manager (Human Resources) from July 2018 until December 2019, where she was responsible for overseeing the full spectrum of human resources and business strategic functions for the businesses of Sunway Property, Sunway Real Estate Investment Trust and Sunway Property & Facility Management, all being divisions within the Sunway group of companies under Sunway Berhad. In January 2020, she was transferred to Sunway Medical Centre Sdn. Bhd. ("**Sunway Medical**") to take on the role of Group Director of Quality Resources (Quality Resources Division). As the Group Director of Quality Resources, she was placed in charge of all aspects of quality management, risk management, infection prevention and control matters involving the Sunway Medical's healthcare businesses in Malaysia and Singapore. She resigned from her role with Sunway Medical in May 2021 and is now retired from employment.

She was an Independent Non-Executive Director of Apex Equity Holdings Berhad, a company listed on the Main Market of Bursa Securities, from March 2022 until June 2022. She was appointed as the Chairman of its Risk Committee and member of its Audit Committee and Nomination and Remuneration Committee. She is currently, an Independent Non-Executive Director of Sapura Resources Berhad, a company listed on the Main Market of Bursa Securities, where she is appointed as a member of the Audit and Risk Committee and Nomination and Remuneration Committee. She was subsequently redesignated as the Chairman of the Nomination and Remuneration Committee in April 2023. She has been a member of the board of directors of Sapura Resources Berhad since November 2022.

Please refer to **Section 5.2.4** of this Prospectus for further details on her principal directorships in other corporations and principal business activities performed outside our Group.

(iii) **Chan Kam Chiew** *Independent Non-Executive Director*

Chan Kam Chiew, a Malaysian aged 58, is our Independent Non-Executive Director. He was appointed to the Board on 28 June 2023. He completed his secondary school education at Malacca High School, Melaka in 1984.

Chan Kam Chiew qualified as a Certified Public Accountant and has been a member of the Malaysian Institute of Certified Public Accountants ("**MICPA**") since April 1991. He is also a member of the MIA and the Institute of Corporate Directors Malaysia since July 1993 and February 2021 respectively.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

He began his career with Peat Marwick (now known as KPMG PLT (“**KPMG**”)) in Malaysia (“**KPMG Malaysia**”) as an Audit Assistant in December 1984. Subsequently, he was seconded to KPMG San Francisco office in the USA from September 1991 until April 1993 and was admitted as a Partner in the Assurance Services division of KPMG Malaysia in October 1998. He was a Partner with KPMG Malaysia until his retirement in December 2020.

During his 36 years tenure with KPMG, he garnered experience in providing audit and business advisory services to a wide range of public listed companies and multinational corporations in various industries, including automotive, real estate investment trust, property development and construction, oil and gas, electronics and information technology, freight and shipping, industrial manufacturing, food and beverages, retail and consumer, and banking and financial services. In addition to statutory audits, he led various engagements relating to initial public offerings, reverse takeovers, mergers, including local and cross-border acquisitions and financial due diligence reviews. He has also provided financial advisory services and conducted reviews of accounting and finance policies and procedures.

He had served as a member of the Malaysian Accounting Standards Board (“**MASB**”) for 2 terms from May 2012 to April 2018, where he chaired a number of working groups of MASB. He was an examiner for the Regulatory and Financial Reporting Framework examination for MICPA between years 2009 to 2017. In March 2023, he was appointed as a member of the Malaysian Financial Reporting Standards Application and Implementation Committee of the MASB.

Currently, he is the Group Finance Director of Can-One Berhad and Box-Pak (Malaysia) Berhad, both of which are listed on the Main Market of Bursa Securities. He was appointed as the Group Finance Director of both companies in June 2021.

Chan Kam Chiew is also an Independent Non-Executive Director of Kerjaya Prospek Group Berhad, a company listed on the Main Market of Bursa Securities, and LGMS Berhad, a company listed on the ACE Market of Bursa Securities. He has held such directorships since May 2021 and September 2021 respectively. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of Kerjaya Prospek Group Berhad. He is the Chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and Risk Management Committee of LGMS Berhad.

Furthermore, in January 2023, he has been appointed as an Independent Non-Executive Director of Panda Eco System Berhad, a company listed on the ACE Market of Bursa Securities. He has also been appointed as the Chairman of its Audit and Risk Management Committee and a member of its Nomination Committee and Remuneration Committee.

Please refer to **Section 5.2.4** of this Prospectus for further details on his principal directorships in other corporations and principal business activities performed outside our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

(iv) **Wong Chin Chin**
Independent Non-Executive Director

Wong Chin Chin, a Malaysian aged 58, is our Independent Non-Executive Director. She was appointed to our Board on 28 August 2023.

She holds a Bachelor of Laws (LLB.) degree from the University of Sydney, Australia, which she obtained in year 1990. She was admitted as a Barrister of the Supreme Court of New South Wales in the same year. She was subsequently admitted as an advocate and solicitor of the High Court of Malaya in 1991.

Wong Chin Chin commenced her career with Chooi & Co. as a pupil in April 1990 and upon completion of her pupillage in January 1991, she was retained at Chooi & Co as a Legal Assistant in conveyancing matters. Upon leaving Chooi & Co in May 1992, she joined Iza Yeoh Ng & Kit as a Legal Assistant where she handled banking, conveyancing and litigation matters until March 1995. Between April 1995 to December 1999, she practiced at Adnan Sundra & Low as a Legal Assistant where she focused on corporate, commercial and banking matters. In January 2000, she was admitted as a Partner of Adnan, Sundra & Low where she remains until today as a legal practitioner.

With over 30 years of experience in legal practice, Wong Chin Chin has advised and acted for a broad range of clients including financial institutions, insurance companies, manufacturers and retailers. As part of her diverse practice, she has also advised on corporate debt restructuring schemes, initial public listing of a special purpose acquisition company (SPAC) and the listing of stapled securities on the Main Market of Bursa Securities. She is also experienced in real estate transactions in Malaysia of different complexities.

She has been recognised as a distinguished practitioner by Asialaw Leading Lawyers. Further, she has been recognised for her work pertaining to investment funds and merger and acquisition as a highly regarded practitioner by the IFLR1000. She is also listed as one of 'Malaysia's top 100 lawyers 2020' by the Asia Business Law Journal and as a ranked practitioner by Chambers & Partners.

Wong Chin Chin was an Independent Non-Executive Director of Shopper360 Limited, a company listed on the Catalist Board of the Singapore Stock Exchange, between May 2017 to July 2022. She served as an Independent Non-Executive Director of ATA IMS Berhad, a company listed on the Main Market of Bursa Securities, from March 2017 until November 2021.

Please refer to **Section 5.2.4** of this Prospectus for further details on her principal directorships in other corporations and principal business activities performed outside our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

5.2.4 Directorships and Principal business activities of our Directors outside our Group

Save as disclosed below, none of our Directors have any principal business activities performed outside of our Group as at the LPD, or any directorships outside our Group at present ("**Present Involvements**") and within the past 5 years preceding the LPD ("**Past Involvements**"):

(i) Mak Lye Mun

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	Boustead Singapore Limited	Singapore	Director	29 July 2021	-	-	Investment holding company listed on the SGX, where its subsidiaries are principally involved in the business of energy engineering, real estate development, geospatial and healthcare industries
2.	SC Global Developments Pte. Ltd. (f.k.a. SC Global Developments Ltd) ⁽¹⁾	Singapore	Director	17 May 2021	-	-	Investment holding company of AVJennings Limited, a company listed on the Australian Securities Exchange, which is principally involved in the business of property development
3.	AVJennings Limited	Australia	Non-Executive Director	15 October 2021	-	-	Investment holding company listed on the Australian Securities Exchange, where its subsidiaries are principally involved in the business of residential development activities ⁽¹⁾
4.	Intraco Limited	Singapore	Director	29 April 2021	-	-	Investment holding company listed on the SGX, where its subsidiaries are principally involved in the trading of plastic products, providing fire protection services and provision of mobile radio infrastructure services

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
Past Involvement							
1.	Hwa Hong Corporation Limited	Singapore	Independent Non-Executive Director	22 May 2020	1 May 2022	-	Investment holding company where its subsidiaries are principally involved in property rental and investment and development and investment holding
2.	Tat Hong Holdings Limited	Singapore	Independent Non-Executive Director	1 June 2005	20 July 2018	-	Investment holding company where its subsidiaries principally involved in crawler and mobile crane rental and equipment sales
3.	Boardroom Pte. Ltd. (formerly Boardroom Limited)	Singapore	Non-Executive Director	18 November 2004	2 August 2019	-	Investment holding company with subsidiaries principally involved in corporate and advisory services
5.	CGS-CIMB Securities International Pte. Ltd.	Singapore	Director	18 January 2018	21 January 2019	-	Investment holding company of integrated financial service provider
6.	CGS-CIMB Holdings Sdn. Bhd.	Malaysia	Director	21 August 2018	4 March 2019	-	Investment holding company of CGS-CIMB Securities International
7.	CGS-CIMB Securities Sdn. Bhd.	Malaysia	Director	28 September 2018	4 March 2019	-	Dealing in securities and acting as a stock and share broker

Note:

- (1) Based on the Annual Report 2022 of AVJennings Limited, a company listed on the Australian Stock Exchange, SC Developments Pte. Ltd. is the holder of 53.9% equity interest in AVJennings Limited.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)**(ii) Yeah Hiang Nam**

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	VMM Holdings ⁽⁷⁾	Malaysia	Director	7 March 2013	-	Indirect: 100.0 ⁽¹⁾	Investment holding company where its subsidiaries are principally involved in the business of pawnbroking and retail sale of gold and jewellery
2.	Goldjew Sdn. Bhd.	Malaysia	Director and Shareholder	21 February 1989	-	Direct: 49.9 Indirect: 49.9 ⁽²⁾	Property letting and rendering management services
3.	Great Prompt Sdn. Bhd.	Malaysia	Shareholder	-	-	Direct: 17.0 Indirect: 33.0 ⁽³⁾	Investment holding company where its subsidiaries are principally involved in the business of residential building development
4.	ValueMax Group Limited	Singapore	Director and shareholder	7 August 2003	-	Indirect: 65.5 ⁽⁴⁾	Investment holding company listed on the SGX, where its subsidiaries are principally involved in the business of pawnbroking and retail sale of jewellery made from precious metal and stones, as well as money-lending, gold bullion trading and auto-finance, and management consultancy services
5.	Golden Goldsmith Jewellers	Singapore	Owner	10 April 1979	-	-	Wholesale of jewellery made from precious metals and stones, and gold bullion brokers and dealers As at the LPD, the partnership is dormant.
6.	ValueMax Retail Pte. Ltd. ⁽⁷⁾	Singapore	Director	31 August 2010	-	Indirect: 100.0 ⁽⁴⁾	Retail sale of jewellery made from precious metals and stones, and retail sale of watches and clocks

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
7.	Spring Jewellery (SG) Pte. Ltd. ⁽⁷⁾	Singapore	Director	12 November 2012	-	Indirect: 100.0 ⁽⁴⁾	Retail sale of jewellery made from precious metals and stones, and money-lending
8.	ValueMax Precious Metals Pte. Ltd. ⁽⁷⁾	Singapore	Director	12 November 2012	-	Indirect: 100.0 ⁽⁴⁾	Wholesale of metals and metal ores (e.g. steel pipes) except general hardware, and gold bullion brokers and dealers
9.	Ban Seng Pawnshop Pte. Ltd.	Singapore	Director and Shareholder	26 July 2004	-	Indirect: 19.0 ⁽⁴⁾	Pawnbrokerage
10.	Ban Soon Pawnshop Pte. Ltd. ⁽⁷⁾	Singapore	Director and Shareholder	29 April 1988	-	Indirect: 50.5 ⁽⁴⁾	Pawnbrokerage
11.	Heng Leong Pawnshop Pte. Ltd. ⁽⁷⁾	Singapore	Director and Shareholder	7 August 2017	-	Indirect: 100.0 ⁽⁴⁾	Property holding
12.	Soon Hong Pawnshop Pte. Ltd.	Singapore	Director and Shareholder	16 September 2003	-	Indirect: 50.0 ⁽⁴⁾	Pawnbrokerage
13.	ValueMax Pawnshop (BD) Pte. Ltd. ⁽⁷⁾	Singapore	Managing Director, Director and Shareholder	17 November 1999 (as Director) 15 August 2000 (as Managing Director)	-	Indirect: 97.7 ⁽⁴⁾	Pawnbrokerage

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
14.	ValueMax Pawnshop (Ar Rahn) Pte. Ltd. (formerly known as ValueMax Pawnshop (CCK) Pte. Ltd.) ⁽⁷⁾	Singapore	Director	27 January 2006	-	Indirect: 78.8 ⁽⁴⁾	Pawnbrokerage
15.	ValueMax Pawnshop (EL) Pte. Ltd. ⁽⁷⁾	Singapore	Managing Director and Director	22 July 2008 (as Managing Director and Director)	-	Indirect: 100.0 ⁽⁴⁾	Pawnbrokerage
16.	ValueMax Pawnshop (JP) Pte. Ltd. ⁽⁷⁾	Singapore	Director	6 November 2007	-	Indirect: 100.0 ⁽⁴⁾	Pawnbrokerage
17.	ValueMax Pawnshop (PR) Pte. Ltd. ⁽⁷⁾	Singapore	Managing Director and Director	3 June 2002 (as Director) 17 March 2005 (as Managing Director)	-	Indirect: 90.9 ⁽⁴⁾	Pawnbrokerage
18.	ValueMax Pawnshop (SG) Pte. Ltd. ⁽⁷⁾	Singapore	Managing Director and Director	6 March 2008	-	Indirect: 100.0 ⁽⁴⁾	Pawnbrokerage

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
19.	ValueMax Pawnshop (WL) Pte. Ltd. ⁽⁷⁾	Singapore	Managing Director and Director	11 March 2000 (as Director) 22 September 2004 (as Managing Director)	-	Indirect: 97.5 ⁽⁴⁾	Pawnbrokerage
20.	ValueMax Pawnshop Pte. Ltd. ⁽⁷⁾	Singapore	Director	29 October 2003	-	Indirect: 100.0 ⁽⁴⁾	Pawnbrokerage
21.	ValueMax Properties Pte. Ltd. ⁽⁷⁾	Singapore	Director	20 January 2015	-	Indirect: 100.0 ⁽⁴⁾	Real estate developers, and management consultancy services
22.	ValueMax Strategic Pte. Ltd. ⁽⁷⁾	Singapore	Director	21 December 2020	-	Indirect: 100.0 ⁽⁴⁾	Management consultancy services
23.	ValueMax Management Pte. Ltd. ⁽⁷⁾	Singapore	Director	20 August 2010	-	Indirect: 100.0 ⁽⁴⁾	Management consultancy services, and provision of other information technology and computer service activities (e.g. disaster recovery services), including provision of IT services
24.	ValueMax Organisation Pte. Ltd. ⁽⁷⁾	Singapore	Director	14 September 2016	-	Indirect: 100.0 ⁽⁴⁾	Management consultancy services
25.	VM Autofinance Pte. Ltd. ⁽⁷⁾	Singapore	Director	2 December 2015	-	Indirect: 100.0 ⁽⁴⁾	Other credit agencies (e.g. Motor finance), and retail sale of motor vehicles except motorcycles and scooters

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
26.	VM Capital Pte. Ltd. ⁽⁷⁾	Singapore	Director	18 December 2015	-	Indirect: 100.0 ⁽⁴⁾	Money-lending, and other financial service activities, except insurance and pension funding activities
27.	VM Cash Services Pte. Ltd. ⁽⁷⁾	Singapore	Director	17 July 2014	-	Indirect: 100.0 ⁽⁴⁾	Letting of self-owned or leased real estate property except food courts, coffee shops and canteens (e.g. office/exhibition space, shopping mall, self-storage facilities)
28.	VM Credit Pte. Ltd. ⁽⁷⁾	Singapore	Director	6 May 1987	-	Indirect: 100.0 ⁽⁴⁾	Money-lending
29.	VM Funding Pte. Ltd. ⁽⁷⁾	Singapore	Director	15 April 2022	-	Indirect: 100.0 ⁽⁴⁾	Money-lending
30.	VM Worldwide Services Pte. Ltd. ⁽⁷⁾	Singapore	Director	5 January 2015	-	Indirect: 100.0 ⁽⁴⁾	Remittance services
31.	ValueMax International Pte. Ltd. ⁽⁷⁾	Singapore	Director	3 August 2009	-	Indirect: 100.0 ⁽⁴⁾	Investment holding company, and management consultancy services
32.	Yeah Capital Pte. Ltd.	Singapore	Director and Shareholder	4 August 1984	-	Direct: 50.0 Indirect: 50.0 ⁽⁴⁾	Investment holding company. However, the company does not hold any subsidiary as at the LPD, and letting of self-owned or leased real estate property except food courts, coffee shops and canteens (e.g. office/exhibition space, shopping mall, self-storage facilities)

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
33.	Yeah Holdings	Singapore	Director and Shareholder	12 November 2012	-	Direct: 35.0 Indirect: 35.0 ⁽⁵⁾	Investment holding company of ValueMax Group Limited
34.	Yeah Investment Pte. Ltd.	Singapore	Director and Shareholder	19 November 2008	-	Direct: 50.0	Investment holding company. However, the company does not hold any subsidiaries as at the LPD
35.	Yeah Properties Pte. Ltd.	Singapore	Director and Shareholder	9 July 2009	-	Direct: 50.0	Investment holding company where its subsidiary is principally involved in the business of property investment
<u>Past Involvement</u>							
1.	Affinity Circle Sdn. Bhd.	Malaysia	Director and Shareholder	7 October 1999	-	Direct: 15.0 Indirect: 64.7 ⁽⁶⁾	Residential buildings As at the LPD, the company has been dissolved
2.	Sengkang Pawnshop Pte. Ltd.	Singapore	Director	9 October 2017	19 March 2020	-	Retail sale of jewellery made from precious metals and stones The company has been dissolved as at 19 March 2020
3.	ValueMax Pawnshop (BK) Pte. Ltd.	Singapore	Director and Shareholder	27 April 2006	19 March 2020	Indirect: 100.0 ⁽⁴⁾	Pawnbrokerage The company has been dissolved as at 19 March 2020.

Notes:

- (1) Deemed interested by virtue of his shareholdings in Yeah Holdings pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of the shareholding of his spouse, Tan Hong Yee pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of the shareholdings of his spouse, Tan Hong Yee and his son, Yeah Chia Wei, pursuant to Section 8 of the Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (4) Deemed interested by virtue of his shareholdings in Yeah Holdings pursuant to Section 7 of the Companies Act, 1967 of Singapore.
- (5) Deemed interested by virtue of the shareholdings of his spouse, Tan Hong Yee, pursuant to Section 7 of the Companies Act, 1967 of Singapore.
- (6) Deemed interested by virtue of the shareholdings of his spouse, Tan Hong Yee and Great Prompt Sdn. Bhd. pursuant to Section 8 of the Act.
- (7) A subsidiary of ValueMax Group Limited.

(iii) Yeah Chia Kai

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
Present Involvement							
1.	VMM Holdings ⁽¹⁾	Malaysia	Director	7 March 2013	-	-	Investment holding company where its subsidiaries are principally involved in the business of pawnbroking and retail sale of gold and jewellery
2.	ValueMax Group Limited	Singapore	Director and Chief Executive Officer	27 September 2013 (as Director) 1 January 2022 (as Chief Executive Officer)	-	-	Investment holding company listed on the SGX, where its subsidiaries are principally involved in the principal business of pawnshops and retail sale of jewellery made from precious metal and stones, and management consultancy services
3.	Yeah Holdings	Singapore	Shareholder	-	-	Direct: 10.0	Investment holding company of ValueMax Group Limited, a company listed on the SGX
4.	Heng Leong Pawnshop Pte. Ltd. ⁽¹⁾	Singapore	Director	7 August 2017	-	-	Property holding
5.	Soon Hong Pawnshop Pte. Ltd.	Singapore	Director	16 October 2015	-	-	Pawnbrokerage

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
6.	Spring Jewellery (SG) Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Retail sale of jewellery made from precious metals and stones
7.	ValueMax Corporate Services Pte. Ltd. ⁽¹⁾	Singapore	Director	21 September 2012	-	-	Management consultancy services
8.	ValueMax Executives Pte. Ltd. ⁽¹⁾	Singapore	Director	2 January 2015	-	-	Management consultancy services
9.	ValueMax International Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Investment holding company, and management consultancy services As at the LPD, the company does not hold any subsidiary companies
10.	ValueMax Management Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Management consultancy services, and provision of other information technology and computer service activities (e.g. disaster recovery services), including provision of IT services
11.	ValueMax Organisation Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Management consultancy services
12.	ValueMax Pawnshop (BD) Pte. Ltd. ⁽¹⁾	Singapore	Director	25 February 2013	-	-	Pawnbrokerage

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
13.	ValueMax Pawnshop (Ar Rahnū) (formerly known as ValueMax Pawnshop (CCK) Pte. Ltd.) ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Pawnbrokerage
14.	ValueMax Pawnshop (EL) Pte. Ltd. ⁽¹⁾	Singapore	Director	8 April 2013	-	-	Pawnbrokerage
15.	ValueMax Pawnshop (JP) Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Pawnbrokerage
16.	ValueMax Pawnshop (PR) Pte. Ltd. ⁽¹⁾	Singapore	Director	7 December 2012	-	-	Pawnbrokerage
17.	ValueMax Pawnshop (SG) Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Pawnbrokerage
18.	ValueMax Pawnshop (WL) Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Pawnbrokerage
19.	ValueMax Pawnshop Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Pawnbrokerage
20.	ValueMax Precious Metals Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Wholesale of metals and metal ores (e.g. steel pipes) except general hardware, and gold bullion brokers and dealers

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
21.	ValueMax Properties Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Real estate developers, and management consultancy services
22.	ValueMax Retail Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Retail sale of jewellery made from precious metals and stones, and retail sale of watches and clocks
23.	ValueMax Strategic Pte. Ltd. ⁽¹⁾	Singapore	Director	21 December 2020	-	-	Management consultancy services
24.	VM Autofinance Pte. Ltd. ⁽¹⁾	Singapore	Director	2 December 2015	-	-	Other credit agencies (e.g. Motor finance), and retail sale of motor vehicles except motorcycles and scooters
25.	VM Capital Pte. Ltd. ⁽¹⁾	Singapore	Director	18 December 2015	-	-	Money-lending, and other financial service activities, except insurance and pension funding activities
26.	VM Cash Services Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Letting of self-owned or leased real estate property except food courts, coffee shops and canteens (e.g. office/exhibition space, shopping mall, self-storage facilities)
27.	VM Credit Pte. Ltd. ⁽¹⁾	Singapore	Director	3 October 2014	-	-	Money-lending

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
28.	VM Money Pte. Ltd. ⁽¹⁾	Singapore	Director	8 December 2021	-	-	Money-lending
29	VM Worldwide Services Pte. Ltd. ⁽¹⁾	Singapore	Director	29 June 2018	-	-	Remittance services
Past Involvement							
1.	Sengkang Pawnshop Pte. Ltd.	Singapore	Director	9 October 2017	19 March 2020	-	Retail sale of jewellery made from precious metals and stones The company has been dissolved as at 19 March 2020
2.	Sterley Digital	Singapore	Owner	3 March 2021	5 May 2022	-	Retail sale of clothing for adults The business has been cancelled due to non-renewal as at 5 May 2022
3.	ValueMax Pawnshop (BK) Pte. Ltd.	Singapore	Director	29 June 2018	19 March 2022	-	Pawnbrokerage The company has been dissolved as at 19 March 2020
4.	VM Financial Services Pte. Ltd.	Singapore	Director	18 July 2018	4 September 2019	-	Money-lending The company has been struck-off as at 4 September 2019

Note:

(1) A subsidiary of ValueMax Group Limited.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

(iv) Ng Hooi Lang

No.	Directorships / Shareholdings	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	VMM Holdings ⁽²⁾	Malaysia	Director	7 March 2013	-	-	Investment holding company where its subsidiaries are principally involved in the business of pawnbroking and retail sale of gold and jewellery (a subsidiary of ValueMax Group Limited)
2.	VYN Holdings	Malaysia	Director and shareholder	4 April 2023	-	Direct: 5.4 Indirect: 1.0 ⁽¹⁾	Investment holding company of Well Chip
<u>Past Involvement</u>							
1.	Affinity Circle Sdn. Bhd.	Malaysia	Director	27 January 2011	-	-	Residential buildings As at the LPD, the company has been dissolved

Note:

- (1) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (2) A subsidiary of ValueMax Group Limited.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

(v) Tang Soo Yen

No.	Directorships / Shareholdings	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	VYN Holdings	Malaysia	Shareholder	-	-	Direct: 4.9 Indirect: 5.4 ⁽¹⁾	Investment holding company of Well Chip

Note:

(1) Deemed interested by virtue of the shareholding of her spouse, Yeow Chun Huat, and children, pursuant to Section 8 of the Act.

(vi) Dr. Yap Lang Ling

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct/Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	Sapura Resources Berhad	Malaysia	Director	1 November 2022	-	-	Investment holding and property investment company listed on the Main Market of Bursa Securities, where its subsidiaries are principally involved in providing a suite of private aviation services and in the property leasing business

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

<u>No.</u>	<u>Company</u>	<u>Place of incorporation</u>	<u>Involvement</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation / cessation</u>	<u>Equity interest (Direct/Indirect)</u> %	<u>Principal activities</u>
<u>Past Involvement</u>							
1.	Apex Equity Holdings Berhad	Malaysia	Director	22 March 2022	20 June 2022	-	Investment holding company listed on the Main Market of Bursa Securities where its subsidiaries are principally involved in – <ul style="list-style-type: none"> • stock, share and future broker and dealer in securities and investment advisor; • provision of nominee services; • property holding; and • money lending and property development.

(vii) Chan Kam Chiew

<u>No.</u>	<u>Company</u>	<u>Place of incorporation</u>	<u>Involvement</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation / cessation</u>	<u>Equity interest (Direct / Indirect)</u> %	<u>Principal activities</u>
<u>Present Involvement</u>							
1.	Kerjaya Prospek Group Berhad	Malaysia	Director	12 May 2021	-	-	Investment holding company listed on the Main Market of Bursa Securities where its subsidiaries are principally involved in the construction of high-end commercial and high-rise residential buildings, property development and manufacturing of lighting and kitchen solutions

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect)	Principal activities
						%	
2.	LGMS Berhad	Malaysia	Director	21 September 2021	-	-	Investment holding company listed on the ACE Market of Bursa Securities where its subsidiaries are principally involved in the business of providing professional cybersecurity services in cybersecurity assessment and penetration testing, cyber risk management and compliance, and the provision of digital forensics and incident response services
3.	DL Partners Sdn. Bhd.	Malaysia	Director and shareholder	11 November 2022	-	Direct: 33.3	Business management consultancy services
4.	Panda Eco System Berhad	Malaysia	Director	20 January 2023	-	-	Investment holding company listed on the ACE Market of Bursa Securities, where its subsidiaries are principally involved in the business of – <ul style="list-style-type: none"> the development, customisation, implementation and integration of its retail management eco-system; trading of third-party software, trading of information technology hardware; and software customisation, implementation and integration of process control and automation solutions
5.	Biz Property Link Sdn. Bhd.	Malaysia	Shareholder	-	-	Direct: 10.0	Property development

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect)	Principal activities
						%	
<u>Past Involvement</u>							
1.	Baig Hills Sdn. Bhd.	Malaysia	Director	19 May 2014	29 February 2020	-	Real estate activities with own or leased property
2.	Jimbaran Holdings Sdn. Bhd.	Malaysia	Director and shareholder	9 June 2008	31 March 2021	Direct: 51.0 Indirect: 49.0 ⁽¹⁾	Investment holding company where its subsidiaries are principally involved in the provision of consultancy services The company has been dissolved as at 31 March 2021
3.	KPMG PLT	Malaysia	Partner	27 December 2016 ⁽²⁾	31 December 2020	-	Accounting firm
4.	KPMG Ventures PLT	Malaysia	Partner	14 November 2016	1 January 2021	-	Investment holding in business consultancy services
5.	Tam & Associates PLT	Malaysia	Partner	2 January 2021	1 March 2022	-	Accounting firm

Notes:

- (1) Deemed interested by virtue of the shareholding of his spouse, Chan Su-Yen, in Jimbaran Holdings Sdn. Bhd.
- (2) KPMG PLT was officially registered as a limited liability partnership with CCM as at 27 December 2016. Prior to that, Chan Kam Chiew had been appointed as a partner of KPMG since 1 October 1998.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)**(viii) Wong Chin Chin**

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Present Involvement</u>							
1.	Adnan Sundra & Low	Malaysia	Partner	1 January 2000	-	-	Legal services
<u>Past Involvement</u>							
1.	ATA IMS Berhad	Malaysia	Director	21 March 2017	29 November 2021	-	Investment holding company listed on the Main Market of Bursa Securities, where its subsidiaries are principally involved in the business of, amongst others: <ul style="list-style-type: none"> • Manufacturing and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication; • Wholesaler / retailer of foodstuff and consumer goods; • Manufacturing and sales of electrical and electronic components and products; • Manufacturing of filter systems and other related products; and • Manufacturing of metal stamping
2.	Shopper360 Limited	Singapore	Director	19 May 2017	26 July 2022	-	Investment holding company listed on the SGX, where its subsidiaries are principally involved the business of in-store advertising and digital marketing, field-force management and sampling activities and events management.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

The involvement of our Directors in business activities outside our Group as stated above will not affect their commitment, ability to perform their responsibilities and contribution to our Group in their respective roles as our Directors. Further, the involvement our Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

Whereas, in respect of our Non-Executive Directors, their involvement in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day management of our Group.

Please refer to **Section 11.1** of this Prospectus for further details of our Directors' involvement in entities that carry on a similar trade as that of our Group or which are our suppliers.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL (Cont'd)**5.2.5 Directors' remuneration and material benefits-in-kind**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Company for the FYE 2022 and FYE 2023 are as follows:

	Fees	Salaries	Bonuses	EPF and SOCSO	Allowances	Benefits-in-kind	Total
FYE 2022 (Paid)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Mak Lye Mun	-	-	-	-	-	-	-
Yeah Hiang Nam	-	-	-	-	-	-	-
Yeah Chia Kai	-	-	-	-	-	-	-
Ng Hooi Lang	9.0	163.2	40.8	30.3	8.3	-	251.6
Tang Soo Yen	4.5	157.2	39.3	28.6	3.1	-	232.7
Dr. Yap Lang Ling	-	-	-	-	-	-	-
Chan Kam Chiew	-	-	-	-	-	-	-
Wong Chin Chin	-	-	-	-	-	-	-
Total	13.5	320.4	80.1	58.9	11.4	-	484.3

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

FYE 2023 (Proposed)	Fees RM'000	Salaries RM'000	Bonuses RM'000	EPF and SOCSO RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Mak Lye Mun	67.5	-	-	-	2.5	-	70.0
Yeah Hiang Nam	17.5	-	-	-	2.5	-	20.0
Yeah Chia Kai	11.7	-	-	-	2.5	-	14.2
Ng Hooi Lang	9.0	229.2	60.0	35.1	3.1	-	336.4
Tang Soo Yen	4.5	214.2	55.0	32.7	3.1	-	309.5
Dr. Yap Lang Ling	40.0	-	-	-	2.5	-	42.5
Chan Kam Chiew	45.0	-	-	-	2.5	-	47.5
Wong Chin Chin	40.0	-	-	-	2.5	-	42.5
Total	235.2	443.4	115.0	67.8	21.2	-	882.6

The remuneration of our Directors which includes Director's fees, salaries, bonuses, allowances and other benefits, is subject to annual review by our Nomination Committee and Remuneration Committee. As set out in our Constitution, any change in our Directors' fees must be approved by our shareholders pursuant to a resolution passed at a general meeting.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.3 BOARD PRACTICES

5.3.1 Responsibilities of our Board

Our Board has adopted a charter which sets out, amongst others, the following principal responsibilities of our Board for the effective discharge of its functions:

- (i) together with management, promoting good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
- (ii) review and set a strategic plan for our Group to ensure that the strategic plan of our Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (iii) review, challenge and decide on management's proposals for our Group, and monitor its implementation by management;
- (iv) oversee the conduct of our Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of our Group;
- (v) identify the principal risks and ensure implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to our shareholders;
- (vi) review the information and risk management and internal control systems and the effectiveness of the management;
- (vii) ensure there is an orderly succession of senior management positions who are of high calibre and have the necessary skills and experience. Our Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
- (viii) committed to ensure there is effective, transparent and regular communication between our Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations;
- (ix) review and approve financial statements;
- (x) review and approve our Audit and Risk Management Committee reports and our Nomination and Remuneration Committee reports at the end of each financial year;
- (xi) reviewing and approving our Company's annual report; and
- (xii) ensure the integrity of our Company's financial and non-financial reporting.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 8 September 2023. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Chan Kam Chiew	Chairman	Independent Non-Executive Director
Wong Chin Chin	Member	Independent Non-Executive Director
Dr. Yap Lang Ling	Member	Independent Non-Executive Director

The terms of reference of our Audit and Risk Management Committee include, amongst others, the following:

- (i) review the quarterly results and the year end financial statements of our Group and provide advice on whether the financial statements taken as a whole provide a true and fair view of our Group's financial position and performance prior to approval by the Board;
- (ii) consider and recommend to our Board on the appointment or re-appointment of the external auditors and to fix their fees and matters pertaining to the resignation and dismissal of the external auditors, and annually assess the suitability, objectivity and independence of the external auditors;
- (iii) review with the external auditors the audit plan, audit report, evaluation of the systems of internal control, assistance given by the employees to the external auditors, the external auditors' management letter and management's response;
- (iv) review the adequacy of the scope, competency and resources of the internal audit function, the internal audit plan, programme, processes and the reporting structure, the findings of the internal auditor's reports, the appraisal or assessment of the performance of the internal audit function on an annual basis including the independent nature of the internal audit function, and any special audit the Audit and Risk Management Committee deems necessary;
- (v) review related party transactions, recurrent related party transactions and conflict of interest situations that may arise within our Company or our Group;
- (vi) oversee our Group's overall risk management framework and policies and ensure that key risks are effectively managed to facilitate reporting of risks to our management and our Board; and
- (vii) review and deliberate reports on non-compliance findings by the regulatory agencies.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.3.3 Nomination Committee

Our Nomination Committee was established by our Board on 8 September 2023. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Wong Chin Chin	Chairman	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Dr. Yap Lang Ling	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee include, amongst others, the following:

- (i) assess and review the size, composition, mix of skills and experience, and diversity (including gender diversity) of our Board and board committees;
- (ii) identify, consider and recommend to our Board suitable candidates for appointment as Directors;
- (iii) recommend to our Board on the appointment of members of each board committee;
- (iv) assess annually the effectiveness of our Board as a whole, board committees, and the contribution of each individual Director and Chief Executive Officer including his/her character, competence, experience and time commitment;
- (v) review the tenure of each Director and ensure that the annual re-election of a Director is subject to the satisfactory evaluation of the director's performance and contribution to our Board;
- (vi) review and assess the independence of Independent Directors on an annual basis;
- (vii) recommend to our Board with reasons on re-election of Directors who retired by rotation pursuant to our Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act;
- (viii) evaluate and review performance of our Board and key management including, taking into consideration our Company's performance in managing material sustainability risks and opportunities; and
- (ix) review Board and key management succession plans and overseeing the development of a diverse pipeline for Board and senior management succession.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT *(Cont'd)*

5.3.4 Remuneration Committee

Our Remuneration Committee was established by our Board on 8 September 2023. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Dr. Yap Lang Ling	Chairman	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Wong Chin Chin	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee include, amongst others, the following:

- (i) assist our Board in developing and administering fair and transparent procedures for setting policy on remuneration of Directors and Key Management;
- (ii) recommend to our Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and Key Management whereby they are fairly and appropriately remunerated according to the general market sentiments or conditions;
- (iii) review the Executive Directors' and Key Management's performance against goals and objectives set; and
- (iv) review the fees and benefits payable to Directors for our Board's approval and thereafter for approval by our shareholders at a general meeting.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)**5.4 KEY MANAGEMENT****5.4.1 Particulars of our Key Management and shareholdings**

The following table sets out the direct and indirect shareholding of each of our Key Management before and after our IPO:

Name	Designation	Nationality	Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Ng Hooi Lang	Executive Director and Chief Executive Officer	Malaysian	5,463,884	1.2	⁽³⁾ 991,534	0.2	5,463,884	0.9	⁽³⁾ 991,534	0.2
Tang Soo Yen	Executive Director and Director of Retail and Merchandising	Malaysian	4,957,646	1.1	⁽⁴⁾ 5,424,066	1.2	4,957,646	0.8	⁽⁴⁾ 5,424,066	0.9
Sia Shu Yee	Chief Financial Officer	Malaysian	-	-	-	-	-	-	-	-

Notes:

- (1) Based on our total number of 450,000,000 Shares after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholding of her spouse, Yeow Chun Huat, and children pursuant to Section 8 of the Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.4.2 Profiles of our Key Management

The profiles of our Executive Directors, namely Ng Hooi Lang and Tang Soo Yen, who are also part of our Key Management, are set out in **Section 5.1.2** of this Prospectus. The profiles of our other Key Management are as follows:

(i) Sia Shu Yee

Sia Shu Yee, a Malaysian aged 41, is our Chief Financial Officer and is primarily responsible for managing and supervising the accounting and finance functions of our Group, which includes financial planning and review, cash flow management and financial reporting. She graduated with a Bachelor of Accounting (Hons) from the Multimedia University Malaysia in 2004.

She began her career as an Associate 2 at Ernst & Young in November 2004 under the assurance and advisory business services / internal audit division, where she was primarily responsible for audit works of companies involved in a variety of industries, such as construction, property development, trading, manufacturing, plantation and investment. She was promoted to the position of Senior Associate 2 before leaving the position in May 2007. She then attended a short-term Association of Chartered Certified Accountants revision course from June 2007 until December 2007, and re-joined Ernst & Young as a Senior Associate 1 in December 2007 and continued to be principally involved in audit works of companies.

After leaving Ernst & Young in April 2008, she joined BCB Berhad, a company listed on the Main Market of Bursa Securities, as an Accountant in May 2008. She was later promoted to the position of the Group Financial Controller of BCB Berhad in October 2009. At BCB Berhad, she oversaw all accounting and finance matters of the group, including finance and treasury planning, financial risk management and investor relations.

In January 2010, she left BCB Berhad and started her own business providing accounting, tax and secretarial services by setting up SSY Advisory Sdn. Bhd. In August 2015, she ceased operations of her business and joined Samurai 2K Aerosol Limited ("**Samurai 2K**"), a company listed on the Catalist Board of Singapore Exchange Limited, where its subsidiaries are principally involved in the business of manufacturing, trading and sales of aerosol spray paints and related material, as well as import of aerosol paint products and wholesale, as Chief Financial Officer. She was redesignated as its Chief Process Officer in November 2017 as well as the Acting Chief Financial Officer in July 2018. In May 2019, she was formally appointed as the Chief Financial Officer of Samurai 2K, a position which she held until January 2022. During her employment with Samurai 2K, she was primarily in charge of the group's financial, management, accounting, treasury, taxation, investor relations and other corporate compliance matters as well as human resource management.

She left Samurai 2K in January 2022 and was appointed as the Chief Financial Officer of Shiya Sdn. Bhd. and Shiya Development Sdn. Bhd., companies affiliated with each other which are involved in the business of construction and development works, where she was primarily responsible for review of accounts and financial reporting as well as managing budget and cash flow and financial planning of both companies, up to September 2022. She joined KP Well Chip as our Chief Financial Officer in September 2022 and has since been responsible for the management of finance processes, review of financial statements, cash flow and budget planning of our Group.

Sia Shu Yee was appointed as our Chief Financial Officer on 5 September 2022

Please refer to **Section 5.4.3** of this Prospectus for further details on her principal directorships in other corporations and principal business activities performed outside our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.4.3 Directorships and Principal business activities of our Key Management outside our Group

Save as disclosed below, none of our Key Management have any principal business activities performed outside of our Group as at the LPD, or any directorships outside our Group at present and within the past 5 years preceding the LPD ("**Past Involvements**"):

Sia Shu Yee

No.	Company	Place of incorporation	Involvement	Date of appointment as director / joining as partner	Date of resignation / cessation	Equity interest (Direct / Indirect) %	Principal activities
<u>Past Involvement</u>							
1.	SSY Advisory Sdn. Bhd.	Malaysia	Shareholder	-	-	Direct: 50.0	Providing accounting, tax and secretarial services The company has been dissolved on 20 December 2022
2.	Prostrac Secretarial Services Sdn. Bhd.	Malaysia	Shareholder			Direct: 50.0	Providing secretarial and management services The company has been dissolved on 17 January 2020
3.	SBS Venture Sdn. Bhd.	Malaysia	Director and Shareholder	23 March 2012	18 January 2019	Direct: 50.0	Wholesale of metal and non-metal waste and scrap and materials for recycling The company has been dissolved on 18 January 2019
4.	Join Wish Sdn. Bhd.	Malaysia	Shareholder	-	-	Direct: 96.7	Operation of restaurant The company has been dissolved on 3 March 2022
5.	Prostrac Business Solution (Johor Bahru) Sdn. Bhd.	Malaysia	Shareholder	-	-	Direct: 50.0	Accounting and tax solutions The company has been dissolved on 16 September 2022.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT *(Cont'd)*

Please see **Section 5.2.4** of this Prospectus for principal business activities performed outside of our Group by of Ng Hooi Lang and Tang Soo Yen, who are also our Directors and Key Management, as well as their directorships outside our Group.

5.4.4 Key Management's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid and proposed to be paid to our Key Management for services rendered in all capacities to our Company for the FYE 2022 and FYE 2023 are as follows:

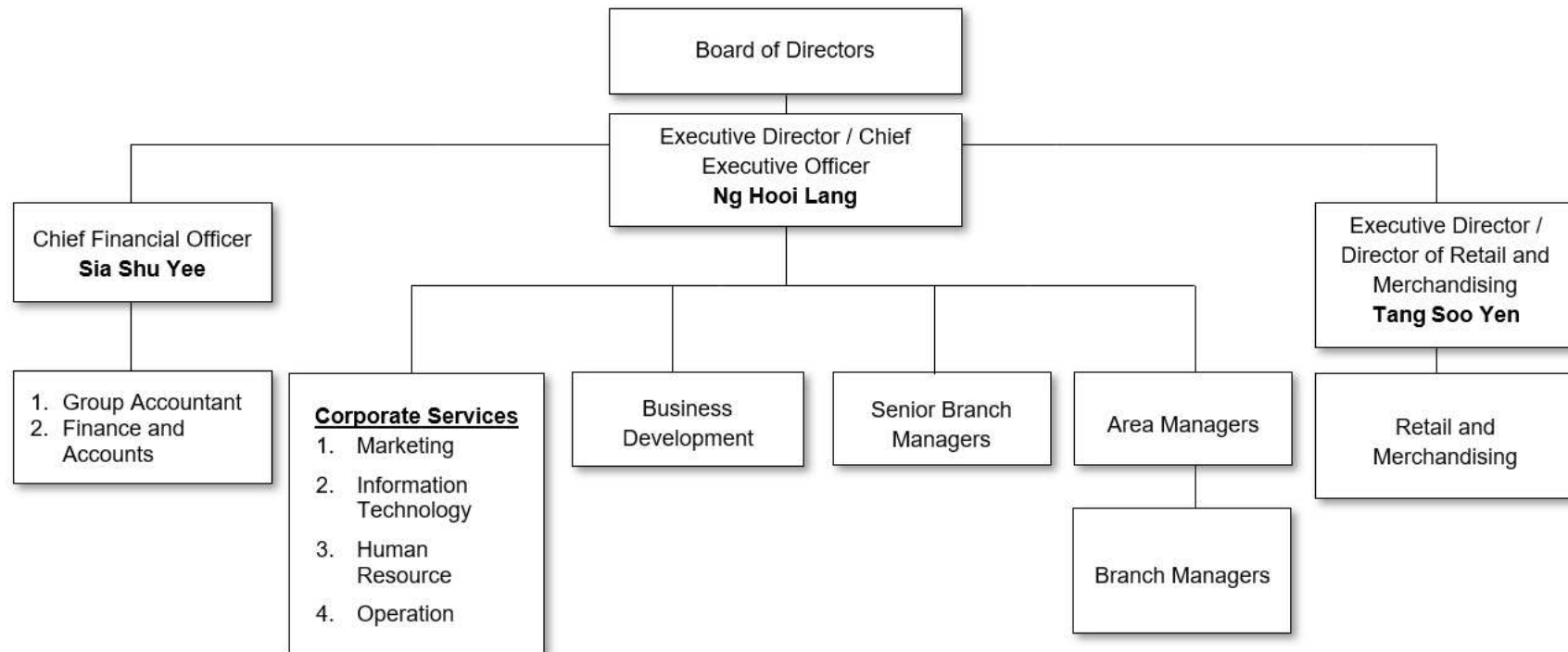
Name	Remuneration band	
	FYE 2022 (Paid)	FYE 2023 (Proposed to be paid)
	RM'000	RM'000
Sia Shu Yee	100 - 150	300-350

Please see **Section 5.2.5** of this Prospectus for remuneration and material benefits-in-kind paid and proposed to be paid to Ng Hooi Lang and Tang Soo Yen, who are also our Directors and Key Management.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.5 MANAGEMENT REPORTING STRUCTURE



5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

5.6 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

As at the LPD, none of our Promoters, Directors, Key Management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which he/she was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgement was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) has any unsatisfied judgement against such person.

5.7 RELATIONSHIPS AND/OR ASSOCIATIONS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Save as disclosed below, there are no family relationships and/or associations between any of our Promoters, substantial shareholders, Directors and Key Management as at the LPD:

Name	Position/Capacity	Relationship/Association
Yeah Hiang Nam	Promoter, substantial shareholder, Non-Independent Non-Executive Director	<ul style="list-style-type: none"> • Spouse of Tan Hong Yee • Parent of Yeah Chia Kai, Yeah Chia Wei and Yeah Lee Ching • Director and substantial shareholder of Yeah Holdings, ValueMax Group Limited and VMM Holdings, each of which are our substantial shareholder(s) • Substantial shareholder of VYN Holdings, our substantial shareholder • Uncle of Ng Hooi Lang and uncle-in-law of Tang Soo Yen

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT (Cont'd)

Name	Position/Capacity	Relationship/Association
Tan Hong Yee	Promoter and substantial shareholder	<ul style="list-style-type: none"> • Spouse of Yeah Hiang Nam • Parent of Yeah Chia Kai, Yeah Chia Wei and Yeah Lee Ching • Director and substantial shareholder of Yeah Holdings, our substantial shareholder • Substantial shareholder of ValueMax Group Limited, VMM Holdings and VYN Holdings, each of which are our substantial shareholder(s) • Aunt of Ng Hooi Lang and aunt-in-law of Tang Soo Yen
Yeah Chia Kai	Promoter, Non-Independent Non-Executive Director	<ul style="list-style-type: none"> • Son of Yeah Hiang Nam and Tan Hong Yee • Brother of Yeah Chia Wei and Yeah Lee Ching • Director of ValueMax Group Limited and VMM Holdings, each of which are our substantial shareholder(s) • Cousin of Ng Hooi Lang and cousin-in-law of Tang Soo Yen
Yeah Chia Wei	Promoter	<ul style="list-style-type: none"> • Son of Yeah Hiang Nam and Tan Hong Yee • Brother of Yeah Chia Kai and Yeah Lee Ching • Cousin of Ng Hooi Lang and cousin-in-law of Tang Soo Yen
Yeah Lee Ching	Promoter	<ul style="list-style-type: none"> • Daughter of Yeah Hiang Nam and Tan Hong Yee • Sister of Yeah Chia Kai and Yeah Chia Wei • Director of ValueMax Group Limited, our substantial shareholder • Cousin of Ng Hooi Lang and cousin-in-law of Tang Soo Yen
Ng Hooi Lang	Promoter and Executive Director	<ul style="list-style-type: none"> • Director of VMM Holdings and VYN Holdings, each of which are our substantial shareholder(s) • Substantial shareholder of VYN Holdings, our substantial shareholder • Niece of Yeah Hiang Nam and Tan Hong Yee • Cousin of Yeah Chia Kai, Yeah Chia Wei and Yeah Lee Ching
Tang Soo Yen	Promoter, Executive Director and Director of Retail and Merchandising	<ul style="list-style-type: none"> • Substantial shareholder of VYN Holdings, our substantial shareholder • Niece-in-law of Yeah Hiang Nam and Tan Hong Yee • Cousin-in-law of Yeah Chia Kai, Yeah Chia Wei and Yeah Lee Ching

5.8 SERVICE CONTRACTS

As at the LPD, there are no existing or proposed service contracts entered into or to be entered into by our Directors or Key Management with our Group which provide for benefits upon termination of employment.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, AND KEY MANAGEMENT *(Cont'd)*

5.9 SUCCESSION PLAN

Our Board believes that the future success of our Group depends on our ability to attract, train and retain our skilled personnel. Our Group has implemented strategies which include amongst others, succession planning, training activities to identify and grow potential talents for future leadership role in our Group.

Our Group's management succession plan consists of, amongst others, the following:

- (i) Identifying key position and requirements – Our human resource department will work with our key management to identify the key competencies and requirements for managerial and key management position(s) for succession planning, and identify the potential successor's readiness to facilitate skills transfer so as to ensure smooth running and continuity of the operation of our Group;
- (ii) Continuous development and training program – Our human resource department and key management will actively participate in discussions and decision-making of various operations of our Group. Such active participation will ensure better understanding of our operations and enable the personnel to equip themselves with the necessary knowledge and skills to succeed in key management roles; and
- (iii) Assessment and evaluation – Our human resource department and key management will conduct yearly evaluation to ensure smooth transitions of successors within our Group's expectation.

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6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 12 April 2023 as a private limited company under the name of Well Chip Group Sdn. Bhd. On 13 November 2023, our Company was converted into a public limited company and assumed our present name of Well Chip Group Berhad.

Our Company is an investment holding company and through our subsidiaries, we are principally involved in the provision of pawnbroking services and business of retail and trading of jewellery and gold.

6.2 SHARE CAPITAL

Our issued share capital upon completion of the Acquisition is RM171,646,607, comprising 450,000,000 Shares. The changes in our issued share capital since incorporation up to the LPD are set out below:

Date of allotment	No. of Shares allotted	Consideration	Cumulative issued share capital	No of cumulative Shares
			RM	
12 April 2023	1	Cash	1	1
[•]	⁽¹⁾ 449,999,999	Otherwise than cash	171,646,606	450,000,000

Note:

(1) The Shares allotted and issued as consideration pursuant to the Acquisition.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in respect of our Shares. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the above allotments.

Upon the completion of our IPO, our enlarged share capital will increase to RM306,646,607 comprising of 600,000,000 Shares.

6.3 PRE-IPO RESTRUCTURING

In conjunction with and to facilitate our Listing, we undertook the Pre-IPO Restructuring comprising the following:

6.3.1 Disposal of Swift Paragon

Pursuant to a share transfer and settlement agreement dated 6 June 2023, SYT Pavilion had, on 28 June 2023, completed the disposal of 2,000,000 ordinary shares in Swift Paragon, representing the entire equity interest in Swift Paragon, to VMM Holdings at a cash consideration of approximately RM2.51 million.

The disposal consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the NA of Swift Paragon as at 31 December 2022 of RM2.13 million. The principal activity of Swift Paragon is money-lending.

The Disposal of Swift Paragon was undertaken to streamline the principal activities of our Group to only include pawnbroking services as well as retail and trading of jewellery and gold.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.2 Acquisition

On 9 November 2023, our Company has entered into a conditional share sale agreement with the shareholders of SYT Pavillion, Thye Shing Pawnshop, KP Well Chip and KE Well Chip to acquire the entire equity interest in each of the Target Companies at a total purchase consideration of RM171,646,606 to be wholly satisfied via the issuance of 449,999,999 new Shares at an issue price of approximately RM0.381 per Share ("**Consideration Shares**").

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the total NA of the Target Companies as at the FYE 31 December 2022 totalling to RM171,646,606 as set out below:

Companies	NA as at 31 December 2022	Purchase Consideration	Issue price per Consideration Shares	Consideration Shares issued
	RM'000	RM'000	RM	'000
SYT Pavillion	39,908	39,908	⁽¹⁾ 0.381	104,610
Thye Shing Pawnshop	34,776	34,776	⁽¹⁾ 0.381	91,180
KP Well Chip	47,373	47,373	⁽¹⁾ 0.381	124,200
KE Well Chip	49,590	49,590	⁽¹⁾ 0.381	130,010
	171,647	171,647		450,000

Note:

(1) Rounded to approximately RM0.381.

6. INFORMATION ON OUR GROUP (Cont'd)

The Consideration Shares were allotted to the Vendors and to VYN Holdings (as the entity nominated by the Vendors to be allotted and issued part of the Consideration Shares to be allotted and issued to the Vendors) in the proportions of their respective shareholdings in the Target Companies as set out below:

Shareholders of Target Companies	Shareholding in Target Companies												Purchase Consideration	No. of Shares issued to the Vendors		No. of Shares issued to VYN Holdings	
	SYT Pavilion		Thye Shing Pawnshop		KP Well Chip		KE Well Chip		RM	'000	(7)%	'000		(7)%			
	No of shares		No of shares		No of shares		No of shares										
	'000	%	'000	%	'000	%	'000	%									
<u>Our substantial shareholder</u>																	
VMM Holdings	5,103	49.5	4,164	49.4	2,521	49.4	17	49.4	84,750,488	88,875	19.7	133,312	29.6				
<u>Our Promoter / Director</u>																	
Ng Hooi Lang	501	4.9	413	4.9	247	4.8	2	4.8	8,336,505	5,464	1.2	16,392	3.6				
Tang Soo Yen	456	4.4	372	4.4	225	4.4	2	4.4	7,564,117	4,958	1.1	14,873	3.3				
Subtotal	957	9.3	785	9.3	472	9.2	4	9.2	15,900,622	10,422	2.3	31,265	6.9				
<u>Person connected to the Promoters, substantial shareholders and/or Directors of Well Chip</u>																	
Poon Foo Wha ⁽³⁾	91	0.9	74	0.9	45	0.9	(1)-	0.9	1,512,829	992	0.2	2,974	0.7				
Yeow Chun Huat ⁽⁴⁾	456	4.4	372	4.4	225	4.4	2	4.4	7,564,117	4,958	1.1	14,873	3.3				
Yeow En Min ⁽⁴⁾	19	0.2	19	0.2	10	0.2	(1)-	0.2	355,818	233	0.1	700	0.2				
Yeow Shun Kang ⁽⁴⁾	19	0.2	19	0.2	10	0.2	(1)-	0.2	355,818	233	0.1	700	0.2				
Yeo Mooi Huang ⁽⁵⁾	668	6.5	545	6.5	330	6.5	2	6.5	11,094,058	7,271	1.6	21,814	4.9				
Chua Swee Heong ⁽⁵⁾	273	2.7	223	2.6	135	2.6	1	2.6	4,538,453	2,975	0.7	8,924	2.0				
Ng Heah Joo ⁽³⁾	61	0.6	50	0.6	30	0.6	(1)-	0.6	1,008,552	661	0.1	1,983	0.4				
Lee Moi Keow ⁽³⁾	61	0.6	50	0.6	30	0.6	(1)-	0.6	1,008,552	661	0.1	1,983	0.4				
Ng Hooi Hwang ⁽³⁾	243	2.4	198	2.4	120	2.4	1	2.4	4,034,175	2,644	0.6	7,932	1.8				
Ng Hui Chin ⁽³⁾	243	2.4	318	3.8	120	2.4	1	2.4	4,528,760	2,968	0.7	8,905	2.0				

6. INFORMATION ON OUR GROUP (Cont'd)

Shareholders of Target Companies	Shareholding in Target Companies								Purchase Consideration	No. of Shares issued to the Vendors		No. of Shares issued to VYN Holdings	
	SYT Pavilion		Thye Shing Pawnshop		KP Well Chip		KE Well Chip						
	No of shares		No of shares		No of shares		No of shares						
	'000	%	'000	%	'000	%	'000	%					
								RM	'000	(7)%	'000	(7)%	
Ng Yah Ching ⁽³⁾	304	2.9	369	4.4	150	2.9	1	2.9	5,545,028	3,634	0.8	10,903	2.4
Ng Kooi Eng ⁽³⁾	61	0.6	50	0.6	30	0.6	(1)-	0.6	1,008,552	661	0.2	1,983	0.4
Kok Wai See ⁽³⁾	-	-	2	(2)-	-	-	-	-	8,243	5	(2)-	16	(2)-
Subtotal	2,499	24.4	2,289	27.2	1,235	24.3	8	24.3	42,562,955	27,896	6.3	83,690	18.7
Other shareholders ⁽⁶⁾	1,758	17.1	1,200	14.2	881	17.2	5	17.2	28,432,541	18,635	4.1	55,905	12.4
Total	10,317	*100.0	8,438	*100.0	5,109	*100.0	34	*100.0	171,646,606	145,828	32.4	304,172	67.6

Notes:

* Does not add up due to rounding.

(1) Less than 1,000.

(2) Negligible.

(3) Persons connected to Ng Hooi Lang are:

(i) Poon Foo Wha, being the spouse of Ng Hooi Lang;

(ii) Ng Heah Joo, Ng Hooi Hwang, Ng Hui Chin, Ng Yah Ching and Ng Kooi Eng, being siblings of Ng Hooi Lang; and

(iii) Lee Moi Keow (spouse of Ng Heah Joo) and Kok Wai See (spouse of Ng Yah Ching), being sisters-in-law of Ng Hooi Lang.

6. INFORMATION ON OUR GROUP *(Cont'd)*

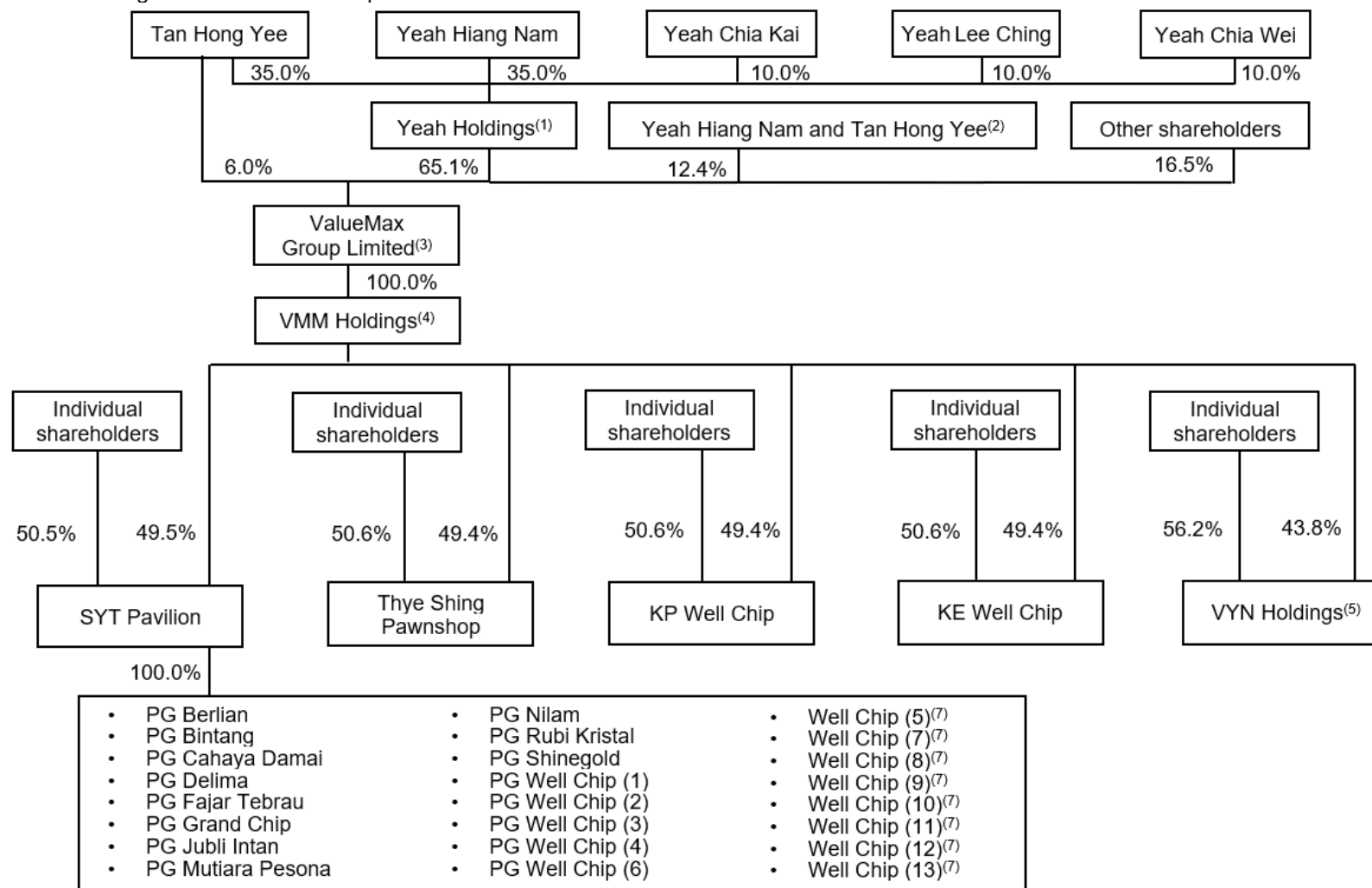
- (4) Persons connected to Tang Soo Yen are:
 - (i) Yeow Chun Huat, being the spouse of Tang Soo Yen; and
 - (ii) Yeow En Min and Yeow Shun Kang, being children of Tang Soo Yen.
- (5) Persons connected to Yeah Hiang Nam are:
 - (i) Yeo Mooi Huang, being the sister of Yeah Hiang Nam; and
 - (ii) Chua Swee Heong, being the sister-in-law of Yeah Hiang Nam.
- (6) Comprising 18 minority shareholders who are not deemed as persons connected to our Promoters, substantial shareholders and/or Directors but are extended family members of Yeah Hiang Nam.
- (7) Based on the total number of 450,000,000 Shares after the Pre-IPO Restructuring before our IPO.

The Acquisition was completed on [●]. Upon completion of the Acquisition, our issued share capital increased to RM171,646,607, comprising 450,000,000 Shares.

6. INFORMATION ON OUR GROUP (Cont'd)

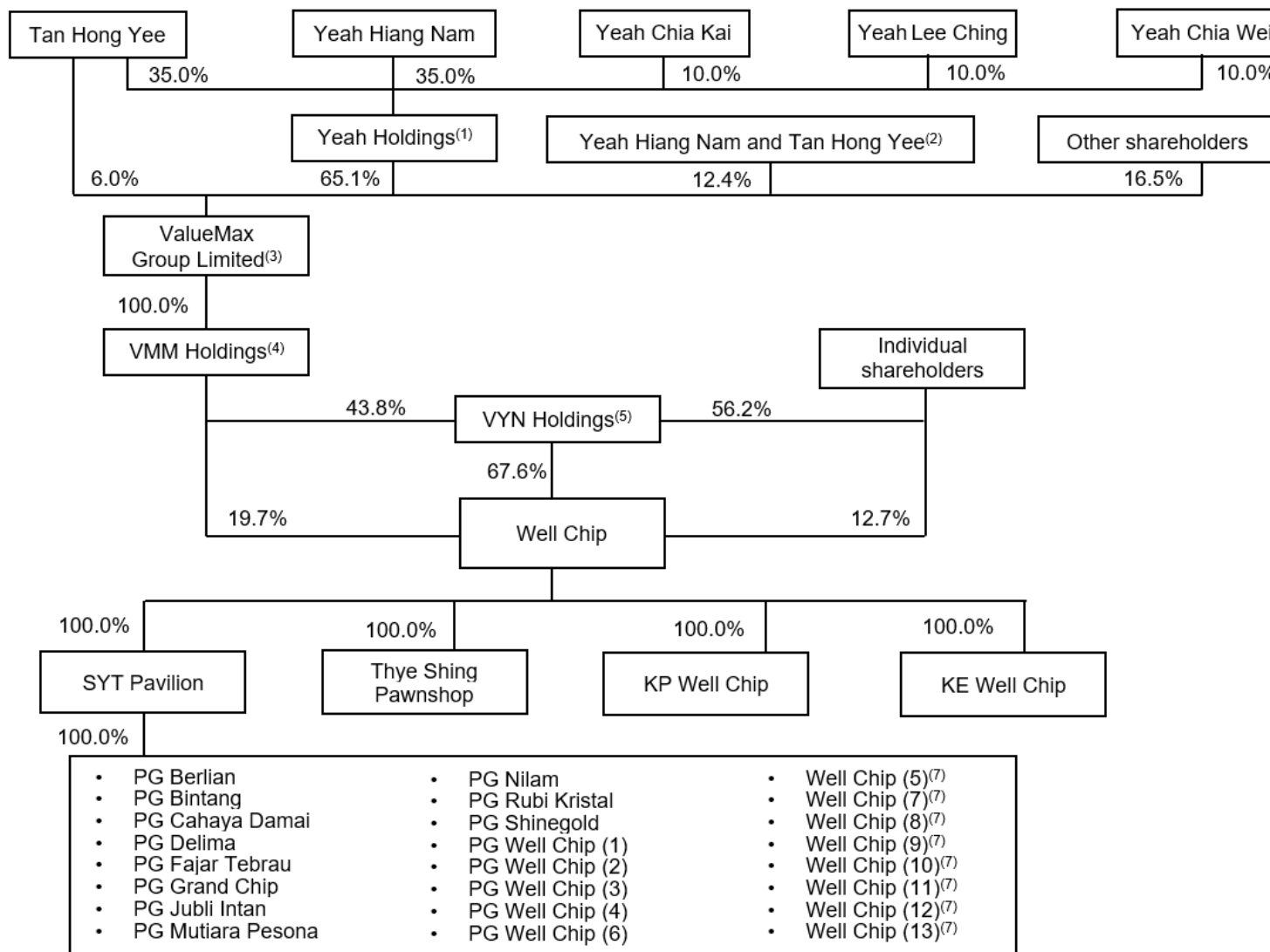
6.4 OUR GROUP STRUCTURE

The shareholding structure of the Group as at the LPD is as follows:



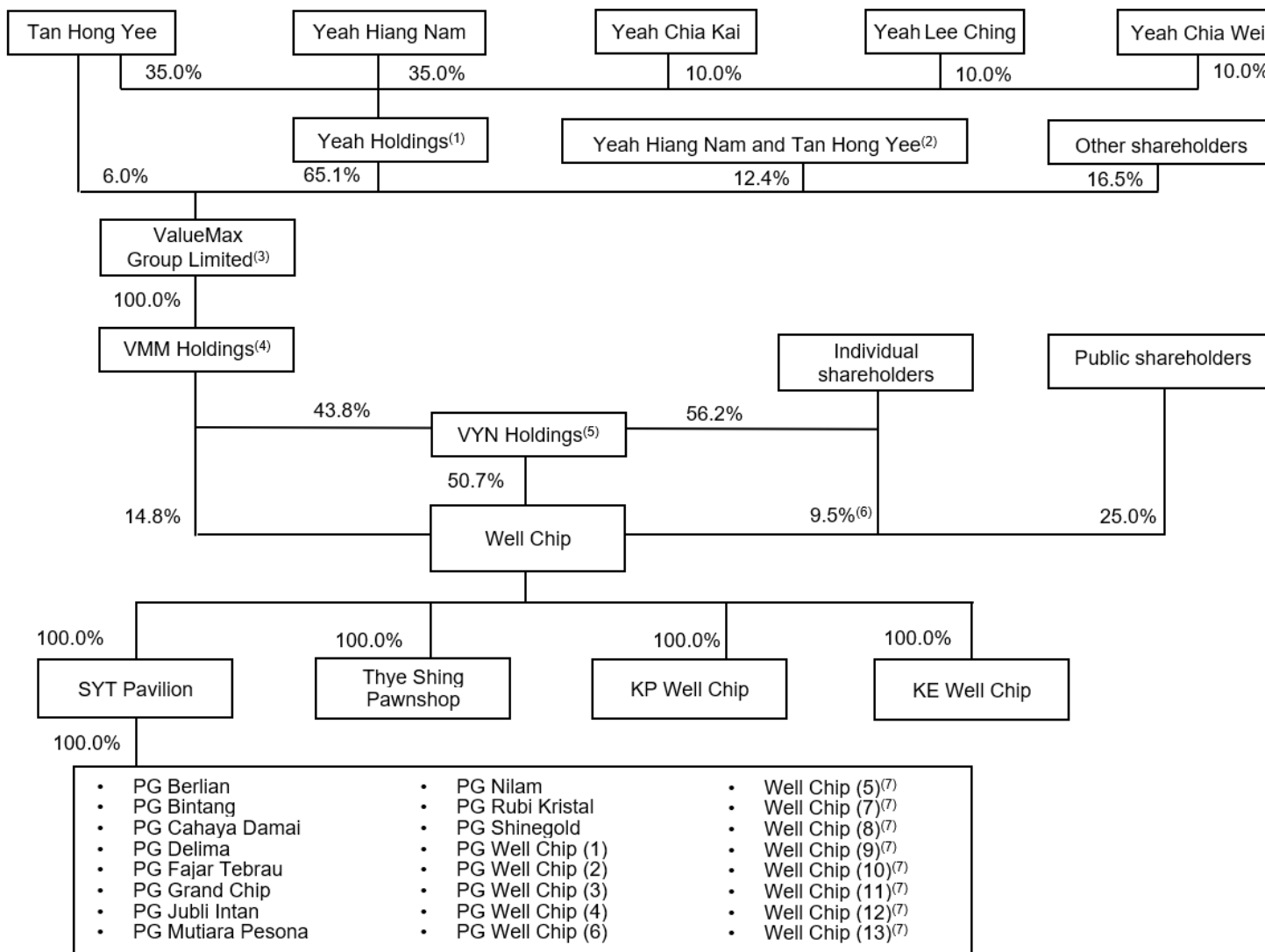
6. INFORMATION ON OUR GROUP (Cont'd)

Our Group structure following the completion of the Pre-IPO Restructuring is as follows:



6. INFORMATION ON OUR GROUP (Cont'd)

Our Group structure following the completion of our Listing will be as follows:



6. INFORMATION ON OUR GROUP (Cont'd)**Notes:**

- (1) Please refer to **Section 5.1.2(xi)** of this Prospectus for further information on Yeah Holdings.
- (2) Yeah Hiang Nam indirectly holds (i) 9.5% shareholding in ValueMax Group Limited through DBS Nominees Pte Ltd, where he is the beneficial owner; and (ii) 2.9% shareholding in ValueMax Group Limited through OCBC Securities Pte Ltd where he is the beneficial owner jointly with his spouse, Tan Hong Yee.
- (3) Please refer to **Section 5.1.2(x)** of this Prospectus for further information on ValueMax Group Limited.
- (4) Please refer to **Section 5.1.2(ix)** of this Prospectus for further information on VMM Holdings.
- (5) Please refer to **Section 5.1.2(viii)** of this Prospectus for further information on VYN Holdings.
- (6) The individual shareholders of Well Chip are as follows:

Name	Direct		Indirect		Name	Direct		Indirect	
	No. of Shares	(xvii)%	No. of Shares	(xvii)%		No. of Shares	(xvii)%	No. of Shares	(xvii)%
Yeo Mooi Huang	7,271,228	1.21	-	-	Ng Kooi Eng	661,022	0.11	-	-
Yeow Choong Kuan	5,783,913	0.96	(i)2,950,972	0.49	Lee Moi Keow	661,022	0.11	(xiv)661,022	0.11
Ng Hooi Lang	5,463,884	0.91	(ii)991,534	0.17	Yeow Chuen Chai	640,294	0.11	-	-
Yeow Chun Huat	4,957,646	0.83	(iii)5,424,066	0.90	Yeo Kiat Li	601,272	0.10	-	-
Tang Soo Yen	4,957,646	0.83	(iv)5,424,066	0.90	Yeow Choong Meng	404,220	0.07	(xv)472,148	0.08
Ng Yah Ching	3,634,331	0.61	(v)5,403	*	Wong Soon Chyi	330,512	0.06	-	-
Chua Swee Heong	2,974,576	0.50	(vi)14,666,236	2.44	Chow Xu Xiang	236,074	0.04	-	-
Ng Hui Chin	2,968,252	0.49	-	-	Lee Wan Yu	236,074	0.04	-	-
Ng Hooi Hwang	2,644,064	0.44	(vii)330,512	0.06	Lee Zhi Xuan	236,074	0.04	-	-
Teow Moy Wha	2,635,783	0.44	-	-	Yeow Si Jie	236,074	0.04	-	-
Yeow Lee Choo	1,888,629	0.31	(viii)472,148	0.08	Yeow Xiang Ting	236,074	0.04	-	-
Fang Kui Chin	1,817,808	0.30	(ix)6,917,077	1.15	Yeow Zhao Feng	236,074	0.04	-	-
Yeow Lee Hong	991,534	0.17	(x)1,463,682	0.24	Chow Ke Feng	236,074	0.04	-	-
Chow Wen Kee	991,534	0.17	(xi)1,463,682	0.24	Yeow En Min	233,210	0.04	-	-
Poon Foo Wha	991,534	0.17	(xii)5,463,884	0.91	Yeow Shun Kang	233,210	0.04	-	-
Yeow Jia Hao	897,090	0.15	-	-	Kok Wai See	5,403	*	(xvi)3,634,331	0.61
Ng Heah Joo	661,022	0.11	(xiii)661,022	0.11					
					Total	56,953,157	9.52		

6. INFORMATION ON OUR GROUP *(Cont'd)***Notes:**

- * Less than 0.01%
- (i) Deemed interested by virtue of the shareholdings of his spouse, Fang Kui Chin, and children, Yeow Jia Hao and Yeow Xiang Ting, pursuant to Section 8 of the Act.
- (ii) Deemed interested by virtue of the shareholding of her spouse, Poon Foo Wha, pursuant to Section 8 of the Act.
- (iii) Deemed interested by virtue of the shareholdings of his spouse, Tang Soo Yen, and children, Yeow En Min and Yeow Shun Kang, pursuant to Section 8 of the Act.
- (iv) Deemed interested by virtue of the shareholdings of her spouse, Yeow Chun Huat, and children, Yeow En Min and Yeow Shun Kang, pursuant to Section 8 of the Act.
- (v) Deemed interested by virtue of the shareholding of his spouse, Kok Wai See, pursuant to Section 8 of the Act.
- (vi) Deemed interested by virtue of the shareholdings of her children, Yeow Choong Kuan, Yeow Choong Meng, Yeow Chun Huat, Yeow Chuen Chai, Yeow Lee Choo and Yeow Lee Hong, pursuant to Section 8 of the Act.
- (vii) Deemed interested by virtue of the shareholding of her child, Wong Soon Chyi, pursuant to Section 8 of the Act.
- (viii) Deemed interested by virtue of the shareholdings of her children, Lee Wan Yu and Lee Zhi Xuan, pursuant to Section 8 of the Act.
- (ix) Deemed interested by virtue of the shareholdings of her spouse, Yeow Choong Kuan, and children, Yeow Jia Hao and Yeow Xiang Ting, pursuant to Section 8 of the Act.
- (x) Deemed interested by virtue of the shareholdings of her spouse, Chow Wen Kee, and children, Chow Ke Feng and Chow Xu Xiang, pursuant to Section 8 of the Act.
- (xi) Deemed interested by virtue of the shareholdings of his spouse, Yeow Lee Hong, and children, Chow Ke Feng, and Chow Xu Xiang, pursuant to Section 8 of the Act.
- (xii) Deemed interested by virtue of the shareholding his spouse, Ng Hooi Lang, pursuant to Section 8 of the Act.
- (xiii) Deemed interested by virtue of the shareholding of his spouse, Lee Moi Keow, pursuant to Section 8 of the Act.
- (xiv) Deemed interested by virtue of the shareholding of her spouse, Ng Heah Joo, pursuant to Section 8 of the Act.
- (xv) Deemed interested by virtue of the shareholdings of his children, Yeow Si Jie and Yeow Zhao Feng, pursuant to Section 8 of the Act.

6. INFORMATION ON OUR GROUP (Cont'd)

(xvi) Deemed interested by virtue of the shareholding of her spouse, Ng Yah Ching, pursuant to Section 8 of the Act.

(xvii) Based on our enlarged total number of 600,000,000 Shares after our IPO.

(7) Yet to commence business operations as at the LPD.

6.5 OUR SUBSIDIARIES

Our subsidiaries as at the LPD are as follows:

No.	Name / Registration no.	Directors ⁽¹⁾	Date / Place of incorporation	Issued share capital RM	Effective equity interest %	Principal activities
<u>Subsidiaries of our Company</u>						
1.	SYT Pavilion / 201101036288 (964422-M)	<ul style="list-style-type: none"> Ng Hooi Hwang Tang Soo Yen 	17 October 2011 / Malaysia	10,515,522	100.0	Activities of holding company
2.	Thye Shing Pawnshop / 201001005926 (890545-A)	<ul style="list-style-type: none"> Yeow Choong Kuan Ng Hooi Lang 	18 February 2010 / Malaysia	9,125,218	100.0	To carry on the business as pawnbrokers
3.	KP Well Chip / 200601004113 (723860-V)	<ul style="list-style-type: none"> Yeow Choong Kuan Ng Hooi Lang 	15 February 2006 / Malaysia	6,601,033	100.0	Pawnshops
4.	KE Well Chip / 200901029740 (872846-W)	<ul style="list-style-type: none"> Yeow Choong Kuan Ng Hooi Lang 	18 September 2009 / Malaysia	1,441,368	100.0	To carry on the business of trading and retail sale of jewellery and gold
<u>Subsidiaries of SYT Pavilion</u>						
1.	PG Berlian / 201301041812 (1071636-K)	<ul style="list-style-type: none"> Yeo Mooi Huang Ng Heah Joo 	26 November 2013 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
2.	PG Bintang / 201101034500 (962633-V)	<ul style="list-style-type: none"> Yeow Chun Huat Fang Kui Chin 	4 October 2011 / Malaysia	8,000,000	100.0	To carry on the business as pawnbrokers
3.	PG Cahaya Damai / 201801007631 (1269645-T)	<ul style="list-style-type: none"> Ng Si Ming 	23 February 2018 / Malaysia	4,000,000	100.0	To carry on the business in pawnshops

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Name / Registration no.	Directors ⁽¹⁾	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
				RM	%	
4.	PG Delima / 201901020499 (1329828-X)	• Chan Xin	12 June 2019 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
5	PG Fajar Tebrau / 201401028149 (1104235-D)	• Kau Zhe Yin	10 August 2014 / Malaysia	4,000,000	100.0	Pawnshops
6.	PG Grand Chip / 201301041813 (1071637-U)	• Ng Hui Chin • Lee Moi Keow	26 November 2013 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
7.	PG Jubli Intan / 201801004945 (1266959-U)	• Chong Guang Ming	5 February 2018 / Malaysia	4,000,000	100.0	To carry on the business in pawnshops
8.	PG Mutiara Pesona / 201801007637 (1269651-K)	• Ng Jing Xiang	23 February 2018 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
9.	PG Nilam / 201901020501 (1329830-T)	• Ng Si Ling	12 June 2019 / Malaysia	4,000,000	100.0	To carry on the business in pawnshops
10.	PG Rubi Kristal / 201801004950 (1266964-D)	• Wong Soon Chyi	5 February 2018 / Malaysia	4,000,000	100.0	To carry on the business in pawnshops
11.	PG Shinegold / 201301040088 (1069911-A)	• Tang Soo Yen • Ng Hooi Hwang	12 November 2013 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
12.	PG Well Chip (1) / 202001029215 (1385535-A)	• Ng Hooi Hwang	22 September 2020 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
13.	PG Well Chip (2) / 202001029214 (1385534-D)	• Ng Hui Chin	22 September 2020 / Malaysia	4,000,000	100.0	To carry on the business as pawnshops operator
14.	PG Well Chip (3) / 202001029223 (1385543-X)	• Wong Soon Chyi	22 September 2020 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Name / Registration no.	Directors ⁽¹⁾	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
				RM	%	
15.	PG Well Chip (4) / 202101034280 (1434580-X)	• Ng Jing Xiang	18 October 2021 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
16.	PG Well Chip (6) / 202101034274 (1434574-M)	• Ng Si Ling	18 October 2021 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers
17.	Well Chip (5) / 202101034273 (1434573-P)	• Ng Si Ming	18 October 2021 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
18.	Well Chip (7) / 202201033771 (1479468-X)	• Ng Hooi Hwang	9 September 2022 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
19.	Well Chip (8) / 202201033769 (1479466-H)	• Ng Hui Chin	9 September 2022 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
20.	Well Chip (9) / 202201033768 (1479465-M)	• Wong Soon Chyi	9 September 2022 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
21.	Well Chip (10) / 202201033773 (1479470-T)	• Ng Jing Xiang	9 September 2022 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
22.	Well Chip (11) / 202201033767 (1479464-P)	• Ng Si Ming	9 September 2022 / Malaysia	4,000,000	100.0	To carry on the business as pawnbrokers ⁽²⁾
23.	Well Chip (12) / 202301018662 (1512584-K)	• Ng Si Ling	18 May 2023 / Malaysia	100	100.0	To carry on the business as pawnbrokers ⁽²⁾
24.	Well Chip (13) / 202301018665 (1512587-D)	• Ng Hooi Hwang	18 May 2023 / Malaysia	100	100.0	To carry on the business as pawnbrokers ⁽²⁾

Notes:

- (1) It is the practice of KPKT that every new director to be appointed under each pawnbroking subsidiary will be required to submit a notification form to KPKT and provide such supporting documents as may be required by KPKT before their appointment as a director of a pawnbroking entity is effected.
- (2) Being the intended principal activities as the subsidiaries have yet to commence business operations as at the LPD.

As at the LPD, our Company does not have any joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)**6.6 INFORMATION ON OUR MATERIAL SUBSIDIARIES****6.6.1 SYT Pavilion****(i) Background and history**

SYT Pavilion was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 17 October 2011 and is deemed registered under the Act under the name of SYT Pavilion Sdn. Bhd.

(ii) Principal place of business

The principal place of business of SYT Pavilion is at No. 23-02, Jalan Harmonium 35/3, Taman Desa Tebrau, 81100 Johor Bahru, Johor.

(iii) Principal activities and products/services

SYT Pavilion is principally an investment holding company.

(iv) Share capital

As at the LPD, the issued share capital of SYT Pavilion is RM10,515,522 comprising 10,317,458 shares. There is no change in the issued share capital of SYT Pavilion for the Period Under Review and up to the LPD.

(v) Shareholder and director

After the completion of the Acquisition, SYT Pavilion is our wholly-owned subsidiary and its directors are Ng Hooi Hwang and Tang Soo Yen.

(vi) Subsidiary, joint venture or associate company

Save as disclosed in **Section 6.5** of this Prospectus, SYT Pavilion does not hold any other company outside of the Group as at the LPD.

6.6.2 Thye Shing Pawnshop**(i) Background and history**

Thye Shing Pawnshop was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 18 February 2010 and is deemed registered under the Act under the name of Thye Shing Pawnshop Sdn. Bhd. Thye Shing Pawnshop commenced its operations on 2 August 2010.

(ii) Principal place of business

Thye Shing Pawnshop carries out its business at the following addresses:

- No. 151-152, Jalan Rahmat, 83000 Batu Pahat, Johor; and
- No. 3, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 79200 Iskandar Puteri, Johor.

6. INFORMATION ON OUR GROUP (Cont'd)**(iii) Principal activities and products/services**

Thye Shing Pawnshop is principally involved in the provision of pawnbroking services.

(iv) Share capital

As at the LPD, the issued share capital of Thye Shing Pawnshop is RM9,125,218 comprising 8,437,828 shares. There is no change in the issued share capital of Thye Shing Pawnshop for the Period Under Review and up to the LPD.

(v) Shareholder and director

After the completion of the Acquisition, Thye Shing Pawnshop is our wholly-owned subsidiary and its directors are Yeow Choong Kuan and Ng Hooi Lang.

(vi) Subsidiary, joint venture or associate company

Thye Shing Pawnshop does not have any subsidiary, joint venture or associate company as at the LPD.

6.6.3 KE Well Chip**(i) Background and history**

KE Well Chip was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 18 September 2009 and is deemed registered under the Act under the name of Kedai Emas Well Chip Sdn. Bhd. KE Well Chip commenced its operations on 1 October 2009.

(ii) Principal place of business

KE Well Chip carries out its business at the following addresses:

- No. 9, Batu 7, Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor;
- No. 3, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor;
- No. 5, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 79200 Iskandar Puteri, Johor; and
- No. 10-P, Jalan Cenderawasih, Kampung Dato Onn Jaafar, 80350 Johor Bahru, Johor.

(iii) Principal activities and products/services

KE Well Chip is principally involved in the business of retail and trading of jewellery and gold.

(iv) Share capital

As at the LPD, the issued share capital of KE Well Chip is RM1,441,368 comprising 34,058 shares. There is no change in the issued share capital of KE Well Chip for the Period Under Review and up to the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**(v) Shareholder and director**

After the completion of the Acquisition, KE Well Chip is our wholly-owned subsidiary and its directors are Yeow Choong Kuan and Ng Hooi Lang.

(vi) Subsidiary, joint venture or associate company

KE Well Chip does not have any subsidiary, joint venture or associate company as at the LPD.

6.6.4 KP Well Chip**(i) Background and history**

KP Well Chip was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 15 February 2006 and is deemed registered under the Act under the name of Well Chip (M) Sdn. Bhd. It has subsequently changed its name to Kedai Pajak Well Chip Sdn. Bhd. on 17 September 2009. KP Well Chip commenced its operations on 17 September 2007.

(ii) Principal place of business

KP Well Chip carries out its business at the following addresses:

- No. 7, Batu 7, Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor;
- No. 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor; and
- No. 23, Jalan Belimbing, Taman Tebrau, 81400 Senai, Johor.

(iii) Principal activities and products/services

KP Well Chip is principally involved in the provision of pawnbroking services.

(iv) Share capital

As at the LPD, the issued share capital of KP Well Chip is RM6,601,033 comprising 5,108,588 shares. There is no change in the issued share capital of KP Well Chip for the Period Under Review and up to the LPD.

(v) Shareholder and director

After the completion of the Acquisition, KP Well Chip is our wholly-owned subsidiary and its directors are Yeow Choong Kuan and Ng Hooi Lang.

(vi) Subsidiary, joint venture or associate company

KP Well Chip does not have any subsidiary, joint venture or associate company as at the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**6.6.5 PG Bintang****(i) Background and history**

PG Bintang was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 4 October 2011 and is deemed registered under the name of SYT Bintang Sdn. Bhd. It has subsequently changed its name to Pajak Gadai Bintang Sdn. Bhd. on 26 June 2012. PG Bintang commenced its operations on 15 October 2012.

(ii) Principal place of business

PG Bintang carries out its business at the following addresses:

- No. 10-Q, Jalan Cenderawasih, Larkin Jaya, Larkin, 80350 Johor Bahru, Johor; and
- No. 27, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor.

(iii) Principal activities and products/services

PG Bintang is principally involved in the provision of pawnbroking services.

(iv) Share capital

As at the LPD, the issued share capital of PG Bintang is RM8,000,000 comprising of 8,000,000 shares. There is no change in the issued share capital of PG Bintang for the Period Under Review and up to the LPD.

(v) Shareholder and director

After the completion of the Acquisition, PG Bintang is our indirect wholly-owned subsidiary through SYT Pavilion and its directors are Yeow Chun Huat and Fang Kui Chin.

(vi) Subsidiary, joint venture or associate company

PG Bintang does not have any subsidiary, joint venture or associate company as at the LPD.

6.6.6 PG Shinegold**(i) Background and history**

PG Shinegold was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 12 November 2013 and is deemed registered under the Act under the name of Pajak Gadai Shinegold Sdn. Bhd.. PG Shinegold commenced its operations on 1 June 2014.

(ii) Principal place of business

The principal place of business of PG Shinegold is at No. 1, Jalan Kebudayaan 8, Taman University, 81300 Skudai, Johor.

(iii) Principal activities and products/services

PG Shinegold is principally involved in the provision of pawnbroking services.

6. INFORMATION ON OUR GROUP *(Cont'd)*

(iv) Share capital

As at the LPD, the issued share capital of PG Shinegold is RM4,000,000 comprising of 4,000,000 shares. There is no change in the issued share capital of PG Shinegold for the Period Under Review and up to the LPD.

(v) Shareholder and director

After the completion of the Acquisition, PG Shinegold is our indirect wholly-owned subsidiary through SYT Pavilion and its directors are Tang Soo Yen and Ng Hooi Hwang.

(vi) Subsidiary, joint venture or associate company

PG Shinegold does not have any subsidiary, joint venture or associate company as at the LPD.

6.7 PUBLIC TAKE-OVERS

During the last financial year up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' securities.

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7. BUSINESS OVERVIEW

7.1 HISTORY

The history of our Group can be traced back to February 2006 with the incorporation of KP Well Chip to venture into the provision of pawnbroking services business. We obtained our first pawnbroking licence in March 2007, and our 1st pawnshop was opened in Taman Pandan, Johor Bahru in September 2007. In 2009, we opened our 1st retail outlet, located adjacent to our pawnshop in Taman Pandan, which marks the start of our retail and trading of jewellery and gold business. The commencement of our subsequent pawnshops and retail outlets are as follows:

<u>Year</u>	<u>Milestones</u>
2010	<ul style="list-style-type: none"> We acquired our 2nd pawnshop in Jalan Rahmat, Batu Pahat, Johor
2012	<ul style="list-style-type: none"> We opened our 3rd pawnshop in Kampung Dato Onn Jaafar, Johor Bahru, Johor
2013	<ul style="list-style-type: none"> We opened our 4th pawnshop in Taman Daya, Johor Bahru, Johor
2014	<ul style="list-style-type: none"> We opened our 5th pawnshop and 2nd retail outlet in Taman Universiti, Skudai, Johor
2015	<ul style="list-style-type: none"> We opened our 6th pawnshop in Taman Tebrau, Senai, Johor We opened our 7th pawnshop and 3rd retail outlet in Taman Nusa Perintis 2, Iskandar Puteri, Johor
2016	<ul style="list-style-type: none"> We opened our 8th pawnshop in Taman Johor Jaya, Johor Bahru, Johor We opened our 9th pawnshop in Taman Perling, Johor Bahru, Johor
2017	<ul style="list-style-type: none"> We opened our 10th pawnshop in Taman Seri Orkid, Skudai, Johor
2019	<ul style="list-style-type: none"> We acquired our 11th pawnshop in Taman Desa Tebrau, Johor Bahru, Johor We opened our 12th pawnshop in Jalan Masai Lama, Masai, Johor
2020	<ul style="list-style-type: none"> We opened our 13th pawnshop in Taman Puteri Wangsa Ulu Tiram, Johor We opened our 14th pawnshop in Bandar Kluang, Kluang, Johor
2021	<ul style="list-style-type: none"> We opened our 15th pawnshop in Taman Kulai Utama, Kulai, Johor We opened our 16th pawnshop in Taman Maju, Batu Pahat, Johor We opened our 17th pawnshop in Taman Setia Indah, Johor Bahru, Johor We opened our 4th retail outlet in Kampung Dato Onn Jaafar, Johor Bahru, Johor
2022	<ul style="list-style-type: none"> We opened our 18th pawnshop in Taman Air Biru, Pasir Gudang, Johor We opened our 19th pawnshop in Taman Nusa Bestari 2, Iskandar Puteri, Johor. We expanded our operations by setting up a drive-thru area next to our pawnshop located in Taman Seri Orkid, Skudai, Johor. This expansion has provided our customers with the convenience of a quick and hassle-free service

7. BUSINESS OVERVIEW (Cont'd)

<u>Year</u>	<u>Milestones</u>
2023	<ul style="list-style-type: none"> We opened our 20th pawnshop in Taman Sri Tiram, Ulu Tiram, Johor We opened our 21st pawnshop in Taman Nusa Damai, Pasir Gudang, Johor We opened our 22nd pawnshop in Taman Skudai Baru, Skudai, Johor

As at the LPD, we have 22 pawnshops and 4 retail outlets which are currently in operation. Please refer to **Section 7.2.4** of this Prospectus for further information on our network of pawnshops and subsidiaries of our Group.

7.2 DESCRIPTION OF OUR BUSINESS

We are principally involved in:

- (i) provision of pawnbroking services where we offer pledges-backed pawn loans with a short repayment period to our pawnbroking customers. Pawn loans are commonly defined as micro-loans provided against pledges such as gold, jewellery and luxury watches; and
- (ii) retail and trading of jewellery and gold.

As at the LPD, we have 26 operating outlets, comprising 22 pawnshops and 4 retail outlets which are adjacent to our pawnshops.

7.2.1 Pawnbroking services

Pawnbroking services in Malaysia is regulated by KPKT under the PA 1972. As a licensed business, we adhere to the regulations under the PA 1972, which include amongst others, the prescribed interest rate and administrative fees chargeable to our pawnbroking customers as well as the administrative procedures in relation to unredeemed pledges.

Each of our pawnshop is required under Section 7(1) of the PA 1972 to obtain a valid pawnbroking licence to operate. Based on the "Garis Panduan Urusan Pelesenan Pemegang Pajak Gadaai" issued by KPKT, to apply for a pawnbroking licence, we are required to establish a new company with a minimum share capital of RM100,000 and the intended location of the pawnshop identified by our Group is required to be reviewed and approved by KPKT.

KPKT will then issue us with 10-month conditional approval during which our Group is required to increase the share capital of the new company to RM4.00 million. Upon receiving such conditional approval, we are required to:

- (i) notify KPKT on the actual address of the location of the new pawnshop within 1 month from the issuance of such conditional approval; and
- (ii) commence renovation on the pawnshop in compliance with KPKT's requirements as set out below:
 - (a) pawnshop is only allowed to be operated in a concrete building;
 - (b) fire extinguishers and smoke detectors that meet the standards set by the Fire and Rescue Department of Malaysia are required to be installed and maintained in the pawnshop;

7. BUSINESS OVERVIEW (Cont'd)

- (c) security alarm system and closed-circuit television cameras are required to be installed and maintained in the pawnshop;
- (d) the height of the counter in the pawnshop should not exceed 4 feet to allow customers to have an unobstructed view during the pledge assessment process;
- (e) pledges must be kept in an in-built vault with minimum 9-inch concrete walls and installed with an automatic lock which allows the vault to be locked automatically after business hours; and
- (f) a comprehensive and adequate jeweller's block insurance policy for the pawnshop is to be maintained at all times.

Upon completion of the renovation of the pawnshop, we are required to submit an application for inspection of the pawnshop to KPKT, following which an inspection will be carried out by KPKT to ensure that the renovation carried out for the pawnshop is in compliance with KPKT's requirements. Upon approval of the inspection, a pawnbroking licence for the pawnshop will be issued.

Pursuant to Section 10 read together with Section 10B of the PA 1972, a pawnbroking licence is valid for a duration not exceeding 2 years and such licence must be renewed 60 days prior to the expiry of the pawnbroking licence. An online application for renewal, accompanied with supporting documents such as the tenancy agreement/sale and purchase agreement (where applicable) and latest assessment tax relating to the premise of the pawnshop and latest jeweller block insurance policy will be submitted to KPKT for review. KPKT will thereafter process such application and a renewed pawnbroking licence will be issued by KPKT provided that the supporting documents submitted are in order and processing fee applicable has been settled.

According to the PA 1972 and Pawnbrokers (Control and Licensing) Regulations 2004 ("**Pawnbroking Regulations**"), a pawnbroker may offer:

- (i) a maximum pawn loan amount of RM10,000 for each pawn ticket issued, and each pawn loan offered can comprise one or more pledges. Nevertheless, as clarified by the notice issued by the KPKT dated 22 November 2023, a pawnbroker may offer a maximum pawn loan amount of RM500,000 for each pawn ticket issued and each pawn loan offered may comprise one or more pledges;
- (ii) a maximum monthly interest of 2.00% on the pawn loan amount, pursuant to Regulation 17 of the Pawnbroking Regulations, over a pawn loan period of 6 months, pursuant to Section 18 of the PA 1972; and
- (iii) a maximum one-off administrative fee of RM0.50 for the issuance of pawn tickets for pawn loans amounting to more than RM10.00, pursuant to Regulation 17 of the Pawnbroking Regulations.

Our pawnbroking customers are individuals aged 18 (Section 16(1)(b) of the PA 1972) and above who seek quick and short-term loans. These individuals may be part of the population that are financially unserved or underserved by conventional financial institutions, i.e. banks.

We offer pawn loans with loan periods of up to 6 months to our pawnbroking customers who pledge their valuable items (i.e. gold and gold jewellery, diamond jewellery and/or luxury watches) as collaterals. For pledges of gold and gold jewellery, the pawn loan amount offered is based on a loan margin which depends on factors such as quality, condition, and purity of the pledges. We generally provide loan margin of up to 95% of the prevailing market value of the pledges (i.e., for gold and gold jewellery), which is determined based on the net weight of the gold and the spot gold price as updated regularly in our ValueMax Pawnbroking System.

7. BUSINESS OVERVIEW (Cont'd)

For the pledges of luxury watches, the pawn loan amount offered is based on a loan margin which depends on the quality and condition of the luxury watches and whether the customer has any certificate or purchase receipt for the watches. We generally provide loan margin of up to 60% of the prevailing market value of the luxury watches that are published on industry databases such as online luxury watch trading platform, Chrono24 (www.chrono24.my/).

For pledges of diamond jewellery, the pawn loan amount offered is based on a loan margin which depends on the characteristics (i.e. carat, colour, clarity and cut) of the diamond jewellery. We generally provide loan margin of up to 30% of the prevailing market value of the diamond pledges that are computed based on the gold spot prices and diamond industry database such as Rapaport (www.diamonds.net/Prices/).

Please refer to **Section 7.3.1(i)(b)** of the Prospectus for details of the authentication and appraisal process of the pledges.

Prior to 22 November 2023, we provided pawn loans of up to RM10,000 per pawn ticket under each transaction. From 22 November 2023 onwards, we may provide pawn loans of up to RM500,000 per pawn ticket under each transaction. For the Period Under Review, the range of pawn loans size provided by us to one customer per transaction is between RM10 to RM150,000.

We charge a monthly interest rate which ranges between 1.00% to 2.00% of the pawn loan amount with a loan period of up to 6 months. The interest rate charged by each of our pawnshop is a fixed interest that we determined after taking into consideration, amongst others, the competition within the area where our pawnshop is located. We recognise interest income based on the outstanding pawn loans receivable at the end of each month. In addition to the interest charged on the pawn loan amount, we charge an administrative fee of RM0.50 for the issuance of pawn ticket for pawn loans amounting to more than RM10.00.

Upon the expiry of the pawn loan period, our pawnbroking customers may choose to redeem their pledges pursuant to Section 18(1) of the PA 1972 or renew their pawn loans pursuant to Section 19 of the PA 1972. Customers who choose to renew their pawn loans are required to settle the outstanding accrued interest on the existing pawn loans before they can pawn their pledges to obtain new pawn tickets with a new pawn loan period. We may re-assess the value of the pledges for the issuance of new pawn tickets. If there is a decline in the value of the pledges, result in lower revised pawn loan amount to be offered, customers may be required to pay the difference between the revised pawn loan amount and the initial pawn loan amount via cash or bank transfer. Alternatively, they may also pledge additional valuable items to increase the value of the pledges in order to obtain the same pawn loan amount.

If our pawnbroking customers do not redeem their pledges, renew their pawn loans or pay the interest charges upon expiration of pawn tickets, we will provide a grace period, at our discretion, of up to 3 months as set out below for customers to redeem the pledges or renew the pawn tickets:

- (i) for loans which are granted on the 1st of the month, the grace period will expire at the end of the 3rd month; or
- (ii) for loans which are granted on any day other than the 1st of the month, the grace period will expire at the end of the 2nd month,

such that the grace period given will not exceed 3 months.

7. BUSINESS OVERVIEW (Cont'd)

On the day immediately after the expiration of the grace period, their pawn loans will be categorised as defaulted pawn loans. In such event:

- (i) Pursuant to Section 23(1)(a) of the PA 1972, unredeemed pledges for defaulted pawn loans amount not exceeding RM200 shall become the property of the pawnbroker. As such, we will take possession of unredeemed pledges not exceeding RM200 and we are permitted to sell them.
- (ii) Pursuant to Section 23(1)(b) of the PA 1972, unredeemed pledges for defaulted pawn loans exceeding RM200 will be sent for public auction. This typically takes place in the month immediately after the expiration of the grace period given, in accordance with the monthly auction organised by the appointed licensed auctioneers registered with KPKT.

After the expiration of the pawn tickets, our customers may still redeem such pledges or renew their pawn loans within the grace period given. However, our customers must pay the principal loan amount and outstanding accrued interest in full when redeeming the pledges.

We participate in public auction generally once a month where we will bid for the unredeemed pledges.

The following table set out the key data for our pawnbroking business for the Period Under Review:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
Number of pawnshops	14	17	19	22
Total pawn loans disbursed (RM'000)	508,271	531,979	710,341	458,011
Total no. of pawn transactions	340,646	344,121	429,223	245,009
Average pawn loan value (RM) ⁽¹⁾	1,492	1,546	1,655	1,869
Average pawn loan period (days) ⁽²⁾	160	161	142	130
Default rate (%) ⁽³⁾	7.0	7.8	10.1	10.7

Notes:

- (1) Average pawn loan value is computed based on total pawn loans disbursed over total number of pawn transactions.
- (2) Average pawn loan period is computed based on the average trade receivable period, being the average trade receivables over the aggregate of total pawn loans and interest income from pawnbroking services for the financial year/financial period multiplied by 365/181 days for the respective Period Under Review.
- (3) Default rate is computed based on total defaulted pawn loans amount over total pawn loans disbursed. Defaulted pawn loans refer to pawn loans which are not redeemed or renewed.

7.2.2 Retail and trading of jewellery and gold

We sell and trade jewellery and gold through the following channels:

- (i) our retail outlets which are adjacent to our pawnshops;
- (ii) our website (<https://www.shop.wellchip.com.my>) and e-commerce platforms such as Shopee and Lazada; and
- (iii) scrap gold traders.

7. BUSINESS OVERVIEW (Cont'd)

We procure new gold and gold jewellery from manufacturers and/or wholesalers whilst we procure pre-owned gold and gold jewellery, diamond jewellery and watches from the following sources:

- (i) unredeemed and bid pledges whereby KE Well Chip will acquire unredeemed and bid pledges from our pawnbroking segment; and
- (ii) purchase of gold and gold jewellery as well as watches from walk-in individuals at our retail outlets. Such items will either be reconditioned and sold as pre-owned gold and gold jewellery as well as watches or sold as scrap gold.

The unredeemed and bid pledges, gold and gold jewellery as well as watches purchased from walk-in individuals that are in good condition will be reconditioned at our processing centre, then sold as pre-owned gold and gold jewellery, diamond jewellery or watches in our retail outlets, our website, or e-commerce platforms.

Unredeemed and bid pledges as well as gold and gold jewellery purchased from walk-in individuals that are not in good condition are sold directly to scrap gold traders as scrap gold.

7.2.3 Business model

Our business model is illustrated as follows:

Business segment	Pawnbroking services	Retail and trading of jewellery and gold
Product/ Services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold and gold jewellery, luxury watches and diamond jewellery 	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery from walk-in individuals
Revenue model	<ul style="list-style-type: none"> Monthly interest charge based on the pawn loan amount One-off administrative fee for issuance of pawn ticket 	One-off sales
Channels	22 pawnshops in Johor	<ul style="list-style-type: none"> 4 retail outlets in Johor Website and e-commerce platforms Scrap gold traders
Customers	Individuals aged 18 and above	<ul style="list-style-type: none"> End customers Scrap gold traders

7.2.4 Our network of pawnshops and retail outlets

Our pawnshops are strategically located in close proximity to residential and commercial areas with convenient access to amenities such as banks, restaurants, supermarkets and public transportation for our customers' convenience. As at the LPD, we operate 22 pawnshops and 4 retail outlets in the state of Johor.

7. BUSINESS OVERVIEW (Cont'd)

The location of our network of 22 pawnshops are as follows:

No.	Company	Address	First licence obtained date	Pawnshop opening date	Current licence expiration date
1.	KP Well Chip ⁽¹⁾ (Outlet 1)	No. 7, Batu 7 Jalan Kota Tinggi Taman Pandan 81100 Johor Bahru Johor	27 March 2007	17 September 2007	26 March 2025
2.	KP Well Chip ⁽¹⁾ (Outlet 2)	No. 12, Jalan Sagu 3 Taman Daya 81100 Johor Bahru Johor	24 February 2013	3 March 2013	23 April 2025
3.	KP Well Chip ⁽¹⁾ (Outlet 3)	No. 23, Jalan Belimbing Taman Tebrau 81400 Senai Johor	1 July 2015	1 July 2015	30 June 2025
4.	Thye Shing Pawnshop ⁽¹⁾ (Outlet 1)	No. 151-152, Jalan Rahmat 83000 Batu Pahat Johor	1 January 2010	2 August 2010	31 December 2025
5.	Thye Shing Pawnshop ⁽¹⁾ (Outlet 2)	No. 3, Jalan Medan Nusa Perintis 6 Taman Nusa Perintis 2 79200 Iskandar Puteri Johor	16 July 2015	16 July 2015	15 July 2025
6.	PG Bintang ⁽¹⁾ (Outlet 1)	10-Q, Jalan Cenderawasih Kampung Dato Onn Jaafar 80350 Johor Bahru Johor	28 September 2012	15 October 2012	27 September 2024
7.	PG Bintang ⁽¹⁾ (Outlet 2)	No. 27, Jalan Persisiran Perling Taman Perling 81200 Johor Bahru Johor	16 August 2016	16 August 2016	15 August 2024
8.	PG Shinegold	No. 1, Jalan Kebudayaan 8 Taman Universiti 81300 Skudai Johor	1 June 2014	1 June 2014	31 May 2024
9.	PG Grand Chip	No. 91, Jalan Rosmerah 2/1 Taman Johor Jaya 81100 Johor Bahru Johor	1 January 2016	1 January 2016	31 December 2025
10.	PG Berlian	No. 2 & 4, Jalan Seri Orkid 31 Taman Seri Orkid 81300 Skudai Johor	15 November 2017	24 November 2017	14 November 2025
11.	PG Fajar Tebrau	No. 11, Jalan Harmonium 23/12 Taman Desa Tebrau 81100 Johor Bahru Johor	16 August 2018	6 April 2019	15 August 2024
12.	PG Mutiara Pesona	No. 21, Jalan Mawar Kampung Baru Masai 81750, Masai Johor	7 November 2019	7 November 2019	6 November 2025

7. BUSINESS OVERVIEW (Cont'd)

No.	Company	Address	First licence obtained date	Pawnshop opening date	Current licence expiration date
13.	PG Cahaya Damai	No. 47, Jalan Beladai 18 Taman Puteri Wangsa 81800 Ulu Tiram Johor	30 January 2020	18 February 2020	29 January 2026
14.	PG Rubi Kristal	No. 43 (Ground floor), Jalan Maju Taman Maju 83000 Batu Pahat Johor	19 February 2021	21 May 2021	18 February 2025
15.	PG Nilam	No. 1, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor	19 March 2021	5 April 2021	18 March 2025
16.	PG Jubli Intan	No. 2, Jalan Syed Abdul Hamid Sagaff Bandar Kluang 86000 Kluang Johor	2 September 2020	28 October 2020	1 September 2024
17.	PG Delima	No. 25, Jalan Setia 3/8 Taman Setia Indah 81100 Johor Bahru Johor	13 September 2021	6 December 2021	12 September 2025
18.	PG Well Chip (3)	No. 17, Jalan 9/9 Taman Air Biru 81700 Pasir Gudang Johor	26 August 2022	21 September 2022	25 August 2024
19.	PG Well Chip (2)	No. 185, Jalan NB2 2/2 Taman Nusa Bestari 2 79150 Iskandar Puteri Johor	26 August 2022	22 September 2022	25 August 2024
20.	PG Well Chip (1)	No.75 (Ground floor) Jalan Hang Tuah Taman Sri Tiram 81800 Ulu Tiram Johor	10 April 2023	17 April 2023	9 April 2025
21.	PG Well Chip (4)	No.1, Jalan Perdagangan Damai Taman Nusa Damai 81700 Pasir Gudang Johor	21 July 2023	1 August 2023	20 July 2025
22.	PG Well Chip (6)	No. 12, Jalan Ronggeng 12 Taman Skudai Baru 81300 Skudai Johor	7 September 2023	19 September 2023	6 September 2025

Notes:

- (1) KP Well Chip holds 3 pawnbroking licences as it operates a total of 3 pawnshops at 3 different locations. Thye Shing Pawnshop holds 2 pawnbroking licences as it operates a total of 2 pawnshops at 2 different locations. PG Bintang holds 2 pawnbroking licences as it operates a total of 2 pawnshops at 2 different locations.

7. BUSINESS OVERVIEW (Cont'd)

These subsidiaries have owned and operated more than one pawnshop since before 9 August 2019, when KPKT had issued the “Garis Panduan Urusan Pelesenan Pajak Gadaai” to govern, amongst others, applications for pawnbrokers’ licence which are made from 9 August 2019 onwards. Pursuant to the said guidelines, each applicant company may only hold 1 pawnbroker’s licence for 1 pawnshop and are not allowed to operate branches. The guidelines do not however have retrospective effect and the subsidiaries had obtained their respective pawnbroking licences and commenced operations prior to 9 August 2019.

The location of our network of 4 retail outlets are as follows:

No.	Company	Address
1.	KE Well Chip	No. 9, Batu 7 Jalan Kota Tinggi Taman Pandan 81100 Johor Bahru Johor
2.	KE Well Chip	No. 3, Jalan Kebudayaan 8 Taman Universiti 81300 Skudai Johor
3.	KE Well Chip	No. 5, Jalan Medan Nusa Perintis 6 Taman Nusa Perintis 2 79200 Iskandar Puteri Johor
4.	KE Well Chip	No. 10-P, Jalan Cenderawasih Kampung Dato Onn Jaafar 80350 Johor Bahru Johor

7.2.5 Revenue segmentation

The breakdown of our revenue by business segments for the Period Under Review are as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking services										
- Interest income	51,848	42.6	51,618	50.7	59,266	37.5	28,740	33.6	34,610	33.5
- Administrative fees	192	0.1	187	0.1	232	0.1	110	0.1	130	0.1
Subtotal	52,040	42.7	51,805	50.8	59,498	37.6	28,850	33.7	34,740	33.6
Retail and trading of jewellery and gold										
- Retail sales of jewellery and gold ⁽¹⁾	10,040	8.3	11,078	10.9	22,713	14.4	12,567	14.7	10,851	10.5
- Sales of scrap gold	59,760	49.0	38,998	38.3	75,914	48.0	44,140	51.6	57,878	55.9
Subtotal	69,800	57.3	50,076	49.2	98,627	62.4	56,707	66.3	68,729	66.4
Total	121,840	100.0	101,881	100.0	158,125	100.0	85,557	100.0	103,469	100.0

7. BUSINESS OVERVIEW (Cont'd)

Note:

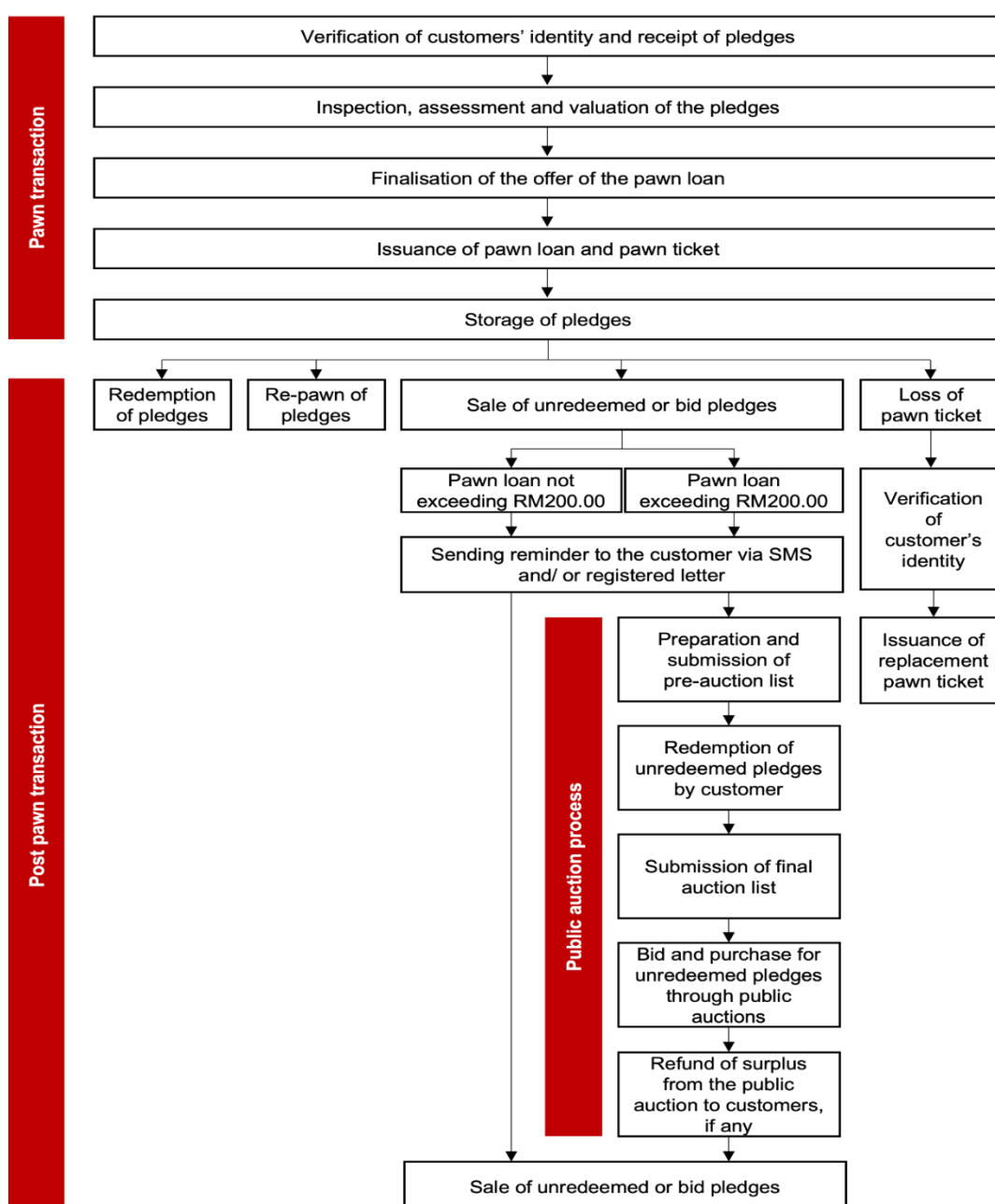
- (1) Sales from our website and e-commerce platforms contributed less than 0.01% of our revenue from retail and trading of jewellery and gold for the Period Under Review.

Save as disclosed as above, there is no breakdown of our revenue by geographical locations for the Period Under Review as our businesses are solely located in Johor, Malaysia.

7.3 BUSINESS PROCESS

The process flow of our pawnbroking as well as the retail and trading of jewellery and gold businesses are as depicted below:

7.3.1 Pawnbroking services



7. BUSINESS OVERVIEW (Cont'd)

(i) Pawn transaction

(a) Verification of customer's identity and receipt of pledges

Customers walk into our pawnshops with their valuable items (i.e. gold and gold jewellery, diamond jewellery and/or luxury watches) to be pledged for pawn loans. The customer is required to present his/her National Registration Identity Card ("**NRIC**") or passport for verification purposes. Upon obtaining the customer's NRIC or passport, we will input the relevant information into our pawnbroking system. We will then be able to identify whether the customer is a recurring customer or a first-time customer. If the customer is a first-time customer, we will record their information in our pawnbroking system.

We will cross-check the customers' name with the following:

- (aa) sanction lists maintained by Bank Negara Malaysia ("**BNM**"), United Nations Security Council Resolutions ("**UNSCR**"), Ministry of Home Affairs ("**MOHA**"), Financial Action Task Force ("**FATF**") and
- (bb) list of Politically Exposed Persons ("**PEP**") individuals (including individuals related to PEP) and individuals who have a history of pawning counterfeit or unlawful items.

We will also perform enhanced customer due diligence for pawn loans exceeding RM25,000 as transactions that we deemed as high risk. The enhanced customer due diligence involves the following:

- (i) gathering of additional information on the individual's country of origin, nationality, present occupation, employer, field of work and intention of performing the pawn transaction;
- (ii) undertaking risk profiling of the individual to determine if he/she is high-risk individual and/or PEP based on information gathered; and
- (iii) requiring individuals that are high-risk to declare where they have obtained the pledged items and/or source of wealth.

We will not proceed with the transaction and make a suspicious transaction report to BNM in compliance with the AMLA 2001 guidelines if we encounter the following circumstances:

- (i) we are unable to perform a complete customer due diligence;
- (ii) the pawnbroking customers or walk-in individual is unable or unwilling to provide any information requested or decides to withdraw the pawn loan application or cancel the pre-owned jewellery purchase deal when requested to provide information; or
- (iii) the relevant pawn loan is part of an unusual pattern of loans with no apparent economic or lawful purpose.

Only customers who are not on the abovementioned lists and have completed our know-your-customer ("**KYC**") process, as explained in **Section 7.13.3(i)** of this Prospectus (including high risk customers whom we are satisfied with the enhanced customer due diligence performed) will be accepted.

7. BUSINESS OVERVIEW (Cont'd)

(b) Inspection, assessment and valuation of the pledges

Upon clearing the verification stage, our pawnshop personnel will assess the valuable items brought by the customer for pawning.

For gold or gold jewellery, our appraisers will conduct an authentication and appraisal process to determine and verify its purity and weight. The authentication process includes acid test, magnet test, density test and verification of its certificate of authenticity. Brief descriptions of the acid test, magnet test and density test are as set out below:

- (aa) Acid test involves scraping a small portion of the gold or gold jewellery against a black stone to form a thin gold line. The gold line will be tested by applying nitric acid on it. If the colour remains, the gold passes the nitric acid test; whereas if the colour changes or disappears, the gold fails the nitric acid test and is rejected. Upon passing the nitric acid test, the procedure is repeated using hydrochloric acid instead. If the colour of the gold line remains, the gold or gold jewellery passes the hydrochloric acid test; whereas if the colour changes or disappears, the gold or gold jewellery fails the hydrochloric acid test and is rejected;
- (bb) Upon passing both acid tests, a magnet test will be carried out for further verification. If the gold or gold jewellery is not attracted to the magnet, it passes the magnet test, whereas if the gold is attracted to the magnet, it fails the magnet test and is rejected; and
- (cc) Subsequent to passing the magnet test, a density test will be carried out as a final verification step. We use a densimeter, an electronic instrument, to calculate the density of the gold or gold jewellery. The gold or gold jewellery passes the density test if the density ranges from 15.00 grams per cubic centimetre (g/cc) and above, density varies depending on the grade of gold. If it is below this range, it fails the density test.

The authenticity of the gold is verified upon passing all the aforementioned tests. If it fails any of the tests, it is rejected and returned to the customer without any administrative charges as it is deemed to be not made of gold, has low gold content, or is merely gold plated or filled.

If the gold or gold jewellery comes with certificate of authenticity (typically issued by reputable gold retailers or manufacturers), we would take that into account as part of our authentication and appraisal process to confirm that the information stated on the certificate aligns with the actual characteristics of the gold or gold jewellery being examined.

Once the authentication process is complete, our pawnshop personnel will determine the net weight of the gold or gold jewellery. The estimated net weight of the gold and the spot gold price will be used to determine the value of the gold or gold jewellery. The spot gold price is updated regularly in our pawnbroking system and can be accessed by our personnel at our pawnshops.

7. BUSINESS OVERVIEW (Cont'd)

For diamond jewellery and watches, our appraisers will verify the item's authenticity and conduct an authentication and appraisal to determine its indicative valuation. Our authentication and appraisal process for diamond jewellery and watches are as follows:

- (aa) For diamond jewellery weighted 0.5 carat and above, we only accept diamond with certification and/or invoice. We will first check against the serial number which is inscribed on the girdle of the diamond and the serial numbers stated on the certifications. For diamond jewellery weighted below 0.5 carat, we use a diamond tester pen, an electronic instrument to verify the authenticity of the diamond jewellery.

We will then determine the carat of the diamond and use a magnifier to identify inclusions and imperfections (e.g., tiny crystals or minerals, scratches and chips) which may reduce the diamond's clarity and overall appearance of the stone.

Subsequently, the appraisal process is undertaken to grade the diamond according to the carat, colour, clarity as well as cut. We will then determine an indicative valuation based on the grading of the diamond and price list provided by industry databases such as Rapaport; and

- (bb) For watches, the authentication process consists of a preliminary check by examining the watch's box, warranty card, user manual, and service booklet (if any). Then we will conduct visual inspection using a magnifier to inspect its finishing qualities, colour schemes for consistency and quality of coatings or platings, bracelet for signs of wear, damage, text on the dial, serial number and model number to verify the authenticity as well as cyclops and window check for any chips and scratches. We will also check the functionalities of the watch such as timekeeping accuracy, movement and hands, winding and setting functions of the crown and pushers (if any), to verify the accurate operation of the watches. We will then determine an indicative valuation based on the price lists of that are published online luxury watch trading platforms, such as Chrono24 (www.chrono24.my/).

To determine the market value of diamond jewellery and watches, we also refer to other industry databases such as International Diamond Exchange, and the European Gemmological Laboratory, which provide price lists and indexes for diamonds and other precious stones to determine the market value of diamond jewellery and watches.

- (c) Finalisation of the offer of the pawn loan

Upon completion of the assessment of the pledges, we will finalise the pawn loan offer to the customer. The pawn loan amount offered to our customers are determined based on a range of percentage of the estimated value of the pledges.

We will explain the terms and conditions of the pawn loans and the associated repayment obligations (i.e., loan amount, interest rate, loan duration, loan repayment, payment methods, process of reclaiming pledge items and the consequence of default) to our pawnbroking customers.

7. BUSINESS OVERVIEW (Cont'd)**(d) Issuance of pawn loan and pawn ticket**

If the customer agrees with the pawn loan amount, we will process the pawn transaction by taking images of the pledges and documenting all the relevant information in relation to the pawn transaction (including customers' identification details, weight and value of the pledged items, pawn loans amount as well as expiry date) pursuant to Section 14 of the PA 1972 in our pawnbroking system. Our pawnbroking system generates serial number and storage number for each item to facilitate tracking and ease of retrieval.

Prior to disbursement of the pawn loan to the customer, we will conduct a final check on the details of the pawn transaction and collect from the customer RM0.50 administrative fee per pawn ticket issued. Subsequently we will disburse the pawn loans to the customer via cash or bank transfer and provide the customer with the pawn ticket(s).

(e) Storage of pledges

The pledges are sealed in individual plastic bags with a radio-frequency identification ("RFID") tag which are then stored in a safe within the strong room at the respective pawnshops, in compliance with Section 16(2) of the PA 1972.

(ii) Post pawn transaction

We issue pawn tickets with validity period of up to 6 months.

(a) Redemption of pledges**(aa) Reminder of the expiry date of the pawn ticket**

Subsequent to the pawn transaction, our customer may redeem the pledge within the validity period. If our customer does not redeem the pledge upon the expiration of the pawn ticket, our customer will be notified of the expired pawn tickets via SMS texts in the first month after the expiry date, and then via registered letters in the second month after expiry date. These notifications will inform customer of his/her options for redeeming their pledges or renewing the pawn loan, where applicable.

(bb) Presentation of pawn tickets for redemption

Our customer is required to present his/her identification documents and pawn ticket(s) for redemption pursuant to Section 18 of the PA 1972.

(cc) Verification and confirmation of outstanding pawn loan amount and interest payable

Upon verification of the customer's identity, we will verify the principal pawn loan amount and outstanding accrued interest, if any, that is generated from our pawnbroking system.

(dd) Redemption

Upon settlement of the principal pawn loan amount and accrued interest via cash or bank transfer, the pledges will be retrieved from our safe within the strong room. We will update the relevant information regarding the pawn transaction in our pawnbroking system, retain the pawn ticket(s) for our record keeping, and return the pledge(s) to the customer.

7. BUSINESS OVERVIEW (Cont'd)**(b) Renewal of pawn loan(s)**

A customer can renew his/her pawn loan(s) any time prior to the public auction, and he/she will be issued with a new pawn ticket with a new validity period. However, prior to obtaining a new pawn ticket, the customer is required to settle the outstanding accrued interest on the existing pawn loans.

We may reassess the value of the pledges which are intended to be re-pawned. If there is a decline in the value of the pledges which results in a lower pawn loan amount being offered, the customer may be required to pay for the difference via cash or bank transfer. Alternatively, they may also pledge additional valuable items to increase the total value of the pawn items in order to get the same pawn loan amount. When the customer decides to re-pawn his/her pledges, he/she will be required to provide the existing pawn ticket(s) for our record keeping. A new pawn ticket or pawn tickets will then be issued to the customer, and the RFID tag will be sealed together with the pledges and stored in a safe within the strong room at the respective pawnshops.

There are no limits on the number times that a customer can re-pawn his/her pledge items, as long as he/she is able to renew the pawn loan(s) prior to public auction and settle the outstanding accrued interest on the pawn loan(s).

(c) Sale of unredeemed and bid pledges.

In accordance with Section 23(1) of the PA 1972, for defaulted pawn loans:

- (aa) with pawn loan amount not exceeding RM200, the unredeemed pledges shall become the property of the pawnbroker; and
- (bb) with pawn loan amount exceeding RM200, the unredeemed pledges shall be disposed by sale through public auctions conducted by licensed auctioneers. Under Section 23(2) of the PA 1972, a pawnbroker may bid for and purchase the unredeemed item pledged with the pawnbroker at a public auction.

If our pawnbroking customers do not redeem their pledges, renew their pawn loans or pay the interest charges upon expiration of pawn tickets, we will provide a grace period, at our discretion, of up to 3 months as set out below for customers to redeem the pledges or renew the pawn tickets:

- (aa) for loans which are granted on the 1st of the month, the grace period will expire at the end of the 3rd month; or
- (bb) for loans which are granted on any day other than the 1st of the month, the grace period will expire at the end of the 2nd month,

such that the grace period given will not exceed 3 months.

On the day immediately after the expiration of the grace period, their pawn loans will be categorised as defaulted pawn loans. In such event:

- (aa) Unredeemed pledges for pawn loans amount not exceeding RM200

For defaulted pawn loans amount not exceeding RM200, our customers will be notified of the expiration of the pawn tickets via SMS texts in the first month after the expiry date of the pawn tickets. If our customers do not redeem the pledges or renew the pawn loan within the grace period provided, the pledges will be deemed our possession.

7. BUSINESS OVERVIEW (Cont'd)

- (bb) For sale of unredeemed pledges for pawn loans amount exceeding RM200

For defaulted pawn loans amount exceeding RM200, our customers will be notified of the expiration of the pawn tickets via SMS texts in the first month after the expiry date of the pawn tickets, and then via registered letters in the second month after the expiry date of the pawn tickets.

We will also prepare and compile a list of unredeemed pledges on a monthly basis to be sent to licensed auctioneers registered with KPKT prior to the public auctions. The unredeemed pledges will then be sent for public auction, which typically takes place in the month immediately after the expiration of the grace period given.

The licensed auctioneers normally conduct these auctions at the beginning of each month and advertise the upcoming public auctions in a local newspaper at least 10 days before the auction date. Any persons registered with the licensed auctioneers, including us, may bid for the unredeemed pledges at the public auctions.

Nonetheless, if the customers return to our pawnshops to redeem the pledges or renew their pawn loans after we have submitted the pre-auction list to the KPKT at any time within the grace period given, we can still perform the redemption and charge the accrued interest up to the month that the pledges are redeemed.

Under the PA 1972, the reserve price of the unredeemed pledges shall be set at 10% premium over the pawn loan amount. We will bid for, and if successful will, purchase the unredeemed pledges at the public auctions.

According to Section 25 of the PA 1972, if a pledge with a pawn loan amount exceeding RM200 is sold at public auction for more than the aggregate amount of the pawn loan, accrued interest and administrative fees, we will be required to notify our customer of the surplus within 7 days after the public auction via registered post. Our customer will be able to claim the surplus within 4 months from the date of the notice, and if no claim is made within the stipulated time, the surplus will be paid to the Accountant General's Department of Malaysia within 14 days after the stipulated time in accordance with Section 26 of the PA 1972.

Our pawnbroking segment will then sell the unredeemed and bid pledges to KE Well Chip, whereby the consideration for such purchases by KE Well Chip will be set off against our pawn loan receivables. The unredeemed and bid pledges will be reconditioned and sold as pre-owned gold and gold jewellery, diamond jewellery and watches; or to be sold as scrap gold by KE Well Chip as part of our Group's cash recovery process.

- (d) Loss of pawn ticket

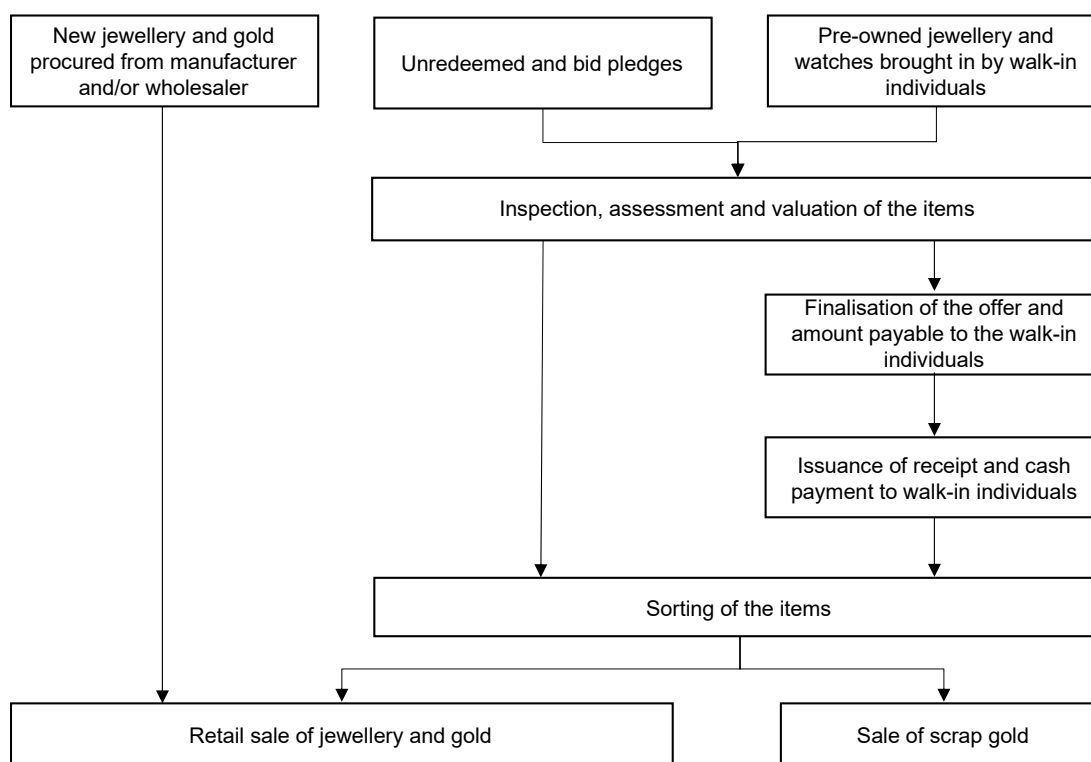
According to Section 21 of the PA 1972, if the customer's pawn tickets were misplaced, the customer may request a replacement pawn ticket by presenting his/her identification documents and declaration letter which has been affirmed by a Commissioner for Oaths for our verification. The pawn ticket will be re-issued once the customer's identity and pawn transaction record have been verified.

7. BUSINESS OVERVIEW (Cont'd)

During a period of 7 days from the date of the filling of a lost pawn ticket to us, we are not allowed to deliver the pledge to any persons presenting the lost pawn ticket, or even if our customer found the lost pawn ticket and presents his/her identity to repay the pawn loan to redeem the pledge, in accordance with Section 21 of the PA 1972.

7.3.2 Retail and trading of jewellery and gold

We procure new jewellery from manufacturers and/or wholesalers, and pre-owned gold and gold jewellery, diamond jewellery and watches acquired from unredeemed and bid pledges, as well as from walk-in individuals at our retail outlets.



(i) Procurement of new gold and gold jewellery, pre-owned gold, gold jewellery, diamond jewellery and watches acquired from unredeemed and bid pledges, as well as from walk-in individuals

We procure new gold and gold jewellery from manufacturers and/or wholesalers, as well as pre-owned gold, gold jewellery, diamond jewellery and watches acquired from unredeemed and bid pledges.

As for purchases from walk-in individuals, the individuals walk into our retail outlets with their personal item(s) such as gold, gold jewellery, diamond jewellery and watches for sale or trade-in. The walk-in individual is required to present his/her NRIC or passport for verification purposes. We will perform the same verification process as our pawnbroking services segment.

For clarification purposes, customers purchasing jewellery and gold products at our retail outlets need not provide their NRIC or passport for verification.

7. BUSINESS OVERVIEW (Cont'd)

(ii) Inspection, assessment and valuation

Upon clearing the verification stage, our outlet personnel will assess the pre-owned jewellery or watches brought by the walk-in individuals for sale.

For gold and gold jewellery, our appraisers will conduct an authentication and appraisal process similar to our pawnbroking services segment to determine and verify its purity and weight.

Once the authentication process is complete, our outlet personnel will determine the net weight of the gold or gold jewellery. The estimated net weight of the gold or gold jewellery and the spot gold price will be used to determine the value of the gold or gold jewellery. The spot gold price is updated regularly in our pawnbroking system and can also be accessed by our personnel at our retail outlets.

For diamond jewellery and watches, our appraisers will verify the item's authenticity and conduct authentication and appraisal similar to our pawnbroking services segment to determine its indicative valuation.

(iii) Finalisation of the offer and amount payable to the walk-in individual

Once the assessment and valuation process are completed, we will make an offer of purchase consideration amount to the walk-in individual.

(iv) Issuance of receipt and cash payment to walk-in individual

Upon acceptance of the offer, we will disburse cash payment to the walk-in individual. His/her particulars together with the details of the trade-in products will be documented and the personal item will be accepted by our retail outlets. The customer is also required to sign on a copy of the receipt which we will retain.

(v) Sorting of the items

We will send the items purchased from our walk-in customers together with the unredeemed and bid pledges to our processing centre for valuation and categorisation according to their quality, design and other relevant factors.

The unredeemed and bid pledges as well as pre-owned gold, gold jewellery, diamond jewellery and watches purchased from walk-in individuals that are in good condition will be reconditioned, then sold as pre-owned gold, gold jewellery, diamond jewellery and watches in our retail outlets, our website or e-commerce platform.

Pre-owned gold and gold jewellery purchased from walk-in individuals that are not in good condition will be disassembled into different components and the gold components will be sold to scrap gold traders.

7. BUSINESS OVERVIEW *(Cont'd)*

7.4 COMPETITIVE STRENGTHS

7.4.1 **We can provide quick and convenient pawn-loans to the population that are unserved or underserved by the conventional financial institutions**

Our pawnbroking services address the needs of individuals who are financially unserved and underserved by conventional financial institutions by providing them with an alternative source of financing in the form of pawn loans.

The loan application process and procedures carried out by conventional financial institutions are generally more stringent and lengthier. Conventional financial institutions generally have stringent loan requirements that potential borrowers must meet, including factors such as credit score, income level, employment stability, collateral (if applicable) and loan purpose. When evaluating loan applications, conventional financial institutions assess the applicant's creditworthiness, its financial risk and probability of full repayment of the loan. If the loan application does not meet the loan requirements, it reduces the likelihood of approval, or if approved, the applicant may be offered a lower loan amount than initially applied for.

Our pawnbroking services provides an alternative for the financially unserved or under-served individuals, whereby we provide short-term pawn loans to our customers to meet their immediate financial needs. Our operating procedures only require us to verify the identity of the customer and authenticity of the pledges, as well as record our customers' information in our pawnbroking system. We are not required to verify the credit ratings and income level of our customers. Generally, our pawnbroking customers are able to receive funds within a relatively quick processing time, typically within 15 minutes.

7.4.2 **We have a network of outlets which are strategically located to offer convenience for our services**

As at the LPD, we have 22 pawnshops and 4 retail outlets (adjacent to our pawnshops), which are located in close proximity to residential and commercial areas with convenient access to amenities such as public transportation, restaurants and supermarkets. By having our pawnshops in these locations, we are able to capture high foot traffic and provide customers with easy access to our services.

Furthermore, by having most of our pawnshops and retail outlets at strategic locations, our pawnshops and retail outlets are expected to have higher visibility, which in turn enable us to attract new customers and expand our business.

To enhance the convenience and provide a hassle-free experience for our customers, we have introduced a drive-thru pawn service at Taman Sri Orkid, Skudai, Johor. This service allows our customers to efficiently pawn their items without having to leave their vehicles. Additionally, the drive-thru feature promotes social distancing measures required during a pandemic such as COVID-19, ensuring the safety of both our customers and employees.

7.4.3 **Our pawn loans provided are collateralised by pledges**

The pawn loans provided to our customer are backed by pledges against valuable items, i.e. such as gold, gold jewellery, diamond jewellery and luxury watches, which safeguard the interest of our Group. The pledges hold an intrinsic value in view that gold is a globally traded commodity and there is generally a demand for luxury watches, depending on the quality and rarity and brand reputation.

In the event that our customers are unable to or do not redeem their pledges upon the expiration of pawn tickets and the grace period provided, we will sell these unredeemed pledges to recover the pawn loans disbursed and thus mitigate any potential losses.

Such pledge-backed pawn loans arrangement enables us to provide loans to our customers with relatively low financial risk which in turn enables us to sustain our pawnbroking business.

7. BUSINESS OVERVIEW (Cont'd)

7.4.4 Our Executive Directors and Key Management are experienced in the pawnbroking and retail and trading of jewellery and gold

The growth and success of our business is attributed to our experienced and knowledgeable Executive Directors and Key Management.

Our Group is led by:

- (i) Ng Hooi Lang, our Executive Director and Chief Executive Officer, who has over 16 years of experience in the pawnbroking industry and in total, over 40 years' experience in the jewellery and gold industry.

She is responsible for overseeing the day-to-day business operations and management of our Group as well as charting the business direction and strategies of our Group; and

- (ii) Tang Soo Yen, our Executive Director and Director of Retail and Merchandising, who has over 16 years of experience in the pawnbroking industry and in total, over 25 years' experience in the jewellery and gold industry.

She is responsible for overseeing and managing the procurement of jewellery and gold products for the Group and managing the auction processes for pledges from defaulted pawn loans, human resources and other general administrative matters of our Group.

Their extensive knowledge and expertise have been instrumental in driving the growth and development of our business. Further, they are supported by our Chief Financial Officer, Sia Shu Yee, who has more than 18 years of experience in accounting and finance.

We believe our experienced Executive Directors, with the support of our Key Management, will continue to expand our business operations.

Please refer to **Sections 5.1.2 and 5.4.2** of this Prospectus for the profiles of our Executive Directors and Key Management personnel respectively.

7.4.5 Our ValueMax Pawnbroking System streamlines operations and facilitate customer convenience

We utilise the ValueMax Pawnbroking System which enables us to efficiently manage our pawn pledges, track loan transactions and streamline our operational processes, resulting in faster and more efficient service for our customers. Our pawnbroking system also automates processes involved in managing pawn loans as set out below:

- (i) automated interest calculations in accordance to Regulation 17 of the Pawnbroking Regulations;
- (ii) tracking and identification of pawn ticket and pledges through barcode system to ensure the safekeeping of pledges in accordance with Section 22(2) and (3) of PA 1972;
- (iii) automated monthly report generation for submission to KPKT in accordance with Section 13A of the PA1972;
- (iv) automated SMS reminders to pawnbroking customers;
- (v) preparation and scheduling of auction items and lists, which will aid in adhering to Section 25 of PA 72 and Regulations 13 and 14 of the Pawnbroking Regulations; and

7. BUSINESS OVERVIEW (Cont'd)

- (vi) receiving alerts and updates regarding individuals that matches any sanction or ban lists to safeguard against potential involvement with blacklisted individuals, adhering to AMLA 2001.

In view of the above, our pawnbroking system helps to minimise the risk of human error and ensures that we remain compliant with all relevant laws and regulations.

Our pawnbroking systems are equipped with real-time tracking and reporting capabilities, whereby information on a completed pawn transaction is immediately recorded and uploaded into our system. This allows us to have an accurate and up-to-date view of our pawn loan portfolio and customer exposure, such as the average pawn loan amounts, redemption rates and profiles of our customers. By having this information readily available, we are able to make data-driven decisions that are more informed and strategic. For example, we can use the data to identify patterns and trends in customer behaviour and adjust our pawn loan portfolio to better meet their needs, or to determine the interest rates and loan terms to minimise financial risk while still providing attractive options for our customers.

Furthermore, our pawnbroking system allows customers to pay interest or renew their pawn loans at any of our pawnshops, improving convenience and flexibility. This feature enhances our customer service by eliminating the need for customers to visit the original pawnshop and reducing the risk of defaulting on their pawn loan. Our pawnbroking system is complemented by a dense network of pawnshops across the state of Johor which increases accessibility and convenience for customers. This network density enables us to spread out the workload, reducing wait times for our customers and improving operational efficiency.

7.4.6 We have a Well Chip mobile application for our pawnbroking services

As part of the ValueMax Pawnbroking System, our Well Chip mobile application, i.e. WellChip eServices, provides a user-friendly interface that allows our customers to:

- (i) check the locations of our pawnshops and retail outlets;
- (ii) check their loan balances, renew their pawn loans, pay interests online;
- (iii) receive updates on our pawnshops and retail outlets (i.e., new outlets opening and promotions); and
- (iv) access to quick chat function, which provides our customers with live customer service and assistance.

These features allow us to deliver better customer service, as it provides our customers with a convenient and accessible way to manage their pawn loans without the need to be present at our physical pawnshops. Our Well Chip mobile application is available on both iOS and Android and can be easily downloaded from the Apple Store or Google Store. By offering our customers a modern software experience, we are able to differentiate ourselves and provide our customers with better service and convenience.

7. BUSINESS OVERVIEW (Cont'd)

7.5 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

7.5.1 Pawnbroking services

We do not purchase or require any supplies for our pawnbroking operation.

We require Cash Capital for the disbursement of pawn loans which were mainly financed by our bank borrowings, Related Parties Loans and internally generated funds as set out below:

Source of Cash Capital	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>As at end of the relevant financial years/periods:</u>								
Bank borrowings	86,752	44.1	89,084	47.1	146,934	58.9	161,932	63.6
Related Parties Loans	73,726	37.5	85,650	45.3	95,680	38.3	74,714	29.4
<u>For the relevant financial years/periods:</u>								
Internally generated funds	36,161	18.4	26,410	14.0	29,073	11.6	17,808	7.0
Subtotal	196,639	100.0	201,144	106.4	271,687	108.8	254,454	100.0
Less:								
Loans provided to Swift Paragon ⁽¹⁾	-	-	(12,182)	(6.4)	(22,118)	(8.8)	-	-
Total Cash Capital	196,639	100.0	188,962	100.0	249,569	100.0	254,454	100.0

Note:

- (1) The sources of funds for the loans provided to Swift Paragon are from a combination of Related Parties Loans and our internally generated funds.

As Swift Paragon's principal activity is in the business of money-lending, the loan from SYT Pavilion to Swift Paragon has been deducted to reflect only the Cash Capital used for the pawnbroking business of Well Chip Group. Swift Paragon was a wholly-owned subsidiary of SYT Pavilion prior to the Disposal of Swift Paragon, which was completed on 28 June 2023. The outstanding amount owed by Swift Paragon to SYT Pavilion was fully settled upon the completion of the Disposal of Swift Paragon.

We intend to utilise part of the proceeds from Public Issue for our Cash Capital for our existing pawnshops. After our Listing, we may raise funds from the capital market and/or bank borrowings to finance our Cash Capital requirements as and when required. In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

7.5.2 Retail and trading of jewellery and gold

We procure:

- (i) new gold jewellery from manufacturers and/or wholesalers; and
- (ii) pre-owned gold, gold jewellery, diamond jewellery and watches from unredeemed and bid pledges from our pawnbroking business, as well as from walk-in individuals at our retail outlets.

7.6 OPERATING CAPACITY AND OUTPUT

As we are solely involved in the pawnbroking services as well as retail and trading of jewellery and gold, the calculations of operating capacity and output are not applicable to us.

7. BUSINESS OVERVIEW (Cont'd)**7.7 INSURANCE**

As at the LPD, we have purchased jeweller's block insurance policies for our 22 pawnshops and 4 retail outlets which are in operations. The details of the jeweller's block insurance policies purchased by our Group for the FYE 2020 to FYE 2022 and the subsequent period from 1 January 2023 up to the LPD are as follows:

	Total amount insured			
	FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Pawnshops	284,950	331,100	396,750	469,150
Retail outlets	18,200	21,900	25,700	24,700
Total	303,150	353,000	422,450	493,850

Our Group has purchased the jeweller's block insurance policy to insure the stock and merchandise used in our pawnbroking business, as well as pledges entrusted to our pawnshops against loss or damage by, amongst others, fire, natural disasters, explosion, burglary or theft. The policy also covers the unredeemed pledges in transit from our pawnshops to public auctions.

Nonetheless, there are certain scenarios in which the jeweller's block insurance policies will not cover for the losses. The scenarios include, amongst others, war, act of terrorism, military or usurped power or martial law and riots.

Our jeweller's block insurance premium and coverage are reviewed annually by our Executive Directors after assessing the estimated aggregate value of the pledges in each pawnshop. In the event that the estimated value of the pledges has increased from the previous assessment, additional coverage will be purchased and vice versa.

7.8 SALES AND MARKETING

We have a network of 22 pawnshops with 4 retail outlets located in Johor as set out in **Section 7.2.4** of Prospectus. Most of our pawnshops and retail outlets are facing roads which have a high level of vehicle and foot traffic, which enhance their visibility.

For our pawnbroking services, we are required to adhere to the guidelines imposed by KPKT for our marketing activities. As such, we are only allowed to display signboards in areas within each of our pawnshops as permitted by KPKT.

For our retail and trading of jewellery and gold, we sell new and pre-owned gold, gold jewellery, diamond jewellery and watches through the following channels:

- (i) our retail outlets which are adjacent to our pawnshops;
- (ii) our website (<https://www.shop.wellchip.com.my>) and e-commerce platforms such as Shopee and Lazada; and
- (iii) scrap gold traders.

We carry out various promotional offers to attract and/or retain customers for our retail and trading business which include festive rebate and promotional discounts and prices for selected gold jewellery.

7. BUSINESS OVERVIEW (Cont'd)

Further, we have a corporate website at <https://www.wellchip.com.my> which provides our customers with immediate searchable information on our Group such as our list of pawnshops and retail outlets, locations and contact number, as well as the policies established by our Group for corporate governance purposes.

7.9 MAJOR CUSTOMERS**Pawnbroking services**

Customers of our pawnbroking segment are walk-in individuals and the contribution from each customer as a percentage of our total revenue is negligible.

Over the Period Under Review, the number of customers for our pawnbroking business has grown from 55,835 in the FYE 2020 to 79,830 in the FYE 2022. The breakdown of Malaysian and foreign customers are as follows:

Type of walk-in individuals	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	No. of customers	%	No. of customers	%	No. of customers	%	No. of customers	%
Malaysian	51,021	91.4	51,829	91.7	73,651	92.3	50,119	91.4
Foreigner ⁽¹⁾	4,814	8.6	4,695	8.3	6,179	7.7	4,711	8.6
Total	55,835	100.0	56,524	100.0	79,830	100.0	54,830	100.0

Note:

- (1) Customers from Singapore, Indonesia, China, Philippines, Vietnam, Myanmar, Pakistan, Thailand, Indian, Cambodian and others.

Retail and trading of jewellery and gold

Customers of our retail and trading of jewellery and gold segment are scrap gold traders and individual customers. Contribution from each individual customer as a percentage of the Group's total revenue is negligible.

Our major customers are scrap gold traders who purchase our unredeemed and bid pledges as well as pre-owned jewellery. Our Group's top 5 major customers for the Period Under Review are as follows:

FYE 2020

No.	Customer	Type of products sold	Length of relationship as at 30 June 2023	Revenue	
			years	RM'000	%
1.	TTT Bullion (M) Sdn. Bhd.	Scrap gold	3	16,192	13.3
2.	Company A ⁽¹⁾	Scrap gold	3	14,296	11.7
3.	Go Capital Growth Sdn. Bhd. (formerly known as Ace Capital Growth Sdn. Bhd.)	Scrap gold	6	12,897	10.6
4.	Company B ⁽²⁾	Scrap gold	6	12,967	10.6
5.	Pavilion Wee Bullion Sdn. Bhd.	Scrap gold	3	3,388	2.8
Sub-total				59,740	49.0
Total revenue				121,840	100.0

7. BUSINESS OVERVIEW (Cont'd)**FYE 2021**

No.	Customer	Type of products sold	Length of relationship as at	Revenue	
			30 June 2023 years	RM'000	%
1.	TTT Bullion (M) Sdn. Bhd.	Scrap gold	3	17,658	17.3
2.	Go Capital Growth Sdn. Bhd. (formerly known as Ace Capital Growth Sdn. Bhd.)	Scrap gold	6	10,797	10.6
3.	Pavilion Wee Bullion Sdn. Bhd.	Scrap gold	3	6,217	6.1
4.	Company B ⁽²⁾	Scrap gold	6	4,314	4.2
5.	Company C ⁽³⁾	Scrap silver/ platinum ⁽⁴⁾	3	12	-
Sub-total				38,998	38.2
Total revenue				101,881	100.0

FYE 2022

No.	Customer ⁽⁵⁾	Type of products sold	Length of relationship as at	Revenue	
			30 June 2023 years	RM'000	%
1.	TTT Bullion (M) Sdn. Bhd.	Scrap gold	3	40,670	25.7
2.	Go Capital Growth Sdn. Bhd. (formerly known as Ace Capital Growth Sdn. Bhd.)	Scrap gold	6	25,695	16.3
3.	Pavilion Wee Bullion Sdn. Bhd.	Scrap gold	3	9,548	6.0
Sub-total				75,913	48.0
Total revenue				158,125	100.0

FPE 2023

No.	Customer ⁽⁵⁾	Type of products and services	Length of relationship as at	Revenue	
			30 June 2023 years	RM'000	%
1.	TTT Bullion (M) Sdn. Bhd.	Scrap gold	3	26,829	25.9
2.	Pavilion Wee Bullion Sdn. Bhd.	Scrap gold	3	13,592	13.1
3.	Go Capital Growth Sdn. Bhd. (formerly known as Ace Capital Growth Sdn. Bhd.)	Scrap gold	6	7,087	6.9
Sub-total				47,508	45.9
Total revenue				103,469	100.0

Notes:

- (1) Company A is involved in trading, wholesale, retail, import and export of gold bullion, precious metals, jewellerys and related products in Johor. There are no confidentiality clauses in the transaction documents with Company A which restricts us from disclosing their information. Nonetheless as a matter of courtesy and to maintain good business relationship, consent was sought for the disclosure of the identity of Company A but was not obtained. Hence, the identity of Company A is not disclosed in this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

- (2) For the Period Under Review, Company B was:
- (i) our major customer, to whom our Group sells scrap gold; and
 - (ii) our major supplier, from whom our Group purchases new gold ornament and jewellery products.

Company B is a wholesaler of gold jewellery in Johor. There are no confidentiality clauses in the transaction documents with Company B which restricts us from disclosing their information. Nonetheless as a matter of courtesy and to maintain good business relationship, consent was sought for the disclosure of the identity of Company B but was not obtained. Hence, the identity of Company B is not disclosed in this Prospectus.

- (3) Company C is involved in trading of souvenir gift box and jewellery in Johor. There are no confidentiality clauses in the transaction documents with Company C which restricts us from disclosing their information. Nonetheless as a matter of courtesy and to maintain good business relationship, consent was sought for the disclosure of the identity of Company C but was not obtained. Hence, the identity of Company C is not disclosed in this Prospectus.
- (4) Revenue contribution from the sale of silver/platinum for the Period Under Review is insignificant.
- (5) There were only 3 scrap gold traders who were the major customers of the Group for FYE 2022 and FPE 2023. The remaining customers are individual customers. Contribution from each individual customer as a percentage of the Group's total revenue is negligible.

Notwithstanding that there are scrap gold traders which individually contributed to more than 10% of our Group's revenue for the Period Under Review, we are not dependent on any major customers for the sales of unredeemed and bid pledges as well as pre-owned jewellery as these scrap gold traders are easily sourced in Malaysia.

There is no family relationship and/or association between our major customers and any of our Directors, Promoters, substantial shareholders, Key Management and/or employees.

7.10 MAJOR SUPPLIERS**Pawnbroking services**

We do not have any major suppliers due to the nature of our pawnbroking business as we do not purchase or require any supplies for the operation of our pawnbroking business.

Retail and trading of jewellery and gold

We procure new gold and gold jewellery from manufacturers and/or wholesalers as well as pre-owned gold, gold jewellery, diamond jewellery and watches from unredeemed and bid pledges, and from walk-in individuals at our retail outlets. Our major suppliers for the Period Under Review are as follows:

FYE 2020

No.	Supplier	Type of products and services	Length of relationship as at 30 June 2023	Purchase value	
			years	RM'000	%
1.	Company B	Gold ornament and jewellery products	6	1,386	2.8
Total cost of sales				49,084	100.0

7. BUSINESS OVERVIEW (Cont'd)**FYE 2021**

No.	Supplier	Type of products and services	Length of relationship as at 30 June 2023	Purchase value	
			years	RM'000	%
1.	Company B	Gold ornament and jewellery products	6	1,951	4.7
Total cost of sales				41,235	100.0

FYE 2022

No.	Supplier	Type of products and services	Length of relationship as at 30 June 2023	Purchase value	
			years	RM'000	%
1.	Company B	Gold ornament and jewellery products	6	1,558	1.8
2.	Saudi Emas Sdn. Bhd.	Gold ornament and jewellery products	1	216	0.3
3.	Sky Goldsmith Sdn. Bhd.	Gold ornament and jewellery products	1	80	0.1
Sub-total				1,854	2.2
Total cost of sales				85,028	100.0

FPE 2023

No.	Supplier	Type of products and services	Length of relationship as at 30 June 2023	Purchase value	
			years	RM'000	%
1.	Company B	Gold ornament and jewellery products	6	1,177	2.0
2.	Sky Goldsmith Sdn. Bhd.	Gold ornament and jewellery products	1	477	0.8
3.	Saudi Emas Sdn. Bhd.	Gold ornament and jewellery products	1	465	0.8
Sub-total				2,119	3.6
Total cost of sales				59,630	100.0

Save as disclosed above, the other suppliers contributed less than 0.1% of the Group's cost of sales sold for the Period Under Review as almost all of the Group's purchases are unredeemed and bid pledges, and/or purchases from walk-in individuals.

Notwithstanding that a supplier has contributed more than 1.0% of the Group's total cost of sales sold for the Period Under Review, the Group is not dependent on any single supplier as it is able to source gold products from other gold trading companies.

There is no family relationship and/or association between our major suppliers and any of our Directors, Promoters, substantial shareholders, Key Management and/or employees.

7. BUSINESS OVERVIEW *(Cont'd)*

7.11 SEASONALITY OF BUSINESS

Our business operation is not subject to any seasonal trends. However, prior to a festive period, we may experience an increase in the number of redemptions of pledges from our customers, followed by an increase in the number of pawn loans disbursed after the corresponding festive period.

7.12 TECHNOLOGY USED

Our Group utilises the ValueMax Pawnbroking System for our pawnbroking operations which enable us to efficiently manage pawn transactions, inventory of pledges and streamline our operational processes. The system has a range of functions including automatic calculation of interest, real-time tracking of pawn transactions, issuance of pawn tickets and management of pledges. It is also equipped with price databases that are used to determine the value of the pledges and generates administrative reports such as monthly transaction summary, inventory summary, cash flow statements, pawn loan ageing report, pre-auction and final auction lists. In addition, our Well Chip mobile application is also linked to our pawnbroking system that allows our customers to check their loan balances, renew their pawn loans and make loan interest payment online across all of our pawnshops.

The ValueMax Pawnbroking System also includes a point-of-sale system which is used for our retail and trading of jewellery and gold segment, as well as a cash management and data analytics system which enables us to review and manage the overall transactions of our Group.

Please refer to **Section 7.19.3** for further information on the software licence agreement in relation to the software and data management system for our pawnbroking operations and our retail and trading of jewellery and gold.

Further, we utilise a three-level backup system to ensure the security of our data. Firstly, we have a real-time back up in place for our servers located at our pawnshops. Secondly, we conduct daily backups to decentralised servers located at each pawnshop. Finally, we conduct daily backups to our centralised servers located off-site at our head office. These backup measures aim to minimise the risk of any incidence of data loss and ensure our business operations can continue smoothly.

We have firewall and anti-virus software in place and conduct periodic checks to prevent, detect, address and mitigate the risk of unauthorised access, malware attacks and other potential threats that could have an impact on our business operation.

7.13 KEY INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

We have implemented the following procedures to safeguard the security of cash, gold products and pledges as well as to reduce the risks of unlawful transactions in carrying out our pawnbroking business.

7. BUSINESS OVERVIEW (Cont'd)

7.13.1 Security of our gold products and pledges

We have implemented the following safety control measures at our pawnshops:

- (i) Our pawnshops are only allowed to be operated in a concrete building;
- (ii) A strong room is installed in each pawnshop to store the pledges and our cash, which is equipped with a 2-tonne door that requires a passcode and key to open as well as 10-inch concrete walls that are reinforced with steel;
- (iii) Our strong rooms are automatically time locked and can only be opened during our business hours, which is from 8.00 a.m. to 6.00 p.m.;
- (iv) Our strong rooms contain safe cabinet(s) where the pledges and cash of the respective pawnshops are stored, and the safe cabinet(s) can only be opened with 2 different sets of passwords or keys, which are assigned to different outlet personnel at each pawnshop;
- (v) The height of the counter in our pawnshops are not to exceed 4 feet to allow customers to have an unobstructed view during the pledge assessment process;
- (vi) Our pawnshops and retail outlets are equipped with security systems which include motion detectors, infrared sensors, seismic sensors and closed-circuit television surveillance. These systems are monitored 24/7 by an independent central monitoring system ("CMS") supplier, where we will be alerted if any of the alarms are tripped. The independent CMS supplier provides regular maintenance to our security systems; and
- (vii) Only the outlet manager or assistant manager of the respective pawnshops are allowed to open the strong room.

Under Sections 22(2) and (3) of the PA 1972 and Regulation 23 of the Pawnbroking Regulations, we have a duty to ensure the safekeeping of pledges and to insure the pledges against loss or damage. In the event the pledges were destroyed or damaged, we are required to compensate the pawnbroking customers for an amount 25.0% higher than the pawn loan value. For the Period Under Review and up to LPD, we have not encountered any losses or damages to the pledges.

For information purposes, our retail outlets do not have any strong rooms built within. After the operating hours of our retail outlets, our jewellery and gold for sale in the retail outlets will be kept in the strong room located in our pawnshops, located adjacent to our retail outlets.

7.13.2 Cash control

We have a cash ceiling policy which is a guideline for the maximum amount of cash that can be maintained at each of our pawnshops and retail outlets for each business day. Depending on the transaction volume of each of our pawnshops and retail outlets, each pawnshop or retail outlet will keep a certain amount of cash within its premises. If the daily cash exceeds the cash ceiling, the excess cash in the respective pawnshop or retail outlet will be deposited on the following day into the bank accounts maintained by the respective pawnshop and retail outlet. Such guideline is reviewed and revised as and when appropriate.

A weekly position report (including any non-adherence to the cash ceiling guideline) will be reviewed by the area managers. In addition, our Audit Committee will review any non-adherence to the cash ceiling policy on a quarterly basis.

7. BUSINESS OVERVIEW (Cont'd)

In addition, we have also implemented the following additional measures:

- (i) The pawn loan amount must be checked by at least 2 outlet personnel before handing the cash to our customers;
- (ii) We utilise the ValueMax Pawnbroking System to monitor the cash by reconciling the daily cash count against the computed cash balance based on the day's transactions. The physical counting of the cash at each of our pawnshops and retail outlets is conducted daily before business closes by an outlet personnel and counter-checked by another outlet personnel. Upon confirmation of the amount of the physical cash against the records, the physical cash is kept in the safe of our pawnshops.

In the event of discrepancies between physical cash and computed cash balance in our pawnbroking system, we would reconcile the discrepancy by cross checking transaction records and verifying entries in our pawnbroking system. During the Period Under Review and up to the LPD, we have not encountered any material discrepancy between physical cash and computed cash balance in our pawnbroking system which have had a material impact on our financial performance; and

- (iii) Automated email alerts of all deposits and withdrawals of cash will be sent to our key management team.

7.13.3 Prevention of unlawful transactions

To ensure that we adhere to the KPKT and AMLA 2001 guidelines, each of our pawnshops adopts our Group's Anti-Money Laundering Policy & Procedure, which is in compliance with the AMLA 2001, upon commencement of business and we have established the following procedures to prevent unlawful transactions:

- (i) KYC verification process

Our pawnshop personnel and outlet personnel will verify and/or record the customers' information in our pawnbroking system by using fingerprint scanners on MyKad readers for local customers or taking fingerprints and passport details of foreign customers before offering our pawnbroking services or purchasing the pre-owned jewellery; and

The customers' names are then entered into our ValueMax Pawnbroking System to check against the sanction lists maintained by BNM, UNSCR, MOHA and FATF and/or list of PEP individuals and individuals who have a history of pawning counterfeit or unlawful items. We will also perform enhanced customer due diligence for pawn loans exceeding RM25,000 as transactions that we deemed high risk. Only customers who are not on the abovementioned lists and have completed our KYC process (including customers whom we have performed enhanced customer due diligence) will be accepted.

- (ii) Record keeping of customers' details and pawn transactions

Details of our pawnbroking customers (i.e. identity and contact details) and their pawn transactions as well as details of the walk-in individual customers of our retail outlets are recorded in our ValueMax Pawnbroking System to ensure a documented trail of the transactions as well as for us to analyse the transactions of any particular customer to determine, amongst others, any suspicious transactions.

7. BUSINESS OVERVIEW (Cont'd)**(iii) Reporting of suspicious transactions**

Our compliance officers, pawnshop personnel and outlet personnel have been trained to be alert and identify suspicious transactions. Should there be a high-risk transaction, our pawnshop personnel and outlet personnel will need to perform enhanced customer due diligence which involves the following:

- (a) Gathering of additional information on the individual's country of origin, nationality, present occupation, employer, field of work and intention of performing the pawn transaction and gold jewellery trade-in;
- (b) Undertaking risk profiling of the individual to determine if he/she is high-risk individual and/or PEP based on information gathered. Further, for any pawn loan that may exceed RM25,000, the individual will be categorised as high risk; and
- (c) Requiring individuals that are high-risk to declare where they have obtained the pledged items and/or source of wealth.

We will not proceed with the transaction and make a suspicious transaction report to BNM in compliance with the AMLA 2001 guidelines if we encounter the following circumstances:

- (a) we are unable to perform a complete customer due diligence;
- (b) the pawnbroking customers or walk-in individual is unable or unwilling to provide any information requested or decides to withdraw the pawn loan application or cancel the pre-owned jewellery purchase deal when requested to provide information; or
- (c) the relevant pawn loan is part of an unusual pattern of loans with no apparent economic or lawful purpose.

7.14 EMPLOYEES

As at the LPD, we have a total workforce of 179 employees, all of which are Malaysians and permanent employees. The number of employees in our Group according to department are as set out below:

Department	As at the LPD
Directors/Key Management	3
Marketing	2
Finance	7
Human Resource	5
Information Technology	3
Operation	7
Pawnshops	137
Retail outlets	15
Total	179

None of our employees are members of any union, nor have there been any major industrial disputes for the Period Under Review up to the LPD.

7. BUSINESS OVERVIEW (Cont'd)

7.15 RESEARCH AND DEVELOPMENT

We do not engage in any research and development activities as it is not the nature of our business to engage in such activities.

7.16 EXCHANGE CONTROLS

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group. Our non-resident shareholder may receive, and repatriate income earned in the form of dividends from Malaysia. The foreign exchange rules allow non-residents to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency and the conversion of ringgit into foreign currency is undertaken in accordance with the foreign exchange rules.

7.17 MATERIAL DEPENDENCY ON CONTRACTS, AGREEMENTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES AND PERMITS OR OTHER ARRANGEMENTS

As at the LPD, save for the major licences and permits and registered trademarks disclosed in **Sections 7.18 and 7.19** respectively of this Prospectus, our Group is not materially dependent on any contracts, agreements, intellectual property rights, licences and permits or other arrangements that could affect our business or profitability.

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7. BUSINESS OVERVIEW (Cont'd)**7.18 APPROVALS, MAJOR LICENCES, PERMITS AND REGISTRATIONS**

Save as disclosed below, there are no other major licences, permits and registrations which our Group is materially dependent on for our business as at the LPD:

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
<u>KE Well Chip</u>						
Business Premise Licence						
1.	Majlis Bandaraya Johor Bahru ("MBJB")	Licence to – (i) operate a gold shop; and (ii) display a unit of advertising board, at the premise located at 10P, Jalan Cenderawasih, Kampung Dato Onn Jaafar, 80350 Johor Bahru, Johor.	Account no.: L2021LI02998	Validity period: Valid until 31 December 2024	Nil	Not applicable
2.	Majlis Bandaraya Iskandar Puteri ("MBIP")	Licence to – (i) operate a gold shop; and (ii) display a unit of advertising board, at the premise located at 5, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 79200 Iskandar Puteri, Johor.	Account no.: L0903010703	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
3.	MBIP	Licence to – (i) operate a gold shop; and (ii) display a unit of advertising board, at the premise located at 3, Jalan Kebudayaan 8, 81300 Johor Bahru, Johor.	Account no.: L0403061514/ L04040618028	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
4.	MBJB	Licence to – (i) operate a gold and jewellery shop; and (ii) display a unit of advertising board, at the premise located at No. 9, Batu 7, Jalan Kota Tinggi, Kawasan Perindustrian Pandan, 81100 Johor Bahru, Johor.	Account no.: L2011LI00202	Validity period: Valid until 31 December 2024	Nil	Not applicable
<u>KP Well Chip</u>						
<u>Pawnbroking Licence</u>						
5.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 23, Jalan Belimbing, Taman Tebrau Jaya, 81400 Senai, Johor.	Licence no.: GL1971/01/01- 5/300625	Validity period: 1 July 2023 – 30 June 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 1 July 2021 to 30 June 2023.	Complied
6.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 7, Batu 7, Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor.	Licence no.: GL1325/01/01-10/260325	Validity period: 27 March 2023 – 26 March 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence.	Complied
					(ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied
					(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972.	Complied
7.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor.	Licence no.: GL1325/01/03-6/230425	Validity period: 24 April 2023 – 23 April 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence.	Complied
					(ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied
					(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 24 April 2021 to 23 April 2023.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Advertising Permit for Pawnbroking Business						
8.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 7, Batu 7, Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor.	Permit no.: GP1325/01/01-9/160125	Validity period: 17 January 2024 – 16 January 2025	Nil	Not applicable
9.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 23, Jalan Belimbing, Taman Tebrau Jaya, 81400 Senai, Johor.	Permit no.: GP1971/01/01-8/200424	Validity period: 21 April 2023 – 20 April 2024 ⁽¹⁾	Nil	Not applicable
10.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor.	Permit no.: GP1325/01/03-9/050225	Validity period: 6 February 2024 – 5 February 2025	Nil	Not applicable
Business Premise Licence						
11.	Majlis Perbandaran Kulai ("MPKu")	Licence to – (i) carry out pawnbroking business; and (ii) display 4 units of unlit advertising boards, at the premise located at No. 23, Jalan Belimbing, Taman Tebrau, 81400 Senai, Johor.	Account no.: L0134098	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
12.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising board, at the premise located at 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor.	Account no.: L2013LI00434	Validity period: Valid until 31 December 2024	Nil	Not applicable
13.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display 10 units of advertising boards, at the premise located at No. 7, Batu 7 Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor.	Account no.: L2009LI01715	Validity period: Valid until 31 December 2024	Nil	Not applicable
14.	MBJB	Licence to – (i) carry out business in office; and (ii) display a unit of advertising board, at the premise located at No. 23-01 & 23-02, Jalan Harmonium 35/3 Taman Desa Tebrau 81100 Johor Bahru, Johor.	Account no.: L2022LI06662	Validity period: Valid until 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Well Chip (2)						
Pawnbroking Licence						
15.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 185, Jalan NB2 2/2, Taman Nusa Bestari 2, 79150 Nusajaya, Johor.	Licence no.: GL2491/01/01-1/250824	Validity period: 26 August 2022 – 25 August 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied
Advertising Permit for Pawnbroking Business						
16.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 185, Jalan NB2 2/2, Taman Nusa Bestari 2, 79150 Nusajaya, Johor.	Permit no.: GP2491/01/01-2/250824	Validity period: 7 November 2023 – 25 August 2024	Nil	Not applicable
Business Premise Licence						
17.	MBIP	Licence to – (i) carry out pawnbroking business; and (ii) display 6 units of advertising board, at the premise located at 185, Jalan NB 2/2, Taman Nusa Bestari 2, 79150 Iskandar Puteri, Johor.	Account no.: L09090809514	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Well Chip (3)						
Pawnbroking Licence						
18.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor.	Licence no.: GL2492/01/01-1/250824	Validity period: 26 August 2022 – 25 August 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied
Advertising Permit for Pawnbroking Business						
19.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor.	Permit no.: GP2492/01/01-2/250824	Validity period: 7 November 2023 – 25 August 2024	Nil	Not applicable
Business Premise Licence						
20.	MBPG	Licence to – (i) carry out pawnbroking business; and (ii) display 3 units of advertising boards, at the premise located at No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor.	Account no.: L0313221	Validity period: 1 January 2024 – 31 December 2024	(i) Licence must be renewed yearly between 1 September to 30 November. Failure to renew within the timeframe will lead to penalty. (ii) This licence is subjected to all current and new acts, bylaws, rules and regulations imposed by MBPG. MBPG is also empowered to impose additional conditions at any time.	Noted Noted

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Berlian						
Pawnbroking Licence						
21.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 2 & 4, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Skudai, Johor.	Licence no.: GL1982/01/01-4/141125	Validity period: 15 November 2023 – 14 November 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 15 November 2019 to 14 November 2021.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
22.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 2 & 4, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Skudai, Johor.	Permit no.: GP1982/01/01-7/141124	Validity period: 15 November 2023 – 14 November 2024	Nil	Not applicable
Business Premise Licence						
23.	MBIP	Licence to carry out pawnbroking business at the premise located at 4, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Skudai, Johor.	Account no.: L01012908162	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
24.	MBIP	<p>Licence to –</p> <p>(i) carry out pawnbroking business; and</p> <p>(ii) display 3 units of advertising boards,</p> <p>at the premise located at 2, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Johor Bahru, Johor.</p>	Account no.: L0117010470	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
PG Bintang Pawnbroking Licence						
25.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 27, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor.	Licence no.: GL1972/01/01-4/150824	Validity period: 16 August 2022 – 15 August 2024	<p>(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence.</p> <p>(ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.</p> <p>(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 16 August 2020 to 15 August 2022.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
26.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 10Q, Jalan Cenderawasih, Larkin Jaya, Larkin, 80350 Johor Bahru, Johor.	Licence no.: GL1777/01/01-6/270924	Validity period: 28 September 2022 – 27 September 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 28 September 2020 to 27 September 2022.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
27.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 10Q, Jalan Cenderawasih, Larkin Jaya, Larkin, 80350 Johor Bahru, Johor.	Permit no.: GP1777/01/01-10/110724	Validity period: 12 July 2023 – 11 July 2024	Nil	Not applicable
28.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 27, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor.	Permit no.: GP1972/01/01-8/150824	Validity period: 16 August 2023 – 15 August 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
29.	MBIP	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising board, at the premise located at 27, Jalan Perisisiran Perling, 81200 Johor Bahru, Johor.	Account no.: L0115010905	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
30.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display 4 units of advertising boards, at the premise located at No. 10Q, Jalan Cenderawasih Kampung Dato Onn Jaafar, 80350 Johor Bahru, Johor.	Account no.: L2012LI01424	Validity period: Valid until 31 December 2024	Nil	Not applicable
PG Cahaya Damai						
Pawnbroking Licence						
31.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 47, Jalan Beladau 18, Taman Puteri Wangsa, 81800 Ulu Tiram, Johor.	Licence no.: GL2267/01/01-3/290126	Validity period: 30 January 2024 – 29 January 2026	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 30 January 2022 to 29 January 2024.	Complied
Advertising Permit for Pawnbroking Business						
32.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 47, Jalan Beladau 18, Taman Puteri Wangsa, 81800 Ulu Tiram, Johor.	Permit no.: GP2267/01/01 5/290125	Validity period: 30 January 2024 – 29 January 2025	Nil	Not applicable
Business Premise Licence						
33.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising board, at the premise located at No. 47, Jalan Beladau 18, Taman Puteri Wangsa, 81800 Ulu Tiram, Johor.	Account no.: L2020LI04438	Validity period: Valid until 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Delima						
Pawnbroking Licence						
34.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 25, Jalan Setia 3/8, Taman Setia Indah, 81100 Johor Bahru, Johor.	Licence no.: GL2385/01/01-2/120925	Validity period: 13 September 2023 – 12 September 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 13 September 2021 to 12 September 2023.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
35.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 25, Jalan Setia 3/8, Taman Setia Indah, 81100 Johor Bahru, Johor.	Permit no.: GP2385/01/01-3/120924	Validity period: 13 September 2023 – 12 September 2024	Nil	Not applicable
Business Premise Licence						
36.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising board, at the premise located at No. 25, Jalan Setia 3/8 Taman Setia Indah, 81100 Johor Bahru, Johor.	Account no.: L2022LI00237	Validity period: Valid until 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Fajar Tebrau						
Pawnbroking Licence						
37.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor.	Licence no.: GL2043/01/01-4/150824	Validity period: 16 August 2022 – 15 August 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 16 August 2020 to 15 August 2022.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
38.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor.	Permit no.: GP2043/01/01-6/090724	Validity period: 10 July 2023 – 9 July 2024	Nil	Not applicable
Business Premise Licence						
39.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display 3 units of advertising boards, at the premise located at 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor.	Account no.: L2023LI05135	Validity period: Valid until 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Grand Chip Pawnbroking Licence						
40.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 91, Jalan Rosmerah 2/1, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Licence no.: GL1981/01/01-5/311225	Validity period: 1 January 2024 – 31 December 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence.	Complied
					(ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied
					(iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 1 January 2022 to 31 December 2023.	Complied
Advertising Permit for Pawnbroking Business						
41.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 91, Jalan Rosmerah 2/1, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Permit no.: GP1981/01/01-9/311224	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
42.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display 13 units of advertising boards, at the premise located at 91, Jalan Rosmerah 2/1, Taman Johor Jaya, 81100 Johor Bahru.	Account no.: L2023LI08013	Validity period: Valid until 31 December 2024	Nil	Not applicable
PG Jubli Intan Pawnbroking Licence						
43.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 2, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor.	Licence no.: GL2270/01/01-2/010924	Validity period: 2 September 2022 – 1 September 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 2 September 2020 to 1 September 2022.	Complied Complied Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Advertising Permit for Pawnbroking Business						
44.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 2, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor.	Permit no.: GP2270/01/01-4/10924	Validity period: 2 September 2023 – 1 September 2024	Nil	Not applicable
Business Premise Licence						
45.	Majlis Perbandaran Kluang ("MPK")	Licence to carry out pawnbroking business and display 3 units of lit advertising boards and 6 units of unlit advertising boards at the premise located at No. 2 (Ground Floor), Jalan Syed Abd Hamid Sagaff, 86000 Kluang, Johor.	Account no.: L06Z2212009989	Validity period: January 2024 – December 2024	(i) The licence issued will expire on 31st December and has to be renewed before 28th February. (ii) The prior approval from MPK is required for any change in the rights, owner and licence address. (iii) The licence has to be displayed at a conspicuous place and be presented if requested by any officer with the authority of MPK. (iv) The licence holder is required to comply with such other orders or additional orders issued by MPK or any other authorised officer. (v) The licence holder is prohibited from placing any goods at the back lane, sideway or outside the premise without approval in writing from MPK.	Noted Noted Complied Noted Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Mutiara Pesona						
Pawnbroking Licence						
46.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 21, Jalan Mawar (Jalan Masai Lama), 81750 Masai, Johor.	Licence no.: GL2269/01/01-3/061125	Validity period: 7 November 2023 – 6 November 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 7 November 2021 to 6 November 2023.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
47.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 21, Jalan Mawar (Jalan Masai Lama), 81750 Masai, Johor.	Permit no.: GP2269/01/01-5/061124	Validity period: 7 November 2023 – 6 November 2024	Nil	Not applicable
Business Premise Licence						
48.	Majlis Bandaraya Pasir Gudang ("MBPG")	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising board, at the premise located at No. 21, Jalan Mawar, Kampung Baru Masai, 81750 Masai, Johor.	Account no.: L0307654	Validity period: 1 January 2024 – 31 December 2024	(i) Licence must be renewed yearly between 1 September to 30 November. Failure to renew within the timeframe will lead to penalty. (ii) This licence is subjected to all current and new acts, bylaws, rules and regulations imposed by MBPG. MBPG is also empowered to impose additional conditions at any time.	Noted Noted

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Nilam						
Pawnbroking Licence						
49.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor.	Licence no.: GL2384/01/01-2/180325	Validity period: 19 March 2023 – 18 March 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 19 March 2021 to 18 March 2023.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
50.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor.	Permit no.: GP2384/01/01-3/180324	Validity period: 19 March 2023 – 18 March 2024 ⁽²⁾	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
51.	MPKu	Licence to – (i) carry out pawnbroking business; and (ii) display 3 units of advertising boards, at the premise located at No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor.	Account no.: LPP087009210 6097	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
<u>PG Rubi Kristal</u> Pawnbroking Licence						
52.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 43, Jalan Maju, Taman Maju, 83000 Batu Pahat, Johor.	Licence no.: GL2271/01/01- 2/180225	Validity period: 19 February 2023 – 18 February 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 19 February 2021 to 18 February 2023.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
53.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 43, Jalan Maju, Taman Maju, 83000 Batu Pahat, Johor.	Permit no.: GP2271/01/01- 4/180225	Validity period: 19 February 2024 – 18 February 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
54.	Majlis Perbandaran Batu Pahat ("MPBP")	Licence to – (i) operate a gold pawn shop or sell gems; and (ii) display 3 units of advertising boards, at the premise located at No. 43 (Ground Floor), Jalan Maju Taman Maju, 83000 Batu Pahat, Johor.	Account no.: L2021L101862	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
PG Shinegold Pawnbroking Licence						
55.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor.	Licence no.: GL1930/01/01-5/310524	Validity period: 1 June 2022 – 31 May 2024	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 1 June 2020 to 31 May 2022.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
56.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor.	Permit no.: GP1930/01/01-8/310524	Validity period: 1 June 2023 – 31 May 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
57.	MBIP	Licence to – (i) carry out pawnbroking business; and (ii) display a unit of advertising boards, At the premise located at 1 & 1A, Jalan Kebudayaan 8, Taman Universiti, 81300 Johor Bahru, Johor.	Account no.: L0403061518	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
<u>Thye Shing Pawnshop</u>						
Pawnbroking Licence						
58.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 3, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 81550 Gelang Patah, Johor.	Licence no.: GL1929/01/01-5/150725	Validity period: 16 July 2023 – 15 July 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (ii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 16 July 2021 to 15 July 2023.	Complied Complied Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
59.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 151-152, Jalan Rahmat, 83000 Batu Pahat, Johor.	Licence no.: GL1209/01/01-11/311225	Validity period: 1 January 2024 – 31 December 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 1 January 2022 to 31 December 2023.	Complied Complied Complied
Advertising Permit for Pawnbroking Business						
60.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 151-152, Jalan Rahmat, 83000 Batu Pahat, Johor.	Permit no.: GP1209/01/01-10/311224	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
61.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 3, Jalan Medan Nusa Perintis 6, Taman Nusa, Perintis 2, 81550 Gelang Patah, Johor.	Permit no.: GP1929/01/01-8/200424	Validity period: 21 April 2023 – 20 April 2024 ⁽³⁾	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
62.	MPBP	Licence to – (i) operate a pawnshop, gold shop or sell gemstones; and (ii) display 2 units of advertising boards, at the premise located at No. 152, Jalan Rahmat, 83000 Batu, Pahat, Johor.	Account no.: L10011316	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
63.	MBIP	Licence to – (i) carry out pawnbroking business; and (ii) display 3 units of advertising boards, at the premise located at 3, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 79200 Iskandar Puteri, Johor.	Account no.: L0903010704	Validity period: 1 January 2024 – 31 December 2024	Nil	Not applicable
PG Well Chip (1)						
Pawnbroking Licence						
64.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor.	Licence no.: GL2490/01/01-1/090425	Validity period: 10 April 2023 – 9 April 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Advertising Permit for Pawnbroking Business						
65.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor.	Permit no.: GP2490/01/01-1/190424	Validity period: 20 April 2023 – 19 April 2024 ⁽⁴⁾	Nil	Not applicable
Business Premise Licence						
66.	MBJB	Licence to – (i) carry out pawnbroking business; and (ii) display 1 unit of advertising boards, at the premise located at 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor.	Account no.: L2023LI02783	Validity period: Valid until 30 June 2024	Nil	Not applicable
PG Well Chip (4)						
Pawnbroking Licence						
67.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 1, Jalan Perdagangan Damai Taman Nusa Damai, 81700 Pasir Gudang, Johor.	Licence no.: GL2526/01/01-1/200725	Validity period: 21 July 2023 – 20 July 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied
Advertising Permit for Pawnbroking Business						
68.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 1, Jalan Perdagangan Damai Taman Nusa Damai, 81700 Pasir Gudang, Johor.	Permit no.: GP2526/01/01-1/070824	Validity period: 8 August 2023 – 7 August 2024	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Business Premise Licence						
69.	MBPG	Licence to – (i) carry out pawnbroking business; and (ii) display 5 units of advertising boards, at the premise located at No. 1, Jalan Perdagangan Damai, Taman Nusa Damai, 81700 Pasir Gudang, Johor.	Account no.: L0314141	Validity period: 1 January 2024 – 31 December 2024	(i) Licence must be renewed yearly between 1 September to 30 November. Failure to renew within the timeframe will lead to penalty. (ii) This licence is subjected to all current and new acts, bylaws, rules and regulations imposed by MBPG. MBPG is also empowered to impose additional conditions at any time.	Complied Complied
Well Chip (5)⁽⁵⁾						
Pawnbroking Licence						
70.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 4 & 6, Jalan Bukit Kempas 1/18, Taman Bukit Kempas, 81200 Johor Bahru, Johor.	Licence no.: GL2527/01/01-1/080126	Validity period: 9 January 2024 – 8 January 2026	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied
Advertising Permit for Pawnbroking Business						
71.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 4 & 6, Jalan Bukit Kempas 1/18, Taman Bukit Kempas, 81200 Johor Bahru, Johor.	Permit no.: GP2527/01/01-1/140125	Validity period: 15 January 2024 – 14 January 2025	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
PG Well Chip (6)						
Pawnbroking Licence						
72.	KPKT	Licence to operate and carry out pawnbroking business at the address known as No. 12, Jalan Ronggeng 12, Taman Skudai Baru, 81300 Skudai, Johor.	Licence No.: GL2528/01/01-1/060925	Validity period: 7 September 2023 – 6 September 2025	(i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence. (ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers.	Complied Complied
Advertising Permit for Pawnbroking Business						
73.	KPKT	Permit to advertise by way of signboard for the pawnbroking business at the address known as No. 12, Jalan Ronggeng 12, Taman Skudai Baru, 81300 Skudai, Johor.	Permit no.: GP2528/01/01-1/130924	Validity period: 14 September 2023 – 13 September 2024	Nil	Not applicable
Business Premise Licence						
74.	MBIP	Licence to – (a) carry out pawnbroking business; and (b) display 4 units of advertising boards, at the premise located at 12, Jalan Ronggeng 12, Taman Skudai Baru, 81300 Skudai, Johor.	Account no.: L01011215892	Validity period: 5 November 2023 – 31 December 2024	Nil	Not applicable

Notes:

- (1) The application for renewal of the advertising permit for the pawnbroking business of KP Well Chip at the address known as No. 23, Jalan Belimbing, Taman Tebrau Jaya, 81400 Senai, Johor has been submitted and the renewed permit is currently pending issuance by KPKT.

7. BUSINESS OVERVIEW (Cont'd)

- (2) The advertising permit for pawnbroking business of PG Nilam for its pawnbroking business at the address known as No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor has been renewed and will be valid from 19 March 2024 to 18 March 2025 upon terms and conditions which are similar to those imposed in the advertising permit.
- (3) The application for renewal of the advertising permit for the pawnbroking business of Thye Shing Pawnshop at the address known as No. 3, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 81550 Gelang Patah, Johor has been submitted and the renewed permit is currently pending issuance by KPKT.
- (4) The application for renewal of the advertising permit for the pawnbroking business of PG Well Chip (1) at the address known as No. 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor has been submitted and the renewed permit is currently pending issuance by KPKT.
- (5) Have not commenced business operations.

As at the LPD, there are a total of 8 pawnbroking outlets where its pawnbroking licence issued by the KPKT have a validity of less than 12 months, as set out below:

No.	Holder of licence	Pawnbroking outlet	Licence no.	Date of issuance / Validity
1.	PG Bintang	No. 27, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor.	Licence no.: GL1972/01/01-4/150824	Validity period: 16 August 2022 – 15 August 2024
2.	PG Bintang	No. 10Q, Jalan Cenderawasih, Larkin Jaya, Larkin, 80350 Johor Bahru, Johor.	Licence no.: GL1777/01/01-6/270924	Validity period: 28 September 2022 – 27 September 2024
3.	PG Fajar Tebrau	No. 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor.	Licence no.: GL2043/01/01-4/150824	Validity period: 16 August 2022 – 15 August 2024
4.	PG Jubli Intan	No. 2, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor.	Licence no.: GL2270/01/01-2/010924	Validity period: 2 September 2022 – 1 September 2024
5.	PG Rubi Kristal	No. 43, Jalan Maju, Taman Maju, 83000 Batu Pahat, Johor.	Licence no.: GL2271/01/01-2/180225	Validity period: 19 February 2023 – 18 February 2025
6.	PG Shinegold	No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor.	Licence no.: GL1930/01/01-5/310524	Validity period: 1 June 2022 – 31 May 2024
7.	PG Well Chip (2)	No. 185, Jalan NB2 2/2, Taman Nusa Bestari 2, 79150 Nusajaya, Johor.	Licence no.: GL2491/01/01-1/250824	Validity period: 26 August 2022 – 25 August 2024
8.	PG Well Chip (3)	No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor	Licence no.: GL2492/01/01-1/250824	Validity period: 26 August 2022 – 25 August 2024


7. BUSINESS OVERVIEW (Cont'd)

Based on the guidelines issued by the KPKT, application for renewal of pawnbroking licences will need to be submitted not less than 60 days before their date of expiry. For the pawnbroking outlets above, where their pawnbroking licences have a remaining validity period of less than 12 months, our usual practice is that applications for renewal will be submitted 2 months before the date of expiry of the pawnbroking licences. Based on our previous experience on renewal applications, KPKT will process our application and issue the renewed pawnbroking licences before the expiry of the pawnbroking licence, provided that all application documents are in order and the processing fee applicable is properly settled. At this juncture, we do not foresee any issues in renewing the pawnbroking licences which are in due course due for renewal. As at the LPD, we have not experienced any non-approval for the renewal of our pawnbroking licences.

7.19 INTELLECTUAL PROPERTY RIGHTS

7.19.1 Registered trademarks

As at the LPD, our Group does not hold any registered patents, trademarks and registrations. Notwithstanding this, our Group has submitted application for registration for the trademark below, which are currently pending approval:

No.	Trademark	Name of applicant / Trademark no. / Application no.	Issuing authority	Class / Description	Status / Validity period
1.		KP Well Chip / Application no.: TM2022033386	MyIPO	Class 14 / Precious metals and their alloys and goods in precious metals or coated therewith; jewellery, precious stones Class 36 / Pawnbroking	Application for registration has been filed on 9 December 2022 ⁽¹⁾

Note:


- (1) The registration application for the “WELL CHIP” mark has been provisionally rejected by MyIPO on 19 January 2023 on the grounds that (i) the mark is devoid of any distinctive character and (ii) the mark consists exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, other characteristics of goods or services or the time of production of goods or of rendering of services. KP Well Chip has appealed such rejection by way of a written submission supported by a statutory declaration on 20 March 2023 and the appeal is currently under review by MyIPO.

7. BUSINESS OVERVIEW (Cont'd)


7.19.2 Licensed trademarks

By virtue of an exclusive licensing trademark agreement dated 6 June 2023 entered into between ValueMax Group Limited (as licensor) and our Company (as licensee) ("**Exclusive Licensing Agreement**"), our Group is licensed to use the trademarks as set out below ("**Three Coins Marks**"). Pursuant to the Exclusive Licensing Agreement, ValueMax Group Limited grants to our Company a perpetual, royalty free, sole and exclusive licence to use the Three Coins Marks registered and owned by ValueMax Group Limited for the business operations of our Group within the territory of Malaysia, together with such exclusive rights to sublicense the Three Coin Marks and such variations as may be introduced by our Company as the licensee. The licence granted is perpetual and irrevocable, and shall continue to remain valid, binding and effective commencing from 6 June 2023. Well Chip has paid a one-off licence fee of SGD10,000 pursuant to the terms of the Exclusive Licensing Agreement.

As at the LPD, save for the aforesaid licensed trademark and the registered trademarks described below, our Group does not hold any other licence for registered patents, trademarks and registrations:

No.	Licensed Trademark(s)	Name of proprietor / Trademark no. / Application no.	Issuing authority	Class / Description	Status / Validity period
1.		ValueMax Group Limited / Trademark no.: 40202125710X	Intellectual Property Office of Singapore ("IPOS")	Class 14 / Precious metals; Precious metal alloys; jewellery; jewellery; Jewellery; Body jewellery; Gold jewellery; Jewellery chain; Jade [jewellery]; Jewellery chains; Jewellery stones; Precious stones; Semi-precious stones; Jewellery incorporating precious stones; Jewellery, precious and semi-precious stones; Horological apparatus; Horological instruments; Horological and chronometric instruments; Time keeping devices [horological instruments]; Horological instruments having quartz movements; Chronometric apparatus; Chronometric instruments; Chronometrical instruments; Chronometric apparatus and instruments; Horological and chronometric instruments; Time keeping devices [chronometric instruments]. Class 36 / Money lending; Financial services in the field of money lending; Real estate rental; Lease of real estate; Real estate financing; Rental of real estate; Leasing of real estate; Renting of real estate.	Registered / 10 years commencing from 27 October 2021

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensed Trademark(s)	Name of proprietor / Trademark no. / Application no.	Issuing authority	Class / Description	Status / Validity period
2.		ValueMax Group Limited / Application no.: TM2022033386	MyIPO	Class 14 / Precious metals and their alloys and goods in precious metals or coated therewith; jewellery, precious stones. Class 36 / Pawnbroking.	Provisional refusal (objected) ⁽¹⁾

Note:

- (1) The registration application for the Three Coins Marks has been provisionally rejected by MyIPO on 22 May 2023 on the grounds that the Three Coins Marks is a “coin” shape representation that is not distinctive and should not be monopolised. ValueMax Group Limited has appealed against such refusal by way of a written submission supported by a statutory declaration on 24 July 2023 and the appeal is currently pending review by MyIPO.

7.19.3 Licensed software

By virtue of a software licensing agreement dated 19 May 2023 entered into between ValueMax Group Limited (as licensor) and SYT Pavilion (as licensee) ("**Software Licensing Agreement**"), ValueMax Group Limited has granted to SYT Pavilion an irrevocable, perpetual, sublicensable, royalty-free licence to utilise the ValueMax Pawnbroking System. The ValueMax Pawnbroking System is used for the purposes of carrying out our day-to-day pawnbroking business and operations of our retail and trading of jewellery and gold segment and are also used by ValueMax Group Limited for the purposes of its own pawnbroking business and operations in Singapore.

The licence granted to SYT Pavilion includes the sole and exclusive right for SYT Pavilion to grant sublicences of the ValueMax Pawnbroking System to any third parties which are the subsidiary and affiliate companies of SYT Pavilion, including companies within our Group. In consideration of such licence of the ValueMax Pawnbroking System, SYT Pavilion has paid a one-off licence fee of RM10.00 to ValueMax Group Limited pursuant to the terms of the Software Licensing Agreement.

7. BUSINESS OVERVIEW (Cont'd)

7.20 MATERIAL PROPERTIES

7.20.1 Properties owned by our Group

The following table sets out the details of the properties we own:

No.	Registered / Beneficial owner	Title / Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Land area / Built-up area sq.m.	Tenure	Express conditions / Category of land use	Restrictions in interest / Encumbrances / Endorsement
1.	PG Jubli Intan	Title: PN 53073, Lot 11958 Bandar Kluang District of Kluang State of Johor Postal address: No. 2 Jalan Syed Abd Manid Sagaff Bandar Kluang 86000 Kluang Johor	Description: A 4-storey corner shop house Existing use: Pawnshop	11 July 2018	Land area: 136 Built-up area: 140	Leasehold expiring 10 December 2108 (remaining tenure 85 years)	Express condition: (1) This land shall be used for a 4-storey shop house for business or residence use, built according to the approved plan by the relevant local authority. (2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority. (3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with. Category of land use: Building	Restrictions in interest: The endowed land shall not be sold, pledged, mortgaged, leased or transferred in any way, including using any contracts that aim to release/sell the land, without the permission of the state authority. Encumbrances / Endorsement: (1) Private caveat registered on 23 December 2021 vide presentation no. 38537/2021, entered by Public Bank Berhad. (2) Charge registered on 9 March 2022 vide presentation no. 16402/2022, by PG Jubli Intan in favour of Public Bank Berhad.

7. BUSINESS OVERVIEW (Cont'd)

No.	Registered / Beneficial owner	Title / Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Land area / Built-up area sq.m.	Tenure	Express conditions / Category of land use	Restrictions in interest / Encumbrances / Endorsement
2.	PG Bintang	Title: Geran 41493 Lot 27531 Mukim Pulau District of Johor Bahru State of Johor Postal address: No. 27, 27A & 27B Jalan Persisiran Perling Taman Perling 81200 Johor Bahru Johor	Description: A 3-storey end-lot shop house Existing use: Pawnshop	7 September 1986	Land area: 156 Built-up area: 173	Freehold	Express condition: (1) This land shall be used for a 3-storey shop for business and residence use, built according to the approved plan by the relevant local authority. (2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority. (3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with. Category of land use: Building	Restrictions in interest: Nil Encumbrances / Endorsement: (1) Private caveat registered on 8 December 2014 vide presentation no. 41132/2014, entered by Public Bank Berhad. (2) Charge registered on 24 December 2014 vide presentation no. 109935/2014, by PG Bintang in favour of Public Bank Berhad.

7. BUSINESS OVERVIEW (Cont'd)

No.	Registered / Beneficial owner	Title / Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Land area / Built-up area sq.m.	Tenure	Express conditions / Category of land use	Restrictions in interest / Encumbrances / Endorsement
3.	PG Well Chip (3)	Title: HSD 238459 PTD 115898 Mukim Plentong District of Johor Bahru State of Johor Postal address: No. 17 Jalan 9/9 Taman Air Biru, 81700 Pasir Gudang, Johor	Description: A double- storey corner shop house Existing use: Pawnshop	25 February 1998	Land area: 230 Built-up area: 266	Leasehold expiring 10 December 2094 (remaining tenure 71 years)	Express condition: (1) This land shall be used for a shop house for business or residence use, built according to the approved plan by the relevant local authority. (2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority. (3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with. Category of land use: Building	Restrictions in interest: The owner after the Johor Corporation (also known as <i>Perbadanan Johor</i>) shall not sell, pledge, mortgage, lease or transfer in any way, including using any contracts that aim to release/sell the land, without the permission of the state authority. The owner after Johor Corporation (also known as <i>Perbadanan Johor</i>) is allowed to pledge/mortgage the land only once to the Government or statutory bodies or any banks registered in Malaysia or financial bodies affiliated with such banks, including Malaysia Building Society Berhad. Prior to pledging or mortgaging the land for the second and subsequent times, the owner must first procure the consent of the state authority. Encumbrances / Endorsement: (1) Order issued by the High Court of Malaya in <i>relation</i> to a charge

7. BUSINESS OVERVIEW (Cont'd)

No.	Registered / Beneficial owner	Title / Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Land area / Built-up area sq.m.	Tenure	Express conditions / Category of land use	Restrictions in interest / Encumbrances / Endorsement
								(2) Private caveat registered on 16 December 2021 vide presentation no. 37547/2021, entered by Public Bank Berhad
								(3) Charge registered on 10 March 2022 vide presentation no. 16981/2022, by Well Chip (3) in favour of Public Bank Berhad.
4.	Registered Owner: Yee Wei Ming	Title: PN 53072 Lot 11957 Bandar Kluang District of Kluang State of Johor	Description: A 4-storey intermediate shop house	25 May 2005	Land area: 124	Leasehold expiring 10 December 2108 (remaining tenure 85 years)	Express condition: (1) This land shall be used for a 4-storey shop for business and residence use, built according to the approved plan by the relevant local authority. (2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority. (3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with.	Restrictions in interest: The endowed land shall not be sold, pledged, mortgaged, leased or transferred in any way, including using any contracts that aim to release/sell the land, without the permission of the state authority. Encumbrances / Endorsement: (1) Private caveat registered on 31 May 2023 vide presentation no. 22565/2023, entered by KE Well Chip. (2) Charge registered on 9 January 2013 vide presentation no. 1713/2013, by Yee Wei Ming in favour of United Overseas Bank (Malaysia) Bhd.
	Beneficial Owner: (¹)KE Well Chip	Postal address: No. 4 Jalan Syed Abd Hamid Sagaff Bandar Kluang 86000 Kluang Johor	Intended use: Retail outlet		Built-up area: 120		Category of land use: Building	

7. BUSINESS OVERVIEW (Cont'd)

Note:

- (1) KE Well Chip is a beneficial owner of the land pursuant to a sale and purchase agreement dated 10 April 2023 entered into between KE Well Chip (as purchaser) and Yee Wei Meng (as vendor) in relation to the acquisition of the property above. As at the LPD, this transaction is pending completion.

7.20.2 Rented Properties

- (i) The following table sets out the details of the properties that we rent from independent third parties:

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
1.	Landlords A ⁽¹⁾	PG Berlian	No. 2 (Ground floor) Jalan Sri Orkid 31 Taman Seri Orkid 81300 Skudai Johor	Description: Ground floor of a 3-storey corner shop office Existing use: Pawnshop	5 August 2014	152	3 years (15 April 2023 to 14 April 2026)	92.40
2.	Landlords B ⁽¹⁾	PG Berlian	No. 4 Jalan Sri Orkid 31 Taman Seri Orkid 81300 Skudai Johor ⁽⁵⁾	Description: A 3-storey intermediate shop office Existing use: Pawnshop	5 August 2014	152	3 years (1 November 2021 to 31 October 2024)	54.00
3.	Fahidah Azah Binti Abu Bakar	PG Bintang	No. 10Q & 10Q1 Jalan Cenderawasih Kampung Dato Onn Jaafar 80350 Johor Bahru Johor	Description: A 2-storey intermediate shop office Existing use: Pawnshop	Occupation Certificate dated 12 June 1974	151	3 years (1 July 2021 to 30 June 2024)	71.87
4.	Landlord C ⁽²⁾	KE Well Chip	10P Jalan Chenderawasih Kampung Dato Onn Jaafar 80350 Johor Bahru Johor	Description: Ground floor of a 2-storey intermediate shop Existing use: Retail outlet	30 August 1977	135	3 years (1 April 2021 to 31 March 2024)	48.00

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
5.	Intrinsic Numbers Sdn. Bhd.	KE Well Chip	No. 1 & 3 Jalan Kebudayaan 8 Taman Universiti 81300 Skudai Johor ⁽³⁾	Description: A 2-storey corner shop and a 2-storey intermediate shop Existing use: Retail outlet and pawnshop	22 January 1997	141	3 years (1 November 2021 to 31 October 2024)	188.76
6.	Yeo Kian Lee	KE Well Chip	No. 9, 9A & 9B Jalan Kota Tinggi, Batu 7 Kawasan Perindustrian Pandan 81100 Johor Bahru Johor ⁽⁴⁾	Description: A 3-storey intermediate shophouse Existing use: Retail outlet	30 August 1981	143	3 years (1 December 2021 to 30 November 2024)	75.54
7.	Chong Soon Fak	PG Fajar Tebrau	No. 11 Jalan Harmonium 23/12 Taman Desa Tebrau 81100 Johor Bahru Johor	Description: A 2½-storey intermediate shop office Existing use: Pawnshop	3 July 2006	186	3 years (1 March 2022 to 28 February 2025)	33.60
8.	Landlord D ⁽²⁾	PG Grand Chip	No. 91, 91-01 Jalan Rosmerah 2/1 Taman Johor Jaya 81100 Johor Bahru Johor	Description: A 2-storey corner shophouse Existing use: Pawnshop	9 March 1995	188	1 year (1 December 2022 to 30 November 2023)	112.20
9.	Landlord E ⁽¹⁾	PG Mutiara Pesona	No. 21, Jalan Mawar Kampung Baru Masai 81750 Masai Johor	Description: A 3-storey corner shophouse Existing use: Pawnshop	5 September 1997	228	3 years (1 May 2022 to 30 April 2025)	156.00

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
10.	Tay Wee Lee	PG Rubi Kristal	No. 43 (Ground Floor) Jalan Maju Taman Maju 83000 Batu Pahat Johor	Description: A 3-storey corner shop office Existing use: Pawnshop	14 October 1996	174	3 years (1 February 2023 to 31 January 2026)	36.96
11.	Me Abd. Kadhim @ M.A. Kader Bin Ibram Shah	PG Delima	No. 25, Jalan Setia 3/8 Taman Setia Indah 81100 Johor Bahru Johor	Description: Ground floor of a 3-storey corner shop office Existing use: Pawnshop	18 October 2006	213	3 years (1 November 2023 to 31 October 2026)	96.00
12.	Landlords F ⁽¹⁾	PG Nilam	No. 1, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor	Description: Ground floor of a 3-storey corner shop office Existing use: Pawnshop	27 July 2002	226	3 years (1 June 2023 to 31 May 2026)	102.00
13.	Chin Khee Kong & Sons Sdn. Bhd.	Thye Shing Pawnshop	No. 151 – 152 Jalan Rahmat 83000 Batu Pahat Johor	Description: A 3-storey corner shophouse and a 3-storey intermediate shophouse Existing use: Pawnshop	Not applicable ⁽⁶⁾	151	3 years (1 March 2023 to 28 February 2026)	96.00
14.	Landlord G ⁽²⁾	PG Well Chip (1)	No. 75 (Ground Floor) Jalan Hang Tuah Taman Sri Tiram 81800 Ulu Tiram Johor	Description: Ground floor of double- storey corner shop office Existing use: Pawnshop	15 February 1988	130	3 years (1 August 2022 to 31 July 2025)	30.00

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
15.	Landlords H ⁽¹⁾	PG Well Chip (2)	No. 185, Jalan NB2 2/2 Taman Nusa Bestari 2 79150 Iskandar Puteri Johor	Description: A 3-storey corner shop office Existing use: Pawnshop	31 December 2002	216	3 years (1 March 2022 to 28 February 2025)	126.00
16.	Wong Choon Yin	KP Well Chip	No. 23, Jalan Belimbing Taman Tebrau 81400 Senai Johor	Description: Ground floor of a 4-storey corner shop house Existing use: Pawnshop	21 May 1987	315	3 years (1 May 2023 to 30 April 2026)	103.20
17.	Landlords I ⁽¹⁾	KP Well Chip	No. 7 & 7A, Batu 7 Jalan Kota Tinggi Taman Pandan 81100 Johor Bahru Johor	Description: Ground floor and first floor of a 3-storey corner shop house Existing use: Pawnshop	30 August 1981	146	3 years (1 December 2021 to 30 November 2024)	100.80
18.	Tan Shaw Chin	KP Well Chip	No. 23-01 Jalan Harmonium 35/3 Taman Desa Tebrau 81100 Johor Bahru Johor	Description: First floor of a 3-storey corner shop office Existing use: Administration office	17 January 2011	176	3 years (1 June 2022 to 31 May 2025)	15.60
19.	Tan Shaw Chin	KP Well Chip	No. 23-02 Jalan Harmonium 35/3 Taman Desa Tebrau 81100 Johor Bahru Johor	Description: Second floor of a 3-storey corner shop office Existing use: Administration office	17 January 2011	176	3 years (1 September 2022 to 31 August 2025)	10.56

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
20.	(i) Lim Kim Tee @ Lim Kim Cheong (ii) Lau Lian @ Lau Chin Lian	Well Chip (7)	No. 171, SH-10 Jalan Besar 81500 Pekan Nenas Johor	Description: 3 storey corner shop house Intended use: Pawnshop	10 January 1995	152	3 years (1 April 2023 to 31 March 2026)	54.00
21.	Koh Git Hwa	KE Well Chip	No. 172, SH-9 Jalan Besar 81500 Pekan Nenas Johor	Description: 3 storey intermediate shop house Intended use: Retail outlet	10 January 1995	152	3 years (1 April 2023 to 31 March 2026)	54.00

- (ii) The following table sets out the details of the properties that are rented from our Directors and/or substantial shareholders and parties related to them:

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
1.	(i) Ng Hooi Lang (ii) Poon Foo Wha	PG Cahaya Damai	No. 47 Jalan Beladai 18 Taman Puteri Wangsa 81800 Ulu Tiram Johor	Description: A 3-storey intermediate shop house Existing use: Pawnshop	2 May 1997	143	3 years (1 July 2022 to 30 June 2025)	48.84
2.	Great Prompt	KE Well Chip	No. 5/5A Jalan Medan Nusa Perintis 6 Taman Nusa Perintis 2 79200 Iskandar Puteri Johor	Description: A double storey intermediate shop office Existing use: Retail outlet	2 October 2000	135	3 years (1 January 2021 to 31 December 2023)	85.80

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
3.	Great Prompt	Thye Shing Pawnshop	No. 3/3A Jalan Medan Nusa Perintis 6 Taman Nusa Perintis 2 79200 Iskandar Puteri Johor	Description: A double-storey intermediate shop office Existing use: Pawnshop	2 October 2000	135	3 years (1 January 2021 to 31 December 2023)	85.80
4.	(i) Yeow Chun Huat (ii) Tang Soo Yen (iii) Yeow En Min (iv) Yeow Shun Kang	PG Well Chip (4)	No. 1/1A/1B Jalan Perdagangan Damai Taman Nusa Damai 81700 Pasir Gudang Johor	Description: 3-storey corner shop office Existing use: Pawnshop	December 1999	279	3 years (1 November 2022 to 31 October 2025)	87.60
5.	Ng Hooi Hwang	Well Chip (6)	No. 12, Jalan Ronggeng 12 Taman Skudai Baru 81300 Skudai Johor	Description: 3-storey intermediate shop office Intended use: Pawnshop	8 June 1986	143	3 years (10 February 2023 to 9 February 2026)	54.00

7. BUSINESS OVERVIEW (Cont'd)

No.	Landlord(s)	Tenant	Postal address	Description / Existing use	Date of CFO / CCC or equivalent	Built-up area sq.m.	Tenure	Rental per annum RM'000
6.	(i) Poon Foo Wha (ii) Ng Hooi Lang (iii) Poon Chun Meng (iv) Poon Chun Neoh (v) Poon Pooi Mern	Well Chip (5)	No. 4 & 4A Jalan Bukit Kempas 1/18 Taman Bukit Kempas 81200 Johor Bahru Johor	Description: 2-storey intermediate shop house Intended use: Pawnshop	3 November 1992	298	3 years (1 July 2023 to 30 June 2026)	74.40
7.	Yeo Mooi Huang	Well Chip (5)	No. 6 & 6A Jalan Bukit Kempas 1/18 Taman Bukit Kempas 81200 Johor Bahru Johor	Description: 2-storey intermediate shop house Intended use: Pawnshop	Not applicable ⁽⁷⁾	298	3 years (1 July 2023 to 30 June 2026)	74.40
8.	VYN Holdings	KP Well Chip	No. 12 & 12A Jalan Sagu 3 Taman Daya 81100 Johor Bahru Johor	Description: A double-storey corner shop Intended use: Pawnshop	30 September 1992	200	3 years and 2 months (1 August 2023 to 30 September 2026)	97.20

Notes:

- (1) Pursuant to the confidentiality clause(s) contained in the tenancy agreements entered into between Landlords A, Landlords B, Landlord E, Landlords F, Landlords H and Landlords I with the subsidiaries of our Group, personal information of the parties, including the name of the parties may be disclosed for purposes relating to the tenancy agreement only. The aforementioned landlords have not agreed to the disclosure of their personal information, including their names in this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

- (2) Pursuant to a confidentiality clause(s) contained in the tenancy agreements entered between Landlord C, Landlord D and Landlord G with subsidiaries of our Group, personal information of the parties, including the name of the parties may be disclosed for purposes relating to the tenancy agreement only. The aforementioned landlords have not provided their consent for disclosure of their names in this Prospectus despite having followed up with the respective landlords to obtain their respective consents.
- (3) The property bearing the postal address of No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300, Skudai, Johor, has been sub-let to PG Shinegold for pawnshop business use.
- (4) The first floor of the property, known as No. 9A, Jalan Kota Tinggi, Batu 7, Taman Pandan 81100 Johor Bahru, Johor has been sub-let to Swift Paragon, our related party.
- (5) The first floor of the property, known as No. 4A, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Skudai, Johor has been sub-let to Pusat Perkembangan Minda Kreatif Bijak, an unrelated third-party.
- (6) The landlord does not have a copy of the CFO/CCC for the property. Upon checks with the local council, namely Majlis Perbandaran Batu Pahat, confirmed that based on their internal records, a CFO was issued for the property. However, they do not retain such records. Notwithstanding that the copy of CFO/CCC is not available, there is no material impact to the business of the Group.
- (7) The landlord does not have a copy of the CFO/CCC for the property. Upon checks with the local council, namely Majlis Bandaraya Johor Bahru, confirmed that based on their internal records, a CFO was issued for the property. However, they do not retain such records. Notwithstanding that the copy of CFO/CCC is not available, there is no material impact to the business of the Group.

For the avoidance of doubt, Landlords A – I, whose consents were not granted for disclosure of their personal information, including their names in this Prospectus, are not our Directors and/or substantial shareholders and parties related to them.

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7. BUSINESS OVERVIEW (Cont'd)

7.21 GOVERNING LAWS AND REGULATIONS

Our Group's business operations are subject to the following key governing laws and regulations.

7.21.1 General

(i) Personal Data Protection Act 2010

The Personal Data Protection Act 2010 governs the processing of personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. We are considered as a data user in carrying out our businesses pursuant to the PDPA 2010. Further, pursuant to the Personal Data Protection (Class of Data Users) Order 2013 as amended by the Personal Data Protection (Class of Data Users) (Amendment) Order 2016 ("**PDPA Order**"), and each of our 22 operating pawnshops is a registered data user with the Personal Data Protection Commission.

For avoidance of doubt, KE Well Chip, which carries out the business of retail and trading of jewellery and gold does not fall within the class of data users as set out in the PDPA Order and as such is not required to be registered with the Personal Data Protection Commission.

(ii) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and its guidelines and policy documents

Reporting institutions must comply with the regulatory framework set out by the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AMLA 2001**") and guidelines issued by BNM, as the competent authority under the AMLA 2001. "Reporting institutions" under the AMLA 2001 would include licenced pawnbrokers and dealers in precious metals and stones.

A reporting institution must keep a record of any transaction involving the domestic or any foreign currency exceeding such amount as the competent authority may specify. Further, reporting institutions shall promptly report to the competent authority of:

- (a) any transaction exceeding such amount as specified by the competent authority⁽¹⁾;
- (b) any transaction where the identity of the person involved, the transaction itself or any other circumstances concerning that transaction that gives any officer or employee of the reporting institution reason to suspect that the transaction involves proceeds of an unlawful activity or instrumentalities of an offence; and
- (c) any transaction or property where any officer or employee of the reporting institution has reason to suspect that the transaction or property involved is intended to be used for or by, any terrorist act, terrorist, terrorist group, terrorist entity or person who finances terrorism.

Note:

- (1) The requirement to submit cash threshold reports to BNM is currently not applicable to pawnbrokers and dealers in precious metals and stones.

7. BUSINESS OVERVIEW (Cont'd)

The requirements for customer due diligence pursuant to the AMLA 2001 are to be read together with: (a) the Sectoral Guidelines 8 for Licenced Moneylenders and Pawnbrokers; (b) the Standard Guidelines on AML/CFT ("**AML/CFT Guide for Pawnbrokers**"); and (c) the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions and Non-Bank Financial Institutions policy document ("**AML/CFT Policy Document**") issued by BNM.

The AML/CFT Policy Document requires –

- (a) pawnbrokers to conduct customer due diligence on the person conducting the transaction, when the pledge amount is at least RM3,000; and
- (b) dealers in precious metals or stones to conduct customer due diligence on the person conducting the transaction, when they engage in any cash transaction equivalent to at least RM50,000 (or any other amount as specified by BNM).

Pursuant to the AML/CFT Guide for Pawnbrokers, customer due diligence may be required to be conducted by pawnbrokers depending on the severity of the following:

- (a) money laundering and terrorism financing risks associated with the customer, based on the background of the customer and the suspicious circumstances in which the transaction was conducted; and
- (b) type or form of transaction undertaken, whether it is of a suspicious nature or that which does not make economic sense.

It is our policy to perform customer due diligence on all our customers, irrespective of the pledge amount or amount of the cash transaction in such manner as set out in **Section 7.13.3** of this Prospectus.

Reporting institutions are required to submit a data and compliance report ("**DCR**") to BNM, which we have complied with to date unless exempted by BNM. The DCR is a supervisory tool adopted by BNM to assess the compliance of reporting institutions with the AMLA 2001 and the AML/CFT Policy Document, including monitoring of any risks of money laundering and terrorism financing. Nevertheless, it should be noted that pawnbrokers are exempted from submitting DCR to BNM for year 2022.

(iii) Street, Drainage and Building Act 1974 ("**SDBA**")

The SDBA regulates laws relating to street, drainage and buildings in local authority areas in Peninsular Malaysia, which provides the requirement to have a CF/CCC to ensure that a building is safe and fit for occupation.

Section 70(27)(f) of the SDBA provides that any person who occupies or permits to be occupied any building or any part thereof without a CF/CCC shall be liable on conviction to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding 10 years or to both. By-Law 28 of the Uniform Building By-Laws 1984 ("**Building By-laws**") stipulates that no person shall occupy or permit to be occupied any building or any part thereof, other than a singly built detached house, unless a CF/CCC, a partial CF/CCC or a temporary CF/CCC has been issued under the Building By-laws for such building and any failure to comply with such by-law shall render such person liable to prosecution under the SDBA.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, all of the owned and tenanted properties of our Group has a record of CF/CCC or occupation permit (as the case may be), where the requirement of CF/CCC is applicable. There has been no non-compliance of our Group in relation to the SDBA or the Building By-laws that may have a material adverse impact on our business operations.

7.21.2 Pawnbroking services

(i) PA 1972 and its regulations

The PA 1972 together with its relevant regulations, including the Pawnbroking Regulations and Pawnbrokers (Compounding of Offences) Regulations 2018, are the principal legislations that govern pawnbroking services in Malaysia.

Section 7(1) of the PA 1972 stipulates that no person can carry on the business as a pawnbroker unless such person is licenced by KPKT under the PA 1972. Section 11F of the PA 1972 stipulates that once such licence has been issued, it cannot be transferred or assigned without the prior written consent of KPKT. Pursuant to Section 7(2) of the PA 1972, any person who carries on business as a pawnbroker without a valid licence, or who continues to carry on such business after his licence has expired or been suspended or revoked commits an offence and shall on conviction be liable to a fine of not less than RM20,000 or to imprisonment for a term not exceeding 5 years or to both, and in the case of a second or subsequent offence shall also be liable to whipping in addition to such punishment.

Section 10A of the PA 1972 provides that KPKT may stipulate conditions in the licence that has to be adhered to. Additionally, KPKT may, during the term of the licence, add to, revoke or vary any such conditions. Pursuant to Section 10C of the PA 1972, a pawnbroker to whom a licence has been granted must display such licence in a visible part of the premise from which the pawnbroking business is carried out at all times. Please refer to **Section 7.18** of this Prospectus on the major conditions imposed by KPKT in relation to our Group's pawnbroker's licences.

Section 13A of the PA 1972 provides that every licenced pawnbroker must submit to KPKT any book, account or document containing pawnbroking transactions within such time as specified by KPKT.

Section 13B of the PA 1972 and Regulation 6 of the Pawnbroking Regulations stipulates that a licenced pawnbroker must not issue or publish advertisements relating to the pawnbroking business unless such licenced pawnbroker has obtained an advertising permit issued by KPKT. Pursuant to Regulation 7 of the Pawnbroking Regulations, such advertising permit is subject to KPKT's approval of the information contained within the advertisement and renewal of such advertising permit must be made at least 60 days before the expiry of the advertisement permit.

Under Sections 22(2) and (3) of the PA 1972 and Regulation 23 of the Pawnbroking Regulations, licenced pawnbrokers have a duty to ensure the safekeeping of pledges and to insure the pledges against loss or damage. Additionally, licenced pawnbrokers must report any suspicious transactions which arise over the course of their pawnbroking business.

As at the LPD, each of our 22 operating pawnshops holds a valid pawnbroker's licence and advertising permit as required under the PA 1972. Please refer to **Section 7.18** of this Prospectus for details of our pawnbroker's licences and advertising permits.

7. BUSINESS OVERVIEW (Cont'd)

On 4 May 2017, further to inspections conducted by officers of KPKT at our pawnbroking outlet licenced under KP Well Chip located at No. 23, Jalan Belimbing, Taman Tebrau Jaya, 81400 Senai, Johor ("**Pawnbroking Outlet**"), the officers found that KP Well Chip had conducted the business of retail and trading of jewellery and gold at the Pawnbroking Outlet in breach of Section 16(3) of the PA 1972, which states as follows:

"No licensee shall use the licensed premises for the conduct or transaction of any business other than that of pawnbroking."

On 15 February 2018, KP Well Chip had fully settled the compound payment in relation to the abovementioned breach amounting to RM2,500 within the permitted payment period. All activities of retail and trading of jewellery and gold at the Pawnbroking Outlet have ceased, and KP Well Chip has not received any further reprimands, penalties or warnings issued by the KPKT in respect of the Pawnbroking Outlet.

We have put in place internal control and compliance procedures such as:

- (i) internal employee trainings and education on the compliance of KPKT regulations;
- (ii) outlet manager to monitor employees; and
- (iii) memos and reminders to be sent to all employees to ensure compliance,

to ensure that only pawnbroking activities are carried out on our pawnbroking premises in compliance with the requirements of KPKT.

(ii) **Garis Panduan Urusan Pelesenan Pemegang Pajak Gadai**

In addition to the above, KPKT had, pursuant to Section 45 of the PA 1972, issued the 'Garis Panduan Urusan Pelesenan Pemegang Pajak Gadai' on 9 August 2019. The guidelines govern, amongst others, applications for pawnbroker's licences from 9 August 2019. Amongst others:

- (a) paragraphs 4.2, 4.3 and 4.4 of the guidelines state that all new applicants are to be Malaysian companies incorporated under the Companies Act 2016 with a share capital of at least RM100,000 at the time the application is made and is to be increased to RM4 million within a 10-month conditional approval period. Further, the guidelines stipulate that the shareholders and/or directors of the applicant company should not have a community credit licence issued under the Moneylenders Act 1951;
- (b) paragraph 4.5 of the guidelines states that there are no pre-determined limits on the number of licences that can be issued by KPKT, and new licences may be issued by KPKT to applicant companies that comply with the requirements of the PA 1972 and its prevailing regulations and guidelines;
- (c) paragraph 4.7 restricts new applicants to just having 1 operating branch per applicant company;
- (d) paragraph 4.8 read together with Appendix 1 of the guidelines state that during the 10-month conditional approval period, an applicant is required to obtain approval from the local authority prior to commencing any renovation activities on the premises approved by KPKT to be licensed as a pawnshop; and

7. BUSINESS OVERVIEW (Cont'd)

- (e) the renovations are to be made in compliance with the requirements of Appendix 1 of the guidelines. Upon completion of renovations and compliance with all requirements under the guidelines, KPKT will perform inspections, prior to the issuance of the new pawnbroker's licence.

Notwithstanding the foregoing, the guidelines do not have retrospective effect and do not apply to pawnbrokers that had obtained their pawnbroker's licences prior to 9 August 2019. Certain of our pawnshops' have been licensed prior to 9 August 2019, and they are not required to comply with the guidelines. All of our pawnshops licensed after 9 August 2019 have complied with the said guidelines. Notwithstanding this, we will need to comply with such guidelines for any new pawnshops to be set up in the future.

7.21.3 Retail and trading of gold products

(i) Financial Services Act 2013

The sale of gold is governed by the Financial Services Act 2013 ("FSA 2013"). The FSA states that no person shall undertake or engage in the buying or selling of gold except with the written approval of BNM. We are involved in the business of retail and trading of gold products, which includes the sales of unredeemed pledged gold items as well as the sales of new and pre-owned gold products to the public. BNM has through Notice 1 of the Foreign Exchange Policy Notices dated 1 June 2022, granted general permission to everyone to buy, sell, exchange, borrow, lend, retain or use gold or other precious metals subject to there being no deposit taking in respect of gold investment scheme. Accordingly, we do not require any specific approval in relation to our business of retail and trading of jewellery and gold .

As at the LPD, there is no non-compliance on the part of our Group with the aforesaid laws and regulations which may materially affect our Group's operations.

7.22 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We operate our business with social and environmental responsibility and aim towards a high standard of corporate governance. Our Board had on [●] approved our Sustainability Framework, which sets out policies in accordance with the Sustainability Reporting Guide issued by Bursa Securities, in meeting our sustainability reporting requirements.

(i) Environmental practices

Our Group's business operations do not emit pollutants to the environment. Nevertheless, as part of our Group's commitment to ensure environmentally responsible operations, we have introduced initiatives to raise our employees' sustainability awareness and promote environmentally friendly practices. To achieve optimal energy efficiency, we turn off all electrical appliances not in use and after working hours.

We also encourage our employees to practice "Reduce, Reuse and Recycle", to minimise waste, conserve natural resources and reduce greenhouse gas emissions.

(ii) Social practices

We contribute positively to the society through our economic presence by providing short-term pawn loans to the financially unserved or underserved individuals to meet their immediate financial needs.

7. BUSINESS OVERVIEW (Cont'd)

We are also committed to provide fair remuneration and equal opportunities, training and development, and safe working environment for our employees.

(iii) Governance practices

We are committed to achieving and sustaining high standards of corporate governance and ethical conduct in accordance with the principles and practices of corporate governance as set out in the MCCG as we believe that a high standard of corporate governance is a fundamental part of our Group in discharging our responsibilities to protect and enhance our shareholders' value and financial performance, with high corporate accountability, transparency and integrity.

As at the LPD, half of our Board members comprise independent directors. We have also met the MCCG's recommendations to have at least 30% female directors. As at the LPD, 4 out of 8 of our Directors are women.

7.23 INTERRUPTIONS TO BUSINESS AND OPERATIONS

The COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. As part of efforts to reduce and control the spread of COVID-19 in the country, the Government had announced various stages of movement control order across different states or localities in the country at different points in time since 18 March 2020.

(i) Pawnbroking services

In compliance with the MCO 1.0 which was first announced and implemented by the Government on 18 March 2020 and as required by KPKT, all pawnbrokers were required to temporarily close their pawnshops from 18 March 2020 until further notice from the Government. On 9 April 2020, KPKT has issued an announcement, which allowed pawnshops to resume operations subject to the following restrictions and adoption of the following SOPs:

- (a) Pawnshops are only allowed to open for 2 working days a week, i.e. Tuesday and Thursday from 9.00 a.m. to 2.00 p.m.;
- (b) Pawnshops' operations are limited to servicing pawnbroking customers who wish to pay the interest due, renew their pawn loans or redeem their pledged items;
- (c) The number of employees in each pawnshop is limited to 2 persons;
- (d) Each employee on duty is required to wear face masks and hand gloves; and
- (e) Hand sanitiser and face masks are to be made available for all walk-in pawnbroking customers and employees on duty must ensure social distancing is maintained at all times.

Notwithstanding the above, the MCO 1.0 restrictions were progressively relaxed over time. Since 5 May 2020, we were able to operate our pawnshops as usual subject to adhering to the relevant SOPs.

7. BUSINESS OVERVIEW (Cont'd)

During the MCO 1.0 period of between 18 March 2020 to 4 May 2020 where our pawnshops were temporarily closed, we did not sell or take possession of the unredeemed pledges for pawn loans that were due for repayment. We have also provided interest rebate of 2 months for pawn tickets that were due during the said period to ease financial difficulties caused by the pandemic. Upon resuming business operations on 5 May 2020, we had allowed our pawnbroking customers to redeem their pledges at any time up until the last day of the month immediately prior to the public auctions were held. Nonetheless, our pawnbroking customers were able to check their pawn loan balances, renew their pawn loans and pay the loan interest with our Well Chip mobile application throughout the various stages of movement control order.

For the FYE 2020, we were unable to sell the unredeemed pledges exceeding RM200 at public auctions in the months of April, May and June, as there were no public auctions held in the aforementioned 3 months, which resulted in a delay in our cash recovery process. Once public auctions were allowed to be held since July 2020, we were able to bid, purchase and sell the unredeemed pledges that should have been auctioned during the period between April 2020 and June 2020.

For FYE 2021, we were unable to sell the unredeemed pledges exceeding RM200 at public auctions in the months of February, March, June, July, August, September and October, as there were no public auctions held in the aforementioned 7 months, as a result of various stages of movement control order. During this period, we allowed our pawnbroking customers to redeem their pledges at any time up until the last day of the month immediately prior to the public auctions were held.

(ii) Retail and trading of jewellery and gold

Our retail outlets were also temporarily closed during the movement control order periods of between 18 March 2020 to 4 May 2020 (1.5 months) as well as between 12 May 2021 to 31 August 2021 (3.5 months). Nevertheless, we could continue selling our jewellery and gold online via our websites and e-commerce platforms.

On 1 April 2022, the Government announced that Malaysia would transit into the “transition to endemic” phase whereby all economic sectors (including the pawnbroking and retail and trading of jewellery and gold) were allowed to operate in accordance with guidelines and SOP imposed by the Government.

(iii) Impact on our financial performance

Our revenue decreased from RM121.84 million in FYE 2020 to RM101.88 million in FYE 2021, mainly due to the decrease in revenue from our retail and trading of jewellery and gold segment, from RM69.80 million in FYE 2020 to RM50.08 million in FYE 2021. This was mainly due to the closure of our retail outlets due to the implementation of the FMCO for approximately 3.5 months (from 12 May 2021 to 31 August 2021) during the FYE 2021, as compared to the FYE 2020 whereby our retail outlets were temporarily closed due to the implementation the MCO 1.0 for approximately 1.5 month (from 18 March 2020 to 2 May 2020). There was no revenue derived from the retail and trading of jewellery and gold segment during the FMCO period, resulting in the substantial decrease in our revenue.

Subsequently, our revenue increased from RM101.88 million in FYE 2021 to RM158.13 million in FYE 2022, mainly due to the increase in revenue from both our pawnbroking segment as well as retail and trading of jewellery and gold segment, following the upliftment of FMCO and we were able operate throughout the year.

7. BUSINESS OVERVIEW (Cont'd)

Since Malaysia entered the endemic phase, we have experienced an increase in the number of customers and pledges. Hence, moving forward, we do not foresee any adverse impact on our financial performance from COVID-19 pandemic.

7.24 FUTURE PLANS AND BUSINESS STRATEGIES

We plan to continue expanding our network of pawnshops in Johor and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding our network, we would be able to increase our market presence and serve a wider customer base, allowing us to further improve our financial performance in the future.

7.24.1 Expansion of 8 new pawnshops in Johor and Melaka

As at the LPD, we operate a total of 22 pawnshops in Johor. As part of our expansion plan, we intend to further strengthen our presence in Johor by establishing more pawnshops in Johor. Further, we also intend to leverage on our knowledge and experience in pawnbroking business in Johor to venture into new geographical locations. We have identified Melaka as the first state for our expansion outside Johor, taking into consideration that Melaka is adjacent to Johor and operational efficiencies due to geographical proximity.

We target to open 6 new pawnshops in Johor and 2 new pawnshops in Melaka within 24 months from our Listing, subject to the issuance of pawnbroking licences for the new pawnshops.

As at the LPD, we have incorporated the 8 companies required for the application of the pawnbroking licences for the respective 8 new pawnshops. The new pawnshops' location together with status of the pawnbroking licence applications are as follows:

No.	Licence holding company	Pawnshop address	Status of pawnbroking licence application		Status of pawnbroking licence	
			In-principal approval	Renovation		
1.	Well Chip (5)	No. 4, 4A, 6 & 6A Jalan Bukit Kempas 1/18 Taman Bukit Kempas 81200, Johor Bahru, Johor	Submitted	Obtained on 18 May 2023	On-going	Pending KPKT inspection and issuance of pawnbroking licence
2.	Well Chip (7)	No. 171, SH-10 Jalan Besar 81500 Pekan Nenas Johor	Submitted	Not obtained	-	-
3.	Well Chip (8)	-(1)	Submitted	Not obtained	-	-
4.	Well Chip (9)	-(1)	Submitted	Not obtained	-	-
5.	Well Chip (10)	-(1)	Submitted	Not obtained	-	-
6.	Well Chip (11)	-(1)	Submitted	Not obtained	-	-
7.	Well Chip (12)	-(1)	Submitted	Not obtained	-	-

7. BUSINESS OVERVIEW (Cont'd)

No.	Licence holding company	Pawnshop address	Status of pawnbroking licence application	In-principal approval	Status of pawnbroking licence	
					Renovation	licence
8.	Well Chip (13)	— ⁽¹⁾	Submitted	Not obtained	-	-

Note:

- (1) As at the LPD, preliminary applications have been submitted to KPKT, and the exact location of each new pawnshop is subject to approval by KPKT.

As at the LPD, save for Well Chip (5) and Well Chip (7), the exact locations of the new pawnshops are yet to be finalised as they are subject to the approval by KPKT.

The total costs for the expansion of 8 new pawnshops in Johor and Melaka are estimated to be RM45.42 million, comprising:

- (i) Total estimated initial set up costs of RM[●]. The initial set up costs for each of the new pawnshops are estimated to be between RM[●] and RM[●]. Save for the initial set up costs for Well Chip (5) of RM[●] and Well Chip (7) of RM[●] which will be funded via internally generated funds of our Group, the initial set up costs of RM[●] for the remaining 6 new pawnshops will be funded via proceeds from the Public Issue; and
- (ii) Total Cash Capital of RM[●]. The Cash Capital to be allocated for each new pawnshop is between RM[●] and RM[●]. All Cash Capital for the new pawnshops will be funded via proceeds from the Public Issue.

Please refer to **Section 4.6** of this Prospectus for further details on the use of proceeds from the Public Issue for the expansion of new pawnshops.

We expect to commence operations of our 8 new pawnshops within 24 months upon receipt of the proceeds raised from the IPO. The expected timeline from the receipt of approval-in-principal for the pawnbroking licence to completion of renovation, issuance of pawnbroking licence by KPKT and commencement of business for the new pawnshops ranges approximately from 6 to 9 months.

7.24.2 Future expansion into Melaka and Negeri Sembilan

Our future expansion strategy is to grow our business geographically and to increase our market presence in other states within Peninsular Malaysia. Since the commencement of our pawnbroking business in 2007, we have increased the number of our pawnshops to 22 as at the LPD. We intend to pursue this expansion strategy by leveraging on our strength and experience from our existing operations in Johor.

After our venture into Melaka, we intend to first develop and expand our network of pawnshops within Melaka for a wider market reach by setting up new pawnshops. Thereafter, we plan to venture into Negeri Sembilan.

The location of the new pawnshops will be determined on several factors, which include but are not limited to population and demographic of the areas, presence of other pawnshops, presence of amenities (i.e., banks and supermarkets), type of area (i.e., commercial/office area or residential area), availability of parking spaces, availability and distance to public transportation, safety of the area and the layout of potential shop lot. Our management will then select the most suitable locations to set up our new pawnshops. As at the LPD, we have yet to identify the locations for the new pawnshops.

7. BUSINESS OVERVIEW (Cont'd)

We intend to expand our pawnbroking operations into Melaka and Negeri Sembilan which will help to gain more visibility and enhance our market position. Johor being the initial location of our business operations provides geographical advantage for expanding to neighbouring states of Melaka and Negeri Sembilan in terms of operational efficiencies and brand recognition.

However, if the opportunity arises, we may acquire existing pawnshops which are already operating in the selected locations. Expansions of our network of pawnshops via acquisitions provides an option for fast and effective market penetration given that the existing pawnshops of other companies are likely to have already established a presence and network in the selected location. Such expansion will add value to our existing business and bring greater economies of scale and growth in the future. As at the LPD, we have not identified any acquisition targets.

We will raise additional funds from bank borrowings and/or the capital market to finance our business expansion when required. In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

Subject to the issuance of the pawnbroker's licences by KPKT, we target to achieve our expansion plan to Negeri Sembilan within 3 years from our Listing.

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8. INDUSTRY OVERVIEW

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Well Chip Group Berhad for the purpose of the IPO.

Date: 14 NOV 2023

The Board of Directors
Well Chip Group Berhad,
No. 23-01 & 23-02,
Jalan Harmonium 35/3,
Taman Desa Tebrau,
81100 Johor Bahru

Dear Sirs/Madams,

Independent Market Research Report on the Pawnbroking Industry in Malaysia and an Overview of the Gold and Jewellery Market ("IMR Report")

Protégé Associates Sdn. Bhd. ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of Well Chip Group Berhad ("**Well Chip**" or the "**Company**") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

We have been engaged to provide an independent market research of the abovementioned industry in which Well Chip and its subsidiaries ("**Well Chip Group**", or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.

Yours sincerely,



Seow Cheow Seng
Managing Director

About Protégé Associates Sdn. Bhd.

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 23 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

8. INDUSTRY OVERVIEW (Cont'd)

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The research for this IMR Report was completed on November 2023

For further information, please contact:

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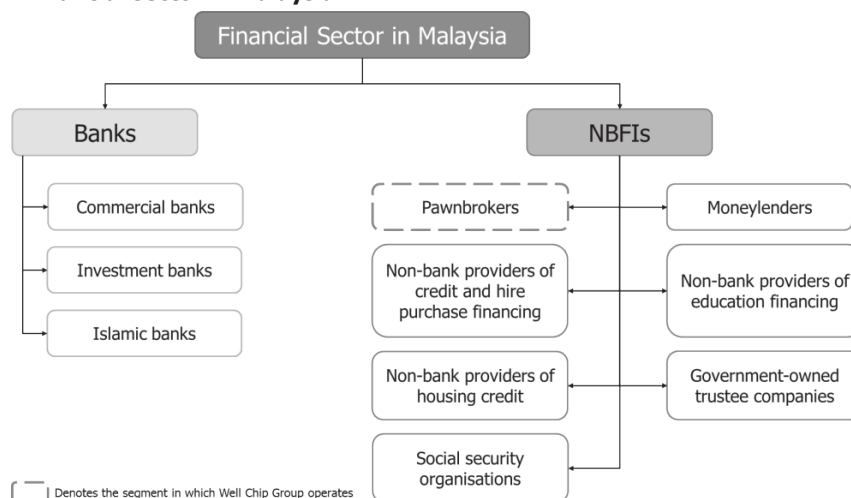
8. INDUSTRY OVERVIEW (Cont'd)



1.0 Overview of the Pawnbroking Industry in Malaysia

The financial sector in Malaysia comprises banks and non-bank financial institutions ("NBFIs") that provide a variety of financial services, which include, amongst others, management of money and assets as well as provision of loans and investment products to the public. Banks comprise commercial banks, investment banks, and Islamic banks while NBFIs comprise, amongst others, pawnbrokers, moneylenders, non-bank providers of credit and hire purchase financing, non-bank providers of education financing, non-bank providers of housing credit, government-owned trustee companies, and social security organisations.

Figure 1: Financial sector in Malaysia



Source: Bank Negara Malaysia ("BNM")

Banks are regulated by BNM while NBFIs are regulated by other authorities such as government ministries, the Malaysia Co-operative Societies Commission, the Securities Commission Malaysia, and the Ministry of Local Government Development otherwise known as the *Kementerian Pembangunan Kerajaan Tempatan* ("KPKT").

Pawnbroking service is a form of micro-financing extended by pawnbrokers in the form of pawn loans, which are short-term collateralised loans. Pawnbroking service in Malaysia is governed by KPKT and regulated under the Pawnbrokers Act 1972 ("PA 1972"). Customers of pawnbrokers are individuals seeking loans that are part of the financially unserved or underserved population or are unable to obtain loans from banks or other NBFIs. Customers seeking pawnbroking services must be aged 18 and above. Customers generally pledge valuable goods such as gold jewellery, minted gold bars, or luxury items such as branded watches and gems as collateral for their pawn loans.

The PA 1972 sets out the regulations for all licensed pawnbrokers operating in Malaysia, which include amongst others, the prescribed interest rate, administrative fees chargeable to pawnbroking customers, and the administrative procedures related to unredeemed pledged items. According to the PA 1972 and Pawnbrokers (Control and Licensing) Regulations 2004, a pawnbroker may offer:

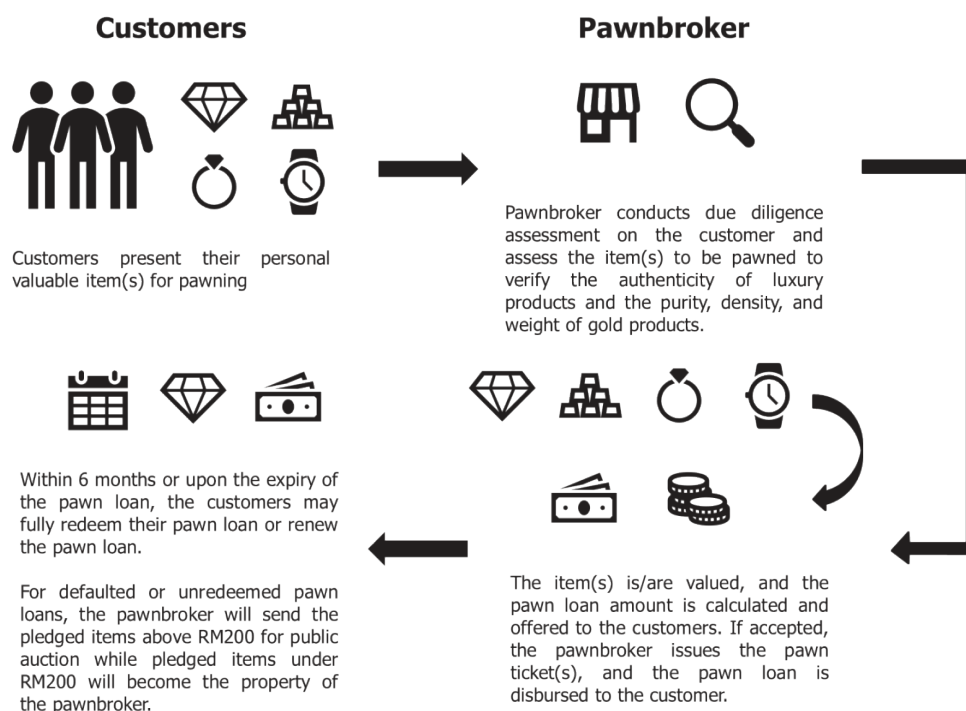
- (i) a maximum pawn loan amount of RM10,000 for each pawn ticket issued, and each pawn loan offered can comprise one or more pledges. Nevertheless, as clarified by the notice issued by the KPKT dated 22 November 2023, a pawnbroker may offer a maximum pawn loan amount of RM500,000 for each pawn ticket issued, and each pawn loan offered may comprise one or more pledges;
- (ii) maximum monthly interest of 2.0% on the pawn loan amount over a pawn loan period of 6 months; and
- (iii) maximum one-off administrative fee of RM0.50 for issuance of pawn tickets for pawn loans amounting to more than RM10.00.

8. INDUSTRY OVERVIEW (Cont'd)



The figure below depicts the general steps involved in a pawn loan transaction:

Figure 2: Illustration of a pawn loan transaction



In addition to conventional pawnbroking services, Ar-Rahnu services (Islamic pawnbroking services that comply with Shariah principles) are also provided in Malaysia. Like conventional pawnbroking services, an individual is provided with a loan in exchange for pledging valuable item(s). However, individuals are only allowed to pawn gold jewellery (without precious stones), gold coins, and gold wafers. Instead of charging interest on the loan, Ar-Rahnu service providers will charge the individuals either a service fee or a profit fee for the safekeeping of the valuable item(s). If the loan amount is not repaid within the agreed period, the Ar-Rahnu service providers have the right to seize and auction the pledged valuable item(s). In Malaysia, Ar-Rahnu services are provided by banks and NBFIs such as state-linked companies and cooperatives. Banks offering Ar-Rahnu services are governed by BNM under the Islamic Financial Services Act 2013. State-linked companies are governed by their respective state governments while cooperatives are governed by the Malaysia Co-operative Societies Commission under the Co-operative Societies Act 1993. As Ar-Rahnu services do not use the principle of interest (*riba*), Ar-Rahnu is Shariah-compliant. Thus, Ar-Rahnu services represent an alternative option to conventional pawnbroking for Muslim individuals who prefer to use financial services that are structured in accordance with Shariah principles.

2.0 Historical Market Performance and Growth Forecast

Protégé Associates has provided the historical performance and growth forecast of the pawnbroking industry in Malaysia based on a combination of resources, including the data from the KPKT and the annual reports of public listed pawnbroking companies. Data is also gathered from further secondary and primary research works conducted. Searches on private pawnbroking companies are also conducted with the Companies Commission of Malaysia to gather more disclosures on their business performance. Primary research works are conducted with stakeholders in the local pawnbroking industry to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the pawnbroking industry in Malaysia.

Figure 3: Historical Size (Revenue) and Growth Forecast for the Pawnbroking Industry in Malaysia, 2020-2027

Year	Size (RM billion)	Growth Rate (%)
2020	1.82	-

8. INDUSTRY OVERVIEW (Cont'd)



Year	Size (RM billion)	Growth Rate (%)
2021	2.22	21.3
2022	2.47	21.9
2023f	2.74	11.0
2024f	3.07	11.8
2025f	3.42	11.5
2026f	3.80	11.2
2027f	4.20	10.6

Notes:

f denotes forecast

Compound annual growth rate ("CAGR") (2022-2027) (base year of 2021) = 11.1%

Source: Protégé Associates

Due to the COVID-19 pandemic and subsequent lockdown measures implemented by the Malaysian government, non-essential businesses were required to temporarily close and suspend their operations. As a result, Malaysia's average household income decreased, as businesses responded to the pandemic's uncertainties by implementing cost-saving measures such as retrenchments and salary reductions. The adverse impact on individuals' incomes may have prompted them to utilise pawnbroking services to access funds in a time-efficient manner to support their financial needs. As a result, the pawnbroking industry in Malaysia continued to perform positively between 2020 and 2022.

Moving forward, the Malaysian pawnbroking industry is forecasted to expand at a CAGR of 11.1% from RM2.47 billion in 2022 to RM4.20 billion in 2027. Growth of the industry is expected to be driven by demand from individuals that need immediate financing and from the unserved population who do not have a bank account; uncertain economic conditions caused by weaker global economic growth, geopolitical conflict, higher inflation rate, and tightening of financial conditions; and growing number of active licenced pawnbrokers, which improves the availability and accessibility to pawnbroking services.

On the other hand, growth of the Malaysian pawnbroking industry may be affected by factors such as the availability of alternate financing services, the regulations governing the industry, and the capital requirements required for pawnbroking business.

3.0 Competitive Analysis

3.1 Competitive Landscape

Based on the latest available statistics from the KPKT, there are 728 active licenced pawnbrokers in Malaysia in 2021. The number of active licenced pawnbrokers in Malaysia has increased at a CAGR of 7.1% from 516 active licenced pawnbrokers in 2017 to 728 active licenced pawnbrokers in 2021. With 212 active licenced pawnbrokers, Selangor had the highest number of active licenced pawnbrokers in 2021. This was followed by Johor (103) and Kuala Lumpur (77) with the second and third highest number of active licenced pawnbrokers respectively. The number of active licenced pawnbrokers in Malaysia further increased to 789 active licenced pawnbrokers in the third quarter of 2022. The states with the top three highest number of active licenced pawnbrokers in the third quarter of 2022 were Selangor (229), Johor (125), and Kuala Lumpur (80).

3.2 Industry Players Analysis

For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with Well Chip Group:

- own and/or operate 3 or more licensed pawnbroking outlets in Johor; and/or
- industry players that are publicly listed in Malaysia or are wholly-owned subsidiaries of public listed companies in Singapore.

It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. The list of industry players only serves as a reference for readers.

8. INDUSTRY OVERVIEW (Cont'd)



Figure 4: Comparison between Well Chip Group and Selected Industry Players

Company	Information from FYE	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Profit/(Loss) before Tax (RM'000)	Profit/(Loss) after Tax (RM'000)	Gross Profit/(Loss) Margin ¹ (%)	Profit/(Loss) before Tax Margin ² (%)	Profit/(Loss) after Tax Margin ³ (%)	Gearing ratio ⁽⁷⁾
Well Chip Group	31 December 2022	158,125 ^(a)	62,533	32,746	25,157	39.5	32.1	23.3	1.41
Evergreen Max Cash Capital Berhad ⁴	31 December 2022	67,173 ^(b)	23,435	24,228	20,051	34.9	36.1	29.9	0.52
Pappajack Berhad ⁴	31 December 2022	69,963 ^(c)	22,301	14,574	10,117	31.9	20.8	14.5	0.16
Maxi Cash Group of Companies⁵									
Maxi Cash (S1) Sdn. Bhd.	31 December 2022	1,894 ^(d)	1,011	52	42	53.4	2.8	2.2	1.78
Maxi Cash (S2) Sdn. Bhd.	31 December 2022	1,841 ^(d)	1,063	277	193	57.7	15.1	10.5	1.15
Maxi Cash (S3) Sdn. Bhd.	31 December 2022	1,368 ^(d)	651	-187	-189	47.6	-13.6	-13.8	1.08
MoneyMax Group of Companies⁶									
Pajak Gadai MoneyMax (Bandar Baru Uda) Sdn. Bhd.	31 December 2022	376 ^(e)	N/A	76	76	N/A	20.2	20.2	2.06
Pajak Gadai MoneyMax (Batu Pahat) Sdn. Bhd.	31 December 2022	9 ^(f)	N/A	-60	-60	N/A	-689.9	-689.9	0.19
Pajak Gadai MoneyMax (Kluang) Sdn. Bhd.	31 December 2022	13 ^(f)	N/A	-80	-80	N/A	-597.8	-597.8	0.22
Pajak Gadai MoneyMax (Kulai) Sdn. Bhd.	31 December 2022	40 ^(f)	N/A	-62	-62	N/A	-153.5	-153.5	0.43
Pajak Gadai MoneyMax (Larkin) Sdn. Bhd.	31 December 2022	207 ^(e)	N/A	-58	-58	N/A	-27.9	-27.9	1.28
Pajak Gadai MoneyMax (Masai) Sdn. Bhd.	31 December 2022	204 ^(f)	N/A	-61	-61	N/A	-29.8	-29.8	1.13
Pajak Gadai MoneyMax (Pandan1) Sdn. Bhd.	31 December 2022	-(g)	N/A	-18	-18	N/A	N/A	N/A	N/A
Pajak Gadai MoneyMax (Senai) Sdn. Bhd.	31 December 2022	10 ^(f)	N/A	-72	-72	N/A	-693.5	-693.5	0.25
Pajak Gadai MoneyMax (Seri Orkid) Sdn. Bhd.	31 December 2022	-(g)	N/A	-49	-49	N/A	N/A	N/A	N/A
Pajak Gadai MoneyMax (Skudai) Sdn. Bhd.	31 December 2022	-(g)	N/A	-35	-35	N/A	N/A	N/A	N/A
Pajak Gadai MoneyMax (Taman Daya Sagu) Sdn. Bhd.	31 December 2022	100 ^(f)	N/A	-94	-94	N/A	-93.5	-93.5	0.61
Pajak Gadai MoneyMax (Taman Daya) Sdn. Bhd.	31 December 2022	199 ^(f)	N/A	-158	-158	N/A	-79.5	-79.5	4.78
Pajak Gadai MoneyMax (Tun Aminah) Sdn. Bhd.	31 December 2022	-(g)	N/A	-109	-109	N/A	N/A	N/A	N/A
Maxwynn Group of Companies									
Pajak Gadai Max Wynn Holdings Sdn. Bhd.	31-Dec-21	44,347 ^(h)	3,241	1,447	1,103	7.3	3.3	2.5	1.54
Pajak Gadai MGS Sdn. Bhd.	30-Jun-22	8,600 ^(h)	597	143	116	6.9	1.7	1.3	0.25
Pajak Gadai GWS Sdn. Bhd.	30-Jun-22	10,263 ^(h)	714	104	55	7.0	1.0	0.5	0.32
Pajak Gadai Thye Long Hup Kee Sdn. Bhd.	31-Dec-21	36,344	2,458	878	677	6.8	2.4	1.9	4.81
Pajak Gadai Maxwynn (B.Indah) Sdn. Bhd.	31-Dec-21	-(g)	N/A	-261	-265	N/A	N/A	N/A	N/A

8. INDUSTRY OVERVIEW (Cont'd)



Company	Information from FYE	Revenue (RM'000)	Gross Profit/(Loss) (RM'000)	Profit/(Loss) before Tax (RM'000)	Profit/(Loss) after Tax (RM'000)	Gross Profit/(Loss) Margin ¹ (%)	Profit/(Loss) before Tax Margin ² (%)	Profit/(Loss) after Tax Margin ³ (%)	Gearing ratio ⁽⁷⁾
Pajak Gadai Maxwynn (T.Daya) Sdn. Bhd.	31-Dec-21	-(g)	N/A	-73	-74	N/A	N/A	N/A	0.48
Pajak Gadai Maxwynn (P. Gudang) Sdn. Bhd.	31-Dec-21	12 ^(d)	6	-276	-276	49.5	-2,307.4	-2,307.4	N/A
Pajak Gadai Maxwynn (Kluang) Sdn. Bhd.	31-Dec-21	-(g)	N/A	-14	-14	N/A	N/A	N/A	N/A
Pajak Gadai Maxwynn (BP) Sdn. Bhd.	31-Dec-21	-(g)	N/A	-168	-173	N/A	N/A	N/A	0.04

Notes:

- Gross Profit/(Loss) Margin = Gross Profit/(Loss) / Revenue
- Profit/(Loss) before Tax Margin = Profit/(Loss) before Tax / Revenue
- Profit/(Loss) after Tax Margin = Profit/(Loss) after Tax / Revenue
- EMCC Berhad and Pappajack Berhad are listed on the ACE Market of Bursa Malaysia Securities Berhad.
- Maxi Cash Financial Services Corporation Ltd, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited with a total turnover revenue of 319.0 million Singapore Dollars ("SGD") in 2022, of which SGD19.2 million (approximately RM61.3 million, based on the average exchange rate of SGD1 = RM3.1913 as published by BNM from 3 January 2022 to 30 December 2022) was contributed by revenue from subsidiaries in Malaysia (5 subsidiaries), Hong Kong (3 subsidiaries), and Australia (3 subsidiaries). Presented are wholly-owned subsidiaries of Maxi Cash Financial Services Corporation Ltd that are operating in Johor Bahru only.
- MoneyMax Financial Services Ltd, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited, with a total turnover revenue of 253.5 million SGD in 2022, of which SGD21.0 million (approximately RM67.0 million, based on the average exchange rate of SGD1 = RM3.1913 as published by BNM from 3 January 2022 to 30 December 2022) was contributed by revenue from subsidiaries in Malaysia (72 subsidiaries). Presented are wholly-owned subsidiaries of MoneyMax Financial Services Ltd, that are operating in Johor Bahru only.
- Computed as total loans and borrowings (including other payables such as amount due to related parties, directors, and holding companies) divided by total equity.
- (a) Revenue comprises interest income and administrative fees for pawnbroking services as well as retail sales of jewellery and gold, and sales of scrap gold.
- (b) Revenue comprises interest income and administrative fees for pawnbroking services as well as retail sales of unredeemed pledges, pre-owned gold products, and new gold products.
- (c) Revenue comprises interest income and administrative fees for pawnbroking services as well as sale of unredeemed or bid pledges.
- (d) Revenue comprises sale of jewellery and interest income from pawnbroking services.
- (e) Revenue comprises interest income.
- (f) Revenue comprises revenue from contracts with customers.
- (g) The company has not commenced business operations during the financial period.
- (h) Revenue comprises revenue from and interest earned on redeemed pledges, sales of and interest accrued on unredeemed pledges, as well as pledge redemption fee.
- (i) Revenue comprises revenue from and interest earned on redeemed pledges, interest accrued on unredeemed pledges, as well as pledge redemption fee.

Source: Well Chip, Companies Commission of Malaysia, annual reports of Pappajack Berhad, Maxi Cash Financial Services Corporation Ltd, and MoneyMax Financial Services Ltd, Prospectus of Evergreen Max Cash Capital Berhad, and Protégé Associates

3.3 Estimated Market Share

Based on the total estimated market size (computed based on the revenues of pawnbroking players in the country) of the pawnbroking industry in Malaysia of RM2.47 billion in 2022 (Source: Protégé Associates), Well Chip Group's revenue of RM158.1 million for FYE 31 December 2022 represents a 6.4% market share of the pawnbroking industry in Malaysia in 2022.

Protégé Associates estimated the size of the pawnbroking industry in Johor in 2022 based on the industry players' revenue to be RM408.0 million. Accordingly, Well Chip's revenue of RM158.1 million for FYE 31 December 2022 represents a 38.8% market share of the pawnbroking industry in Johor in 2022.

8. INDUSTRY OVERVIEW (Cont'd)



4.0 Demand Conditions

Figure 8: Demand Conditions Affecting the Pawnbroking Industry in Malaysia, 2023-2027

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2023-2024	2025-2026	2027
+	Pawnbroking services provide immediate access to funds	High	High	High
+	Pawnbroking services provide financing services to the unserved or underserved population	High	High	High
+	Uncertain economic conditions	High	Medium	Medium
-	Availability of alternative financing services	Medium	Medium	Medium

Source: Protégé Associates

Pawnbroking services provide immediate access to funds

Demand for pawnbroking services in Malaysia is likely to arise from the ability of pawnbrokers to provide customers with immediate access to funds. Conventional financial institutions like banks offer financing to customers but approval of financing is subject to time-consuming stringent checks and a thorough application process which is dependent on factors such as the customer's credit score rating, income information, and background checks. Customers who are unable to meet the requisite requirements may only be offered a part of the financing or none. Thus, customers with poor credit score ratings or without proof of income would find it difficult to obtain timely financing from conventional financial institutions such as banks. In general, pawnbrokers' due diligence on customers are not as stringent compared to conventional financial institutions. Additionally, pawn loans can be processed and disbursed on immediate basis upon verification or within the same day. As such, loans provided by pawnbroking services are alternative source of immediate financing solutions to borrowers.

Pawnbroking services provide financing services to the unserved population

The pawnbroking industry in Malaysia is also expected to be driven by demand from the country's unserved population. The unserved population refers to the adult population that do not have a bank account to deposit or withdraw money. The BNM estimates that 5% of the adult population was unserved in 2020. The World Bank estimates that 11.6% of Malaysian individuals aged 15 years and above were unserved in 2021. Without a bank account, an individual would have difficulty in showing track record of their income or be able to obtain a credit score rating, which would make it difficult to meet the stringent requirements to obtain financing from conventional financial institutions. Pawnbrokers provide an alternative financing method for such customers to obtain financing as they only need to provide proof of identity and the valuable item(s) to be pawned.

Uncertain Economic Conditions

Uncertain economic conditions are likely to drive the demand for pawnbroking services. The onset of the COVID-19 pandemic and subsequent slowdown in global economic activities had led to a contraction of world output by 3.1% in 2020 before rebounding to register a growth of 6.3% in 2021. The recovery trend continued in 2022, with global output estimated to grow by 3.5% during the year. Global output is projected to expand, albeit at a slower pace, at 3.0% in 2023 and 2.9% in 2024. In Malaysia, the gross domestic product ("GDP") contracted by 5.6% in 2020 before rebounding to register growth of 3.1% in 2021 and a growth of 8.7% in 2022. BNM projects the country's GDP to expand by 4.0% to 5.0% in 2023, slowing slightly from the previous year. While BNM expects the Malaysian economy to continue growing, growth of the Malaysian economy in short-term is likely to be affected by downside risks such as weaker global growth, escalating geopolitical conflict, higher inflation rate, and tightening of financial conditions. Weaker economic growth and a high inflation environment may lead to a decrease in income and a decrease in consumer spending power. Individuals who have experienced a negative impact on their income and require additional funds may then utilise pawnbroking services to obtain immediate funds to sustain themselves.

Availability of alternative financing services

Demand for pawnbroking services in Malaysia may be affected by the availability of alternative sources of financing. As discussed above, customers may opt for loans from conventional financial institutions like banks if they have a good credit score rating, proof of steady income, or do not require funds on an immediate basis. Although these sources of financing may not be a like-for-like substitute for the immediate secured financing obtained through pawn loans, they represent an alternative to pawn loans

8. INDUSTRY OVERVIEW (Cont'd)



that may lead to a decrease in demand for pawnbroking services. Additionally, Muslim individuals may opt for Ar-Rahnu services, a Shariah-compliant form of pawnbroking, which may also affect demand for conventional pawnbroking services.

5.0 Supply Conditions

Figure 5: Supply Conditions Affecting the Pawnbroking Industry in Malaysia, 2023-2027

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2023-2024	2025-2026	2027
+	Increasing number of active licenced pawnbrokers	High	High	High
-	Regulations that govern the pawnbroking industry	Low	Low	Low
-	High capital requirements to carry out pawnbroking services	Low	Low	Low

Source: Protégé Associates

Increasing number of active licenced pawnbrokers

The pawnbroking industry in Malaysia is expected to be supported by the number of active licenced pawnbrokers in the country. As seen in Section 4.1, the number of active licenced pawnbrokers in Malaysia has increased at a CAGR of 7.1% from 516 active licenced pawnbrokers in 2017 to 728 active licenced pawnbrokers in 2021. The number of active licenced pawnbrokers in Malaysia further increased to 789 active licenced pawnbrokers in the third quarter of 2022. The availability of pawnbrokers in Malaysia will enable the public to access pawnbroking services easily. There is also potential for new pawnbroking outlets to be established in states where there are fewer active licenced pawnbrokers.

Regulations that govern the pawnbroking industry

Pawnbrokers are regulated under the PA 1972 which sets out, amongst others, the maximum prescribed interest rate, administrative fees chargeable to pawnbroking customers, and the administrative procedures related to unredeemed pledged items. In the event that changes to the regulations result in a lower maximum prescribed interest rate, pawnbrokers may experience an adverse effect on their profitability which may result in pawnbrokers ceasing operations or reconsidering their expansion plans to establish new pawnshops or may dissuade new entrants from entering the industry. Furthermore, in the event that changes to the regulations result in additional compliance requirements or stricter standards, incumbent industry players may not be able to comply with the new requirements, leading to a decrease in number of pawnbrokers in the country.

Nevertheless, larger industry players with greater capital resources may not be affected by the aforementioned changes in regulations governing the pawnbroking industry. Larger industry players with greater capital resources may be able to adjust to lower maximum interest rates by adjusting their business model to remain profitable. Similarly, they may be able to invest in the necessary infrastructure or to comply with the additional compliance requirements or stricter standards due to changes in the PA 1972. Whilst changes in the PA 1972 may increase the barrier to entry to the pawnbroking industry, it may provide opportunities for incumbent industry players to solidify their position in the market and expand their operations, thus leading to a growth in the local pawnbroking industry.

High capital requirements to carry out pawnbroking services

The growth of Malaysian pawnbroking industry may be constrained by the high capital requirements to undertake pawnbroking services. Pawnbrokers are required to have high cash capital in order to disburse pawn loans to their customers in exchange for valuable items such as gold jewellery, minted gold bars, or luxury items such as branded watches and gems. Limited cash capital will affect the pawnbroker's ability to scale up its operations and may adversely affect the growth of the industry. Additionally, high cash capital requirements may deter new entrants into the industry which would also negatively affect the potential for the industry to expand. On the other hand, the high capital requirements deterring new entrants into the industry may be advantageous for incumbent industry players who are then able to strengthen their position in the market and further expand their operations.

8. INDUSTRY OVERVIEW (Cont'd)



6.0 Prospect and Outlook of the Pawnbroking Industry in Malaysia

The outlook of the pawnbroking industry in Malaysia is expected to be positive during the forecast period. Growth is expected to be supported by continued demand for pawnbroking services and a trend of growing number of active licenced pawnbrokers. Pawnbrokers are able to offer individuals financing without the checks on their credit score rating, or income information, which are usually required by banks when applying for loans. Pawn loans can also be disbursed on immediate basis upon verification or within the same day, making pawnbrokers a swift financing option. As such, pawnbroking services will likely continue to be in demand as a source of immediate financing. Additionally, demand is expected to also be driven by the unserved population. Without a bank account and proof of income or a credit score, the unserved are unlikely to be able to obtain a loan from banks, which may encourage them to approach pawnbrokers for their financing needs. The pawnbroking industry in Malaysia is also likely to benefit from the uncertain economic conditions caused by the COVID-19 pandemic, geopolitical conflict, weaker global economic growth, and inflationary environment. As a weaker economic growth and inflationary environment may lead to lower income and spending power, individuals may choose to utilise pawnbroking services to finance their needs. The local pawnbroking industry is also expected to be supported by a growing number of active licenced pawnbrokers in the country as a larger number of pawnbrokers will likely improve the availability and accessibility to pawnbroking services.

Conversely, the local pawnbroking industry may be affected by the availability of other forms of financing such as financing from banks or through unsecured loans. While such options do not represent a like-for-like alternative to pawnbroking services, they are considered alternative financing options that may reduce the demand for pawnbroking services. Muslim individuals who prefer to use financial services that are structured in accordance with Shariah principles may opt for Ar-Rahnu services rather than conventional pawnbroking. The industry may also be constrained by the regulations that govern the industry. Adverse changes to regulations may see incumbent industry players leaving the industry or new entrants deterred from joining the industry. The high capital requirements may also deter new entrants from joining the industry, thus affecting the industry's ability to expand. While changes to the regulations and high capital requirements may deter new entrants from joining the industry and limiting growth of the industry in the future, the aforementioned factors may allow incumbent industry players with sufficient capital resources and experience to strengthen their position in the industry. This may lead to expansion of their operations and a general growth in the local pawnbroking industry.

Overall, the Malaysian pawnbroking industry is expected to be resilient during the forecast period. The industry is forecast to expand at a CAGR of 11.1% from RM2.40 billion in 2022 to RM4.20 billion in 2027.

7.0 Overview of the Gold and Jewellery Market

Gold is a rare and precious metal that has a range of properties such as good electrical conductivity, resistance to corrosion, does not tarnish easily, and a brilliant lustre. As such, gold is widely used, including as a raw material for manufacturing electronics and industrial products, jewellery or for investment.

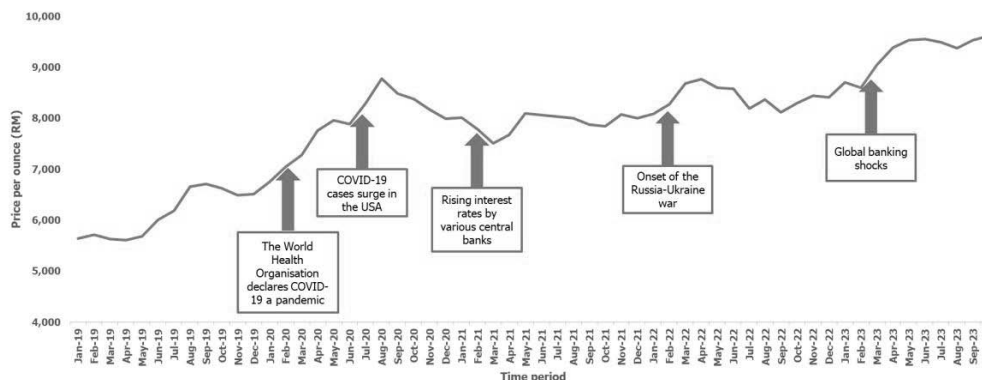
7.1 Gold Price Trend

Gold can be a type of investment, generally in the form of gold coins, gold bullions, gold bars, or minted gold bars. Gold is a commodity and as such is subject to fluctuations in global prices as a result of supply and demand conditions, inflation, and the global economic situation. The figure below shows the price of gold per ounce from January 2019 to March 2023. Gold price had increased from approximately RM5,640 per ounce in January 2019 to approximately RM9,622 per ounce in October 2023.

8. INDUSTRY OVERVIEW (Cont'd)



Figure 6: Gold price, January 2019 to October 2023



Source: BNM

Note: Gold prices were taken from the selling price of 1 ounce of Kijang Emas, which is the Malaysian gold bullion coin

Gold prices began to rise in the second half of 2019 as a result of a low interest rate environment, on-going geopolitical issues between the United States of America ("USA") and the People's Republic of China ("PRC"), and strong demand from central banks around the world. The onset of the COVID-19 pandemic in early 2020 led to economic uncertainty and governments around the world responded by establishing decisive fiscal and monetary policies to support their economies. The uncertainty in the economy saw the United States Dollar ("USD") and stock markets around the world weaken, leading to investors investing into gold. According to the World Gold Council, demand for gold from investments surged by 39.7% from 1,269.2 tonnes in 2019 to 1,773.2 tonnes in 2020. The significant rise in demand for gold from investments together with the weakness of the USD and ongoing trade tensions between the USA and the PRC contributed further to the rising price of gold especially in the first half of 2020.

In the second half of 2020, gold prices fell from its mid-year high, albeit still above 2019 prices. Countries began to control the spread of COVID-19 more effectively, global stock markets had begun to recover and perform well, and the news of COVID-19 vaccines prompted positive views for the global economy, which all contributed to the decrease in gold prices in the second half of 2020. In 2021, gold prices dipped slightly in the early months of the year before rising and remaining around the RM8,000 per ounce mark throughout the year. The slight decline came considering vaccine rollout and shifts from investment in gold to more high-risk forms of investment. The increase in gold prices throughout the remainder of 2021 was due to increasing inflation and growing demand for gold jewellery as economies continued to recover from COVID-19 induced slowdown. Investment in gold from retail investors also supported the price of gold for the remainder of 2021.

Gold prices rose again in beginning of 2022 and remained above RM8,000 per ounce despite a rising interest rate environment and a strong USD due to continued demand for gold as an investment and rising inflation, as well as the Russia-Ukraine war. Thereafter the gold price decreased in the middle of 2022 in response to the balance between rising interest rates announced by federal banks around the world and factors such as persistently high inflation and the Russia-Ukraine war. In the second half of 2022, gold prices initially fell as a result of the strong USD and lower investment in gold before rising again due to lower yields from other forms of investment. Gold prices further increased in 2023 resulting from fears of a global financial crisis due to global banking turmoil arising from the collapse of Silicon Valley Bank in the USA and the stressed sale of Swiss bank Credit Suisse to a fellow Swiss bank UBS.

7.2 Gold Production and Usage

Gold supply comes from mine production and recycled gold production. According to the World Gold Council, there was 4,754.5 tonnes of gold supply in 2022, an increase of 1.5% from 4,682.4 tonnes in 2021. Of the 4,754.5 tonnes supplied in 2022, mine production accounted for 3,611.9 tonnes while recycled gold accounted for 1,144.1 tonnes. Mine production and recycled gold production were offset by 1.5 tonnes of gold hedged by producers during 2022. Major gold producing (mine production) countries are China, Russia, and Australia.

8. INDUSTRY OVERVIEW (Cont'd)



According to the World Gold Council, global gold demand was 4,740.7 tonnes in 2022, an increase of 18.1% from 4,012.8 tonnes in 2021. The largest demand came from use in jewellery, which made up 2,189.8 tonnes or 46.2% of the total demand in 2022. This was followed by demand from central banks and other institutions (1,135.7 tonnes, 24.0%), demand for gold as investment (1,106.8 tonnes, 23.3%), and demand from technology (in which gold is used in the fabrication of electronics, dental, medical, decorative and other technological applications) (308.5 tonnes, 6.5%).

In Malaysia, 1,781kg of gold was mined in 2021, representing a slight increase from 1,716kg of gold mined in 2020. According to the World Gold Council, Malaysia recorded demand for gold for jewellery of 9.1 tonnes in 2022, an increase from 7.0 tonnes in 2021. The demand for investment (in terms of bar and coin) also increased from 4.4 tonnes in 2021 to 5.5 tonnes in 2022.

As mentioned above, there is strong demand for gold to be used in jewellery. Jewellery refers to ornamental piece such as rings, necklaces, earrings, and bracelets made of materials which may or may not be precious such as gold, silver, glass, and plastic and are often set with genuine or imitation gems. Jewellery can be segmented into fine jewellery and costume jewellery. Fine jewellery refers to jewellery that is mainly made from precious metals such as gold, silver, or platinum and gemstones such as diamonds, jade, pearls, and sapphires. Costume jewellery on the other hand refers to jewellery that is made of base metals such as brass and copper and imitation gems such as cubic zirconia and plastic stones. In Malaysia, the sales value of manufactured jewellery products (including bijouterie and other related articles) amounted to RM5.65 billion in 2022, an increase of 25.6% from RM4.50 billion in 2021.

7.3 Demand and Supply Conditions

Demand for gold and jewellery products is expected to be driven by growing consumer disposable income. The growth of the Malaysian economy over the years has resulted in greater affluence of the population. The per capita income of Malaysia rebounded from RM42,598 in 2020 to RM46,051 in 2021. More recently, the per capita income surged to RM53,043 in 2022. As the population grows more affluent and their disposable income increases, it is likely to lead to an increase in the population purchasing gold products.

The value of gold products as a stable and reliable form of investment is also likely to support the local market. Gold has a history of maintaining its value and people view gold as something that can be used to preserve their wealth. Gold can be used to hedge against inflation when prices rise and the purchasing power of paper currency declines. Gold is a more stable asset compared to stock, whose prices may decline during periods of market downturn. Accordingly, people may choose to purchase gold products such as gold coins, minted gold bars, and gold jewellery as a way to preserve their wealth. Although the Malaysian and global economy are on a recovery trend after the COVID-19 induced economic slowdown, there are still downside risks to the economy including escalating geopolitical conflict and continued disruption to supply chains. With such volatility, it is likely that people will invest in gold due to its reliability and strong value.

The demand for gold and jewellery is also expected to arise from affinity for fine jewellery (including gold jewellery). In various Asian cultures, gold and jewellery are prized and often given as gifts during special occasions such as weddings and the birth of a new baby. Together with the growing affluence of the Malaysian population, the preciousness of gold jewellery is expected to continue driving the growth of the gold jewellery market in Malaysia.

On the supply side, the gold jewellery market may be affected by the availability and price of gold. While there are gold mines in Malaysia, Malaysia only mines a small amount of gold. In 2021, 1,781kg of gold was mined in Malaysia, a slight increase from 1,716kg of gold mined in 2020. The gold mined in 2020 and 2021 declined compared to 3,151kg of gold mined in 2019. The lack of raw materials may adversely affect the ability of local gold jewellery manufacturers to manufacture their wares. Nevertheless, gold used to manufacture gold jewellery may be obtained through imports. Malaysia imported 73.4 tonnes of gold valued at RM17.4 million in 2021 (2020: approximately 39.8 tonnes valued at RM9.4 million).

Overall, the gold and jewellery market in Malaysia is expected to be resilient in the next 5 years from 2023 to 2027 despite the limited local raw material supply. The growth of the Malaysian economy has resulted in growing affluence of the population which is expected to drive demand for gold and jewellery products as more people can afford such items. Additionally, gold and jewellery products are viewed as reliable forms of investment that can be used to preserve wealth which makes it attractive as investments against economic uncertainty. Furthermore, affinity for gold jewellery as gifts for special occasions will also likely support the local market in future.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND FUTURE PERFORMANCE, TOGETHER WITH INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our business is exposed to unlawful and suspicious pawn transactions

We are subject to the risk of people using our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes. Accordingly, we are required by the law to undertake preventive measures and are obligated to conduct customer due diligence, keep proper records of our customers and transactions as well as report suspicious transactions under the AMLA 2001.

For the Period Under Review and up to the LPD, while there has been no incidence of breaches against the AMLA 2001, there can be no assurance that the measures taken by us to prevent the use of our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes are sufficient to fully eliminate unlawful and suspicious transactions. In the event that our pawnbroking services and retail trading of jewellery and gold are used for unlawful and suspicious transactions such as money laundering or terrorist financing purposes, we may be subject to fines, penalties and/or imprisonment for breaches under the AMLA 2001, and our reputation and business may be adversely affected.

Further, there is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold, jewellery or watches in our pawnshops and retail outlets. In the event of transactions involving stolen gold, jewellery or watches, we are exposed to the risk of losing the pledges or items purchased if such items are subsequently confiscated by the police. As a result, we may not be able to recover the pawn loans disbursed for such confiscated pledges.

Since incorporation up to the LPD, there were a total of 285 occurrences across different pawnshops of our Group where our pledges were confiscated by the police. Any loss arising from confiscation of pledges are not covered under our jeweller's block insurance policy. We have, in FYE 2022, assessed the recoverability of the confiscated pledges and have determined that the recoverable amount of the pledges, which were confiscated prior to FYE 2022, is not feasible. Pursuant thereto, for the FYE 2022, we have written off pledge receivables of RM0.90 million (representing approximately 0.28% of the pledge receivables as at 31 December 2022) for pledges that were confiscated by police for investigations accumulated since we commenced our pawnbroking business. In FPE 2023, we have written off pledge receivables of RM0.01 million that were confiscated by police for investigations. In the event that our pawnbroking services and retail trading of jewellery and gold are used for unlawful and suspicious transactions or we are involved in transactions of stolen items, we may be subject to fines, penalties, imprisonment and/or losing the pledges or items purchased if such items are subsequently confiscated by the police and loss of licence.

9.1.2 We require substantial Cash Capital to fund and/or grow our pawnbroking business

Our pawnbroking business requires Cash Capital for the disbursement of pawn loans to our pawnbroking customers. Such Cash Capital requirements will increase as we grow our number of pawnshops and/or disburse more pawn loans.

As such, our growth as well as our profitability, in large part, is dependent upon our access to, and the costs associated with, securing additional funding for our Cash Capital.

9. RISK FACTORS (Cont'd)

Under Paragraph 4.2 of the 'Garis Panduan Urusan Pelesenan Pemegang Pajak Gadaai' issued by KPKT, a minimum paid-up capital of RM4.00 million is required to obtain a pawnbroker's licence for each pawnshop. This initial capital will be used as Cash Capital for disbursement of pawn loans of the pawnshops.

Since we commenced our pawnbroking business, we have been relying on bank borrowings, Related Parties Loans and internally generated funds to expand our business, for both expansion of pawnshops and disbursement of new pawn loans.

During the Period Under Review, we have funded our Cash Capital requirements from the following sources:

Source of cash capital	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>As at end of the relevant financial years/periods</u>								
Bank borrowings	86,752	44.1	89,084	47.1	146,934	58.9	161,932	63.6
Related Parties Loans	73,726	37.5	85,650	45.3	95,680	38.3	74,714	29.4
<u>For the relevant financial years/periods</u>								
Internally generated funds	36,161	18.4	26,410	14.0	29,073	11.6	17,808	7.0
Subtotal	196,639	100.0	201,144	106.4	271,687	108.8	254,454	100.0
Less:								
Loans provided to Swift Paragon ⁽¹⁾	-	-	(12,182)	(6.4)	(22,118)	(8.8)	-	-
Total cash capital	196,639	100.0	188,962	100.0	249,569	100.0	254,454	100.0

Note:

- (1) The sources of funds for the loans provided to Swift Paragon are from a combination of Related Parties Loans and our internally generated funds.

As Swift Paragon's principal activity is in the business of money-lending, the loan from SYT Pavilion to Swift Paragon has been deducted to reflect only the Cash Capital used for the pawnbroking business of Well Chip Group. Swift Paragon was a wholly-owned subsidiary of SYT Pavilion prior to the Disposal of Swift Paragon, which was completed on 28 June 2023. The outstanding amount owed by Swift Paragon to SYT Pavilion was fully settled upon the completion of the Disposal of Swift Paragon.

As at the LPD, the outstanding amount of bank borrowings is RM178.00 million whilst the outstanding amount of Related Parties Loans is RM75.05 million. Our gearing ratios for the Period Under Review are as set out below:

	As at 31 December			As at
	2020	2021	2022	30 June 2023
Gearing ratio (times) ⁽¹⁾	1.22	1.16	1.41	1.25

Note:

- (1) Computed based on total bank borrowings and Related Parties Loans over total equity.

Please refer to **Sections 10.2.1 and 11.2** of this Prospectus for the details on the Related Parties Loans, **Section 12.4.3** of this Prospectus for the details of our borrowings as at 30 June 2023 and **Section 12.4.9(iv)** of this Prospectus for the details of our gearing ratio.

Due to an increase in the usage of bank borrowings and Related Parties Loans to fund the growth of our Group, our Group had recorded negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023. Pursuant to MFRS 107 Statement of Cash Flows, the issuance of pawn loans is recorded as a cash outflow from operating activities as the pawn loans are the principal revenue producing activity of our Group, whereas the corresponding funding (cash inflow to our Group) for the disbursement of pawn loans are captured in cash flow from financing activities.

9. RISK FACTORS (Cont'd)

As such, in our Group's pawnbroking business operations, the continuous disbursement of pawn loans at an increasing rate would result in higher negative cash flows from operating activities for our Group.

Nevertheless, our Group recorded positive operating profit before changes in working capital during the Period Under Review. This indicates that our Group is able to generate sufficient profit from the operations of our core business after fulfilling all related operating expenses.

The changes in working capital which attributed to the negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023 were mainly due to:

- (i) increase in trade and other receivables mainly attributed to more pawn loans disbursed; and
- (ii) increase in loan receivables pursuant to Swift Paragon's money lending business.

Please refer to **Section 12.4.2** of this Prospectus for the details of our cash flows for the Period Under Review.

Since February 2023, our Group no longer relies on additional Related Parties Loans. Following the supplemental loan agreements entered into by our Group on 22 September 2023, we will pare down the principal amount of the outstanding Related Parties Loans together with the applicable interests on a fixed repayment term of 4 quarterly instalments each year within a period of 120 months ("**Repayment Term**"), which shall commence from the date of our Listing. The Repayment Term was agreed after taking into consideration the internal budgeting process of our Group which is being prepared on a quarterly basis. Please refer to **Section 10.2.1** – Note (4) of the Prospectus for salient terms of the supplemental loan agreements.

Within 24 months from the date of our Listing, we intend to utilise RM[●] million of the proceeds from Public Issue to fund our Cash Capital for our existing pawnshops and new pawnshops. Thereafter, as and when required, we may raise funds from the capital market and/or bank borrowings to finance our Cash Capital requirements.

As at the LPD, our total unutilised banking facilities is approximately RM28.80 million, consisting of bank overdrafts. Based on our pro forma statements of financial position as at 30 June 2023 and after the Pre-IPO Restructuring, Public Issue and utilisation of proceeds, our pro forma gearing ratio is expected to be [●] times.

For the Period Under Review and up to the LPD, we have been able to raise sufficient funds as Cash Capital to deploy pawn loans to our customers. However, there is no assurance that we will be able to continue to obtain and maintain our Cash Capital to fund and/or grow our pawnbroking business.

Further, in the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders. If we obtain bank borrowings to finance our Cash Capital requirements, our borrowing cost is subject to interest rates imposed by the banks. As the maximum interest rate chargeable by us to our customers in our pawnbroking business is regulated by the PA 1972 (currently a maximum rate of 2.0% per month), any increase in the borrowing cost will adversely affect our GP margin.

In the event that we are unable to obtain funds from the capital market and/or bank borrowings on terms which are favourable to our Group, we may not be able to implement our business strategies. This would adversely affect our business growth and financial performance.

9. RISK FACTORS (Cont'd)

9.1.3 We are subject to regulatory requirements for our pawnbroking business

Our pawnbroking business is governed under the PA 1972 which sets out, amongst others, the maximum monthly interest rate, pawn loan period and administrative fee that are chargeable to our pawnbroking customers as well as the administrative procedures for unredeemed pledges. Under the PA 1972, each pawnshop is required to hold a valid pawnbroking licence issued by KPKT in order to operate, whereby such licence is valid for 2 years and is subject to renewal provided that the pawnshop adheres to the regulations enforced by KPKT. Please refer to **Section 7.18** of this Prospectus for information on our pawnbroking licences.

Our ability to maintain and renew our pawnbroking licenses is subject to our continued compliance with the PA 1972. In the event of non-compliance with the PA 1972, the affected pawnshop's pawnbroking licences may be suspended, revoked or may not be renewed upon expiry. As a result, the affected pawnshop would not be allowed to process new pawn transactions until the validity of the pawnbroking licence is extended following a successful appeal with KPKT pursuant to the PA 1972. In such circumstance, our pawnbroking business would be adversely affected as we would lose the revenue contribution from the affected pawnshop. Even though we have not experienced any instances of failure in obtaining, maintaining or renewing our pawnbroking licences in the past up to the LPD, there is no assurance that we will be able to continue to successfully obtain, maintain or renew all our pawnbroking licences moving forward.

Further, if there are any changes in the PA 1972 which result in stricter operating standards and/or compliance requirements, our pawnbroking business may need to incur additional operating costs to comply with the new standards/requirements. In the event that such increased operating costs cannot be passed on to our pawnbroking customers, we will have to absorb the additional cost incurred, which may adversely impact the profitability of our pawnbroking business.

9.1.4 We are exposed to risk in meeting our daily cash requirements

It is crucial for our Group to meet the daily cash requirements of our pawnbroking business which includes cash to fulfill our customers' demand for pawn loans as well as to defray other operating costs and expenses such as staff costs, utilities and rental payments. Hence, our ability to meet the daily cash requirements of our pawnbroking business is dependent on our ability to secure funding in a timely manner to fulfill our daily cash needs.

The risk in meeting the daily cash requirements of our pawnbroking business increases when there is a mismatch in timing for our Group to secure sufficient funding for our day-to-day operations of our individual pawnshops. In the event we experience an increase in demand for pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges, our funds available to meet our daily cash requirements may be adversely affected. In such event, it is crucial for our Group to secure sufficient funding, which may include short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops, in a timely manner to finance our daily cash requirement and/or other operating expense requirements.

For the Period Under Review and up to the LPD, we have been able to maintain sufficient funds to meet our daily cash needs via short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops and we have not experienced any instances whereby we are not able to maintain sufficient funds to meet our daily cash needs.

9. RISK FACTORS (Cont'd)

As at the LPD, the total amount of bank facilities granted to our Group is RM225.00 million, consist of bank overdrafts and revolving credits, while our total unutilised banking facilities is RM28.80 million, consisting of bank overdrafts. Our cash and cash equivalents (after taking into consideration of bank overdrafts) for the Period Under Review as follows:

	Audited		Audited	
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Cash and bank balance	14,551	14,369	8,606	12,600
Less: Bank overdrafts	(15,021)	(14,402)	(43,440)	(26,489)
Total cash and cash equivalents	(470)	(33)	(34,834)	(13,889)

Our Group had recorded negative cash and cash equivalents as at 31 December 2020, 2021 and 2022 as well as 30 June 2023. This is due to the draw down of bank overdrafts, for which was provided by the banks for disbursement of pawn loans, while some of the pawnbroking customers had not redeemed their pledges as at the respective financial year/period end, as the said pawn loans were not due to be redeemed, were renewed and/or were in default. The amount of defaulted pawn loans as at 30 June 2023 is RM RM49.08 million. Our pawn loan outstanding for the respectively financial years/period end are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Pawn loans outstanding (RM'000)	241,669	249,366	325,893	354,632

Our trade receivables turnover period for pawnbroking business for the Period Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover period (days)	160	161	142	130

As at the LPD, out of the RM369.06 million of outstanding trade receivables as at 30 June 2023, RM356.62 million, or approximately 96.6% of the outstanding trade receivables as at 30 June 2023, has been collected and/or recovered via pawn loan redemption, public auctions and sales of the unredeemed pledged items while the balance of RM12.44 million, representing or 3.4% of the outstanding trade receivables as at 30 June 2023, have yet to be collected as these pawn loans are within the pawn loan period of 6 months and grace period provided of not exceeding 3 months.

Please refer to **Section 12.4.9** of this Prospectus for the details on the trade receivables turnover period and inventory turnover period.

In the event any of our pawnshops requires urgent funding for its daily cash requirements, we will draw down on short-term bank borrowings and/or transfer unutilised cash balances from other pawnshops to the pawnshop concerned.

There is no assurance that after our Listing, we will continue to be able to maintain sufficient funds to meet daily cash requirements. If we are unable to secure funding in a timely manner to meet daily cash requirements of our pawnbroking business, our business operations and financial performance may be adversely affected.

9.1.5 We are dependent on skilled, reliable and trustworthy pawnshop and outlet personnel

We believe that one of the key factors for the continuous growth and success of our business is the extensive knowledge and experience of our skilled pawnshop and outlet personnel in providing pawnbroking services and retail and trading of jewellery and gold to our customers, particularly their skills in assessing the value and authenticity of the pledges/pre-owned jewellery brought in by walk-in individuals.

9. RISK FACTORS (Cont'd)

If our pawnshop personnel are unable to accurately assess the value and/or authenticity of the pledges, and our pawnbroking customers do not repay the pawn loans, we may not be able to fully recover the loan amount through sales of such pledges. In such event, the financial performance of our pawnbroking business may be adversely affected.

In addition, we also rely on our pawnshop and outlet personnel to assess the value and authenticity of pre-owned jewellery and watches purchased from walk-in individuals. Failure to accurately assess the value and/or authenticity of such pre-owned gold products may adversely affect the business and financial performance of our retail and trading of jewellery and gold business.

Further, our ability to provide quality customer service is also largely dependent on the performance of our pawnshop and outlet personnel. In the event our pawnshop and outlet personnel are not able to execute their responsibilities in a satisfactory manner to our customers or if our Group is unable to retain and maintain our team of capable pawnshop and outlet personnel or replace any possible loss of such skilled personnel, our customer satisfaction levels may decline, and adversely affect our business operations.

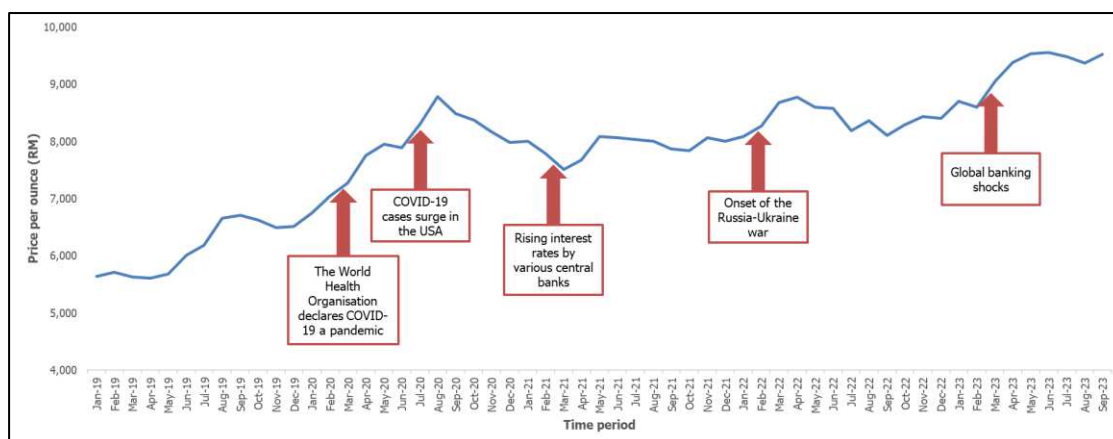
Further, due to the nature of our business which involves cash and valuable items, we are dependent on reliable and trustworthy personnel for our operations. Failure to employ reliable and trustworthy pawnshop and outlet personnel may expose us to the risks of fraud, mismanagement or mishandling of cash and valuable items, and we may be subject to loss and damages, which may adversely affect our reputation and profitability.

During the Period Under Review and up to the LPD, we have not accepted any counterfeit pledges, or gold or gold jewellery which are of low gold purity arising from our pawnshop and outlet personnel having insufficient experience nor have we experienced any occurrences of fraud, mismanagement or mishandling of cash, gold, gold jewellery and valuable items (including pledges) in any of our pawnshops. However, there is no assurance that acceptance of counterfeit pledges, fraud, mismanagement or mishandling of cash and/or pledges by pawnshop and outlet personnel will not occur in the course of our business operations.

9.1.6 We are subject to gold price volatility

Our Group's pawnbroking business involves sales of unredeemed pledges of gold and gold jewellery as part of our cash recovery process. In addition, we also sell new and pre-owned jewellery and gold through our retail outlets.

Gold is a globally traded commodity and hence, its market price fluctuates and is affected by various factors, including amongst others, interest rates, fluctuation in USD exchange rate, global or regional economic or political circumstances, market speculation as well as market supply of and demand for gold. The chart below depicts the market prices of gold (based on the selling prices of Kijang Emas (1oz) i.e., Malaysian gold bullion coin) from January 2019 up to October 2023:



(Source: IMR Report)

9. RISK FACTORS (Cont'd)

Whilst the gold price has generally been on an uptrend, there is no assurance that this uptrend will continue in the future. In the event there is a sudden and/or prolonged downward movements, the value of our unredeemed pledges (i.e., gold and gold jewellery) from our pawnbroking business and/or gold and gold jewellery purchased from public auctions and walk-in customers will decline accordingly. If we do not have any immediate need for cash, we may hold the unredeemed pledges and/or purchased items for a longer period of time (i.e. up to an additional month) as the gold price may stabilise during this period.

If we need to sell these unredeemed pledges (i.e., gold and gold jewellery) and/or purchased items for cash requirement during a period of significant decline in the gold prices, we would incur a loss upon the sales of these unredeemed pledges and/or purchased items, and this may adversely affect our profitability and financial performance.

9.1.7 We are dependent on our Executive Directors and Key Management for the continued success and growth of our business

Our growth and success depend on the experience, expertise and industry know-how of our Executive Directors and Key Management. Our Group is led by our Executive Directors who are assisted by our Key Management who have extensive knowledge and experience in our industry. Our Executive Directors are responsible for providing strategic direction and oversight over our Group's business growth. Our Key Management are responsible for day-to-day operations as well as executing and implementing our Group's business strategies and plans to drive future growth. See **Sections 5.1.2 and 5.4.2** of this Prospectus for the profiles of our Executive Directors and Key Management.

The loss of any of our Executive Directors and Key Management without suitable and timely replacement or our inability to attract, hire and retain suitable candidates as replacement for positions within our Key Management may adversely affect our continued ability to compete effectively against other industry players, as well as to implement our business strategies and plans, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

While there has been no departure on any of our Executive Directors and Key Management which has adversely affected our business operations for the Period Under Review and up to the LPD, there can be no assurance that any such incident will not occur going forward.

9.1.8 Our insurance coverage may not be adequate to cover all losses or liabilities which may arise in connection with our operations

We need to maintain adequate insurance coverage in order to protect ourselves against losses such as burglary, theft, robbery and/or fire that may arise in connection with our pawnbroking as well as retail and trading of jewellery and gold businesses which involve cash and valuable items.

As at the LPD, we maintain jeweller's block insurance policy from third party insurance providers for all our pawnshops and retail outlets with a total insured sum of RM493.85 million. Notwithstanding this, we are aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect our business operations and financial performance.

Under our jeweller's block insurance policy, the pledges, inventories and cash used in the conduct of our pawnbroking business as well retail and trading business are insured against loss or damage by, amongst others, fire, natural disasters, explosion, burglary or theft, but subject to terms, conditions and limitation of the jeweller's block insurance policy. Further, our jeweller's block insurance policy also covers the unredeemed pledges and cash which are removed from our pawnshops and are in transit by our employees for the purpose of public auctions.

9. RISK FACTORS *(Cont'd)*

Nevertheless, as with any insurance policy, the insurance policy is subject to limitations and exclusions, for example, our insurance policy does not cover any loss arising from war, act of terrorism, confiscation of pledges or counterfeit pledges or pledges with low gold purity. Thus, there is no assurance that we will be able to fully recover the losses from confiscations due to unlawful and suspicious pawn transactions.

Pursuant to the above, while we believe that our insurance coverage is commensurate with our business nature and risk profile, there can be no assurance that our insurance coverage will be adequate to cover all risks or losses or liabilities that might arise in the course of our business operations and that our insurance coverage will sufficiently protect against all potential claims and liabilities.

In addition, some of our insurance policies are subject to periodic review by our insurers. Thus, there can be no assurance that we are able to renew these policies on similar terms and amount desired at reasonable premiums. The outcome of any claim is subject to negotiations among the relevant parties and the result of claims may be unfavourable to us. If an insurer disclaims liability or we are held liable for uninsured losses or the amount of claims for insured losses exceeds the limit of our insurance coverage, our business and financial condition may be adversely affected.

During the Period Under Review and up to the LPD, we have not encountered any events or incidences that have resulted in any insurance claims of a material nature. Nevertheless, there can be no assurance that we will not encounter any events or incidences that may result in any insurance claims of a material nature.

9.1.9 We are exposed to physical security risks

Our pawnbroking as well as retail and trading of jewellery and gold businesses involve the safekeeping of cash and valuable items such as gold, gold jewellery, diamond jewellery and luxury watches. As such, we are exposed to physical security risks including burglary, theft, robbery or misappropriation of cash and valuable items.

In order to prevent physical security risks, we have established a cash and pledge management policy as well as security and loss prevention measures at all of our pawnshops and retail outlets. Please refer to **Sections 7.13.1 and 7.13.2** of this Prospectus for further information in relation to the security of our gold products and pledges as well as cash control respectively.

For the Period Under Review and up to the LPD, we have not experienced any burglary, theft or robbery incidents at all of our pawnshops or retail outlets. Notwithstanding the above security and preventive measures, there is no assurance that we will not be exposed to losses and damages which may lead to a material adverse effect on our financial performance and businesses.

9.1.10 Our pawnbroking system is subject to security breaches and system breakdowns

We utilise our ValueMax Pawnbroking System to facilitate the operations of our pawnbroking business, whereby we record our pawnbroking customers' details and pawn transactions electronically. As such, we are subject to risks relating to external security threats such as malware attacks, hacking and cyber threats as well as internal security breaches arising from unauthorised access to restricted information.

In the event that such security breaches occur, customers' information may be left vulnerable and may be obtained by unauthorised third parties. As a result, we may be subject to penalties and/or imprisonments under the Personal Data Protection Act 2010 and the reputation of our pawnshops may be adversely affected.

9. RISK FACTORS (Cont'd)

Further, our pawnbroking system may potentially be subjected to system breakdowns and prolonged breakdowns which may disrupt our pawnbroking operations and affect our business operations negatively. While we have not experienced any security breaches or system disruptions or breakdown during the Period Under Review and up to the LPD, there can be no assurance that any such incidences will not occur moving forward.

9.1.11 Our business may be affected by non-renewal of existing tenancies and/or increases in the rental rates of our existing and new pawnshops and retail outlets

Our pawnshops and retail outlets are strategically located at convenient locations in close proximity to residential housing or commercial areas. As at the LPD, majority of our existing and new pawnshops and retail outlets are tenanted from independent third parties and our related parties. While there have not been any instances of failure to renew our tenancies for the existing and new pawnshops and retail outlets, there is no assurance that we are able to renew each of our tenancies for existing and new pawnshops and retail outlets upon expiry or, if renewed, on similar favourable terms and conditions moving forward.

In the event that any of our tenancies for our existing or new pawnshops and retail outlets are unable to be renewed upon expiry or on favourable terms and conditions, we may be required to relocate the affected pawnshops and retail outlets, which may incur additional costs for relocation, renovation and/or increased rental expenses. Further, we may lose existing and/or potential customers if the new location is less convenient and accessible as compared to the existing location, which may adversely affect our financial performance.

Any significant increase in rental costs for existing and new pawnshops and retail outlets in the future may have adverse and material impact on our financial position as well as to our business operations. For the Period Under Review and up to the LPD, there has not been any significant increase in rental rates for our existing outlets. Nevertheless, there can be no assurance that there will be no significant increase in rental costs for existing and new pawnshops and retail outlets in the future may have adverse and material impact on our financial position as well as to our business operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Competition risk

According to the IMR Report, there were 789 active licenced pawnbrokers in Malaysia in the third quarter 2022. Thus, we face competition from existing industry players, including individual pawnshops, pawnshops with a larger establishment and/or a retail chain, as well as new players in the pawnbroking industry. In addition, we also face indirect competition from licensed moneylenders who are involved in the provision of short-term micro loans as well as Islamic pawnbrokers (Ar-Rahnu). Further, the jewellery and gold market is a fragmented and competitive market which comprise both large and small scale retailers and traders of gold products.

Whilst we strive to remain competitive, there can be no assurance that our efforts will allow us to remain competitive in the pawnbroking industry and jewellery and gold market. If we are unable to remain competitive and adapt to changes in the industry, our business operations and financial performance will be adversely affected.

9. RISK FACTORS (Cont'd)

9.2.2 We are subject to political, economic and regulatory changes in Malaysia

All of our business activities are conducted in Malaysia. Thus, any political, economic and regulatory changes such as changes in political landscape, fiscal and/or monetary policies as well as laws and regulations may materially and adversely affect our business, financial performance and expansion strategies.

In addition, as we fund our Cash Capital through, amongst others, loans and borrowings, any adverse changes to the credit conditions in Malaysia, such as stricter credit requirements, may adversely impact our ability to raise additional Cash Capital for our pawnbroking business. Further, any upward revision in overnight policy rates may also have a material adverse impact on our finance costs and financial performance.

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

9.3.1 Our Listing may not result in an active liquid market for our Shares

There can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such liquidity can be sustained. There can be no assurance that our IPO Price will correspond to the price in which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

In addition, there can be no assurance that the market price of our Shares will reflect our financial performance or growth prospects of the industry in which we operate.

9.3.2 Our Share price and trading volume may be volatile

The market price and trading volume of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in market valuations of listed shares in general or shares of comparable companies to ours;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. If we are not able to declare or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share price of many companies where the share price of many companies have experienced wide fluctuations which were not always related to the operating performance of these companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

9. RISK FACTORS (Cont'd)**9.3.3 There can be no assurance that we will declare and pay dividends in the future**

Our ability to declare dividends will depend on, amongst others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on our results of operations, capital requirements, our ability to implement our business strategies and plans, demand for pawn loans, prevalent gold prices, general economic conditions, and other factors specific to our industry, many of which are beyond our control. As such, there can be no assurance that we will be able to declare and pay dividends to our shareholders.

The payment of our dividends and the receipt of dividends from our subsidiaries may also be affected by the passing of new laws, adoption of new regulations and other events outside our control, and we or our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect our ability to pay dividends.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. For a description of our dividend policy, see **Section 12.8** of this Prospectus.

9.3.4 The interest of our Promoters and substantial shareholders who control our Group may not be aligned with the interest of our shareholders

As disclosed in **Section 5.1.1** of this Prospectus, our Promoters and substantial shareholders will collectively hold in aggregate approximately 67.2% of our enlarged issued Shares upon Listing. As a result, they will be able to control the business direction and management of our Group. This includes the election of Directors, the timing and payment of dividends as well as having voting control over our Group. As such, our Promoters and substantial shareholders will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters and substantial shareholders will be aligned with those of our other shareholders.

9.3.5 Delay in or termination of our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of our Listing:

- (i) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations under such agreement;
- (ii) our inability to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

9. RISK FACTORS (Cont'd)

Where prior to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, the Applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the date of service of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares and the proceeds from the Public Issue form part of our share capital:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either:
 - (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) a solvency statement from our Directors.

10. RELATED PARTY TRANSACTIONS**10.1 RELATED PARTY TRANSACTIONS**

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiary, which involves the interest, whether direct or indirect, of a related party. A “related party” of a listed corporation is –

- (i) A director, having the meaning given in Section 2(1) of the CMA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) A major shareholder, including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiaries or holding company, having an interest or interests in one or more voting shares in a corporation, and the number and aggregate number of those shares is –
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) A person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2 MATERIAL RELATED PARTY TRANSACTIONS****10.2.1 Related party transactions relating to our Group**

Save for the Pre-IPO Restructuring and as disclosed below, there are no other existing and/or proposed related party transactions entered into or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Period Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
1.	Certain subsidiaries of our Company with ValueMax Corporate Services Pte. Ltd. ("VM Corporate Services")	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Person connected</u> • Yeah Lee Ching ⁽¹⁰⁾	Provision of general operation and marketing services, and carrying out any other activities supplemental or additional to the aforementioned services by VM Corporate Services to the relevant subsidiaries of our Company ⁽¹⁾	207	222	564	-	-
2.	Certain subsidiaries of our Company with ValueMax Group Limited	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Person connected</u> • Yeah Lee Ching ⁽¹⁰⁾	Provision of human resource and payroll services, and carrying out any other activities supplemental or additional to the aforementioned services by ValueMax Group Limited to the relevant subsidiaries of our Company ⁽¹⁾	119	190	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
3.	Certain subsidiaries of our Company with ValueMax Properties Pte. Ltd. ("VM Properties")	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Person connected</u> • Yeah Lee Ching ⁽¹⁰⁾	Provision of maintenance by qualified persons of all computers, equipment and peripherals, development of suitable enhancement to the ValueMax Pawnbroking System, and carrying out any other activities supplemental or additional to the aforementioned services by VM Properties to the relevant subsidiaries of our Company ⁽¹⁾	706	1,118	1,068	504	-
4.	SYT Pavilion with VM Properties	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Person connected</u> • Yeah Lee Ching ⁽¹⁰⁾	Development and provision of maintenance and support of suitably qualified persons of software for client's business by SYT Pavilion to VM Properties, in relation to the ValueMax Pawnbroking System ⁽¹⁾	473	1,151	1,103	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
5.	Certain subsidiaries of our Company with ValueMax Management Pte. Ltd. ("VM Management")	<p><u>Interested Director and/or substantial shareholder</u></p> <ul style="list-style-type: none"> Yeah Hiang Nam⁽⁷⁾ <p><u>Interested Director</u></p> <ul style="list-style-type: none"> Yeah Chia Kai⁽⁸⁾ <p><u>Interested substantial shareholder</u></p> <ul style="list-style-type: none"> Tan Hong Yee⁽⁹⁾ <p><u>Person connected</u></p> <ul style="list-style-type: none"> Yeah Lee Ching⁽¹⁰⁾ 	Provision of general accounting and IT services, and carrying out any other activities supplemental or additional to the aforementioned services by VM Management to the relevant subsidiaries of our Company ⁽¹⁾	557	489	423	-	-
6.	SYT Pavilion with VMM Holdings	<p><u>Interested Director and/or substantial shareholder</u></p> <ul style="list-style-type: none"> Yeah Hiang Nam⁽⁷⁾ <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> Yeah Chia Kai⁽⁸⁾ Ng Hooi Lang⁽¹¹⁾ Tang Soo Yen⁽¹⁴⁾ <p><u>Interested substantial shareholder</u></p> <ul style="list-style-type: none"> Tan Hong Yee⁽⁹⁾ <p><u>Person connected</u></p> <ul style="list-style-type: none"> Yeow Chun Huat⁽¹⁴⁾ 	Provision of IT services and support by VMM Holdings to SYT Pavilion and its related companies, in relation to the ValueMax Pawnbroking System ⁽²⁾	-	-	-	-	⁽²⁾ 26

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
7.	KE Well Chip with Swift Paragon	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> Yeah Hiang Nam⁽⁷⁾ <u>Interested Director</u> <ul style="list-style-type: none"> Ng Hooi Lang⁽¹¹⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> Tan Hong Yee⁽⁹⁾ <u>Person connected</u> <ul style="list-style-type: none"> Poon Foo Wha⁽¹¹⁾ 	Rental of property by KE Well Chip to Swift Paragon from 1 January 2020 to 31 August 2021 at a monthly rate of RM1,500.00 and renewal of tenancy period from 1 September 2021 to 31 August 2024 at a monthly rate of RM1,800.00 ⁽³⁾	18	19	22	11	7
8.	KE Well Chip with Great Prompt Sdn. Bhd. ("Great Prompt")	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> Yeah Hiang Nam⁽⁷⁾ <u>Interested Director</u> <ul style="list-style-type: none"> Yeow Choong Kuan⁽¹²⁾ Tang Soo Yen⁽¹⁴⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> Tan Hong Yee⁽⁹⁾ <u>Persons connected</u> <ul style="list-style-type: none"> Yeah Chia Wei⁽¹³⁾ Yeow Chun Huat⁽¹⁴⁾ 	Rental of property by KE Well Chip from Great Prompt for use as retail outlet from 1 January 2020 to 31 December 2020 at a monthly rate of RM6,500.00 and renewal of tenancy period from 1 January 2021 to 31 December 2023 at a monthly rate of RM7,150.00 ⁽³⁾	78	86	86	43	29

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
9.	Thye Shing Pawnshop with Great Prompt	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> Yeah Hiang Nam⁽⁷⁾ <u>Interested Director</u> <ul style="list-style-type: none"> Yeow Choong Kuan⁽¹²⁾ Tang Soo Yen⁽¹⁴⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> Tan Hong Yee⁽⁹⁾ <u>Persons connected</u> <ul style="list-style-type: none"> Yeah Chia Wei⁽¹³⁾ Yeow Chun Huat⁽¹⁴⁾ 	Rental of property by Thye Shing Pawnshop from Great Prompt for use as pawnshop from 1 January 2020 to 31 December 2020 at a monthly rate of RM6,500.00 and renewal of tenancy period from 1 January 2021 to 31 December 2023 at a monthly rate of RM7,150.00 ⁽³⁾	78	86	86	43	29
10.	PG Cahaya Damai with the following: <ul style="list-style-type: none"> Ng Hooi Lang Poon Foo Wha 	<u>Interested Director</u> <ul style="list-style-type: none"> Ng Hooi Lang⁽¹¹⁾ <u>Person connected</u> <ul style="list-style-type: none"> Poon Foo Wha⁽¹¹⁾ 	Rental of property by PG Cahaya Damai from Ng Hooi Lang and Poon Foo Wha for use as pawnshop from 1 January 2020 to 30 June 2022 at a monthly rate of RM3,700.00 and renewal of tenancy period 1 July 2022 to 30 June 2025 at a monthly rate of RM4,070.00 ⁽³⁾	44	44	47	24	16
11.	PG Well Chip (4) with the following: <ul style="list-style-type: none"> Yeow Chun Huat Tang Soo Yen Yeow En Min Yeow Shun Kang 	<u>Interested Director</u> <ul style="list-style-type: none"> Tang Soo Yen⁽¹⁴⁾ <u>Persons connected</u> <ul style="list-style-type: none"> Yeow Chun Huat⁽¹⁴⁾ Yeow En Min⁽¹⁴⁾ Yeow Shun Kang⁽¹⁴⁾ 	Rental of property by PG Well Chip (4) from Tang Soo Yen, Yeow Chun Huat, Yeow En Min and Yeow Chun Kang for use as pawnshop from 1 November 2022 to 31 October 2025 at a monthly rate of RM7,300.00 ⁽³⁾	-	-	15	44	29

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
12.	Well Chip (5) with: • Poon Foo Wha • Ng Hooi Lang • Poon Chun Meng • Poon Chun Hoeh • Poon Pooi Mern	<u>Interested Director</u> • Ng Hooi Lang ⁽¹¹⁾ <u>Persons connected</u> • Poon Foo Wha ⁽¹¹⁾ • Poon Chun Meng ⁽¹¹⁾ • Poon Chun Hoeh ⁽¹¹⁾ • Poon Pooi Mern ⁽¹¹⁾	Rental of property by Well Chip (5) from Ng Hooi Lang, Poon Foo Wha, Poon Chun Meng, Poon Chun Hoeh and Poon Pooi Mern for use as pawnshop from 1 July 2023 to 30 June 2026 at a monthly rate of RM6,200.00 ⁽³⁾	-	-	-	-	25
13.	Well Chip (5) with Yeo Mooi Huang	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Person connected</u> • Yeo Mooi Huang ⁽⁷⁾	Rental of property of Well Chip (5) from Yeo Mooi Huang for use as pawnshop from 1 July 2023 to 30 June 2026 at a monthly rate of RM6,200.00 ⁽³⁾	-	-	-	-	25
14.	KP Well Chip with VYN Holdings	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested Director</u> • Ng Hooi Lang ⁽¹¹⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	Rental of property by KP Well Chip from VYN Holdings for use as pawnshop from 1 August 2023 to 30 September 2026 at a monthly rate of RM8,100.00 ⁽³⁾	-	-	-	-	24
15.	PG Well Chip (6) with Ng Hooi Hwang	<u>Interested Director</u> • Ng Hooi Lang ⁽¹¹⁾ <u>Person connected</u> • Ng Hooi Hwang ⁽¹¹⁾	Rental of property of PG Well Chip (6) from Ng Hooi Hwang for use as pawnshop from 10 February 2023 to 9 February 2026 at a monthly rate of RM4,500.00 ⁽³⁾	-	-	-	23	18

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
16.	SYT Pavilion with ValueMax Group Limited	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by ValueMax Group Limited ⁽⁴⁾	-	6,080	3,352	6,288	-
		<u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾	(ii) Repayment of loans to ValueMax Group Limited ⁽⁴⁾	9,300	-	-	23,230	750
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	(iii) Interests payable at an interest rate of 6% per annum to ValueMax Group Limited in relation to the loans from ValueMax Group Limited ⁽⁴⁾	1,996	1,562	2,055	1,334	271
		<u>Persons connected</u> • Yeah Lee Ching ⁽¹⁰⁾						
17.	KP Well Chip with Goldjew Sdn. Bhd. ("Goldjew")	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Goldjew ⁽⁴⁾	-	-	-	-	-
		<u>Interested Director</u> • Tang Soo Yen ⁽¹⁴⁾	(ii) Repayment of loans to Goldjew ⁽⁴⁾	-	-	-	-	-
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	(iii) Interests payable at an interest rate of 7% per annum to Goldjew in relation to the loans from Goldjew ⁽⁴⁾	851	749	802	419	259
		<u>Persons connected</u> • Yeo Mooi Huang ⁽⁷⁾ • Yeow Chun Huat ⁽¹⁴⁾						

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
18.	KP Well Chip with Great Prompt	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Great Prompt ⁽⁴⁾	-	-	-	-	-
		<u>Interested Director</u> • Yeow Choong Kuan ⁽¹²⁾ • Tang Soo Yen ⁽¹⁴⁾	(ii) Repayment of loans to Great Prompt ⁽⁴⁾	-	-	-	-	-
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	(iii) Interests payable at an interest rate of 7% per annum to Great Prompt in relation to the loans from Great Prompt ⁽⁴⁾	15	13	14	7	5
		<u>Persons connected</u> • Yeah Chia Wei ⁽¹³⁾ • Yeow Chun Huat ⁽¹⁴⁾						
19.	Thye Shing Pawnshop with Great Prompt	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Great Prompt ⁽⁴⁾	-	-	-	-	-
		<u>Interested Director</u> • Yeow Choong Kuan ⁽¹²⁾ • Tang Soo Yen ⁽¹⁴⁾	(ii) Repayment of loans to Great Prompt ⁽⁴⁾	-	-	-	-	-
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	(iii) Interests payable at an interest rate of 7% per annum to Great Prompt in relation to the loans from Great Prompt ⁽⁴⁾	225	198	212	111	68
		<u>Persons connected</u> • Yeah Chia Wei ⁽¹³⁾ • Yeow Chun Huat ⁽¹⁴⁾						

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
20.	Thye Shing Pawnshop with Goldjew	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Goldjew ⁽⁴⁾	-	-	-	-	-
		<u>Interested Director</u> • Tang Soo Yen ⁽¹⁴⁾	(ii) Repayment of loans to Goldjew ⁽⁴⁾	-	-	-	-	-
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾	(iii) Interests payable at an interest rate of 7% per annum to Goldjew in relation to the loans from Goldjew ⁽⁴⁾	585	515	552	288	178
		<u>Persons connected</u> • Yeow Mooi Huang ⁽⁷⁾ • Yeow Chun Huat ⁽¹⁴⁾						
21.	KP Well Chip with individual minority shareholders of KP Well Chip	Individual minority shareholders of KP Well Chip ⁽¹⁵⁾	(i) Provision of loans by individual minority shareholders of KP Well Chip ⁽⁴⁾	2,670	3,977	919	1,799	-
			(ii) Repayment of loans to individual minority shareholders of KP Well Chip ⁽⁴⁾	1,137	3,172	1,968	1,944	296
			(iii) Interests payable at an interest rate of 7% per annum to individual minority shareholders of KP Well Chip in relation to the respective loans provided by them ⁽⁴⁾	1,361	1,240	1,381	739	433

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
22.	KP Well Chip with Yeah Hiang Nam	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Yeah Hiang Nam ⁽⁴⁾	-	-	-	-	-
			(ii) Repayment of loans to Yeah Hiang Nam ⁽⁴⁾	354	43	50	24	-
			(iii) Interests payable at an interest rate of 7% per annum to Yeah Hiang Nam in relation to the loans provided by him ⁽⁴⁾	516	434	462	240	148
23.	Thye Shing Pawnshop with Yeah Hiang Nam	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾	(i) Provision of loans by Yeah Hiang Nam ⁽⁴⁾	-	-	-	-	-
			(ii) Repayment of loans to Yeah Hiang Nam ⁽⁴⁾	36	27	28	15	-
			(iii) Interests payable at an interest rate of 7% per annum to Yeah Hiang Nam in relation to the loans provided by him ⁽⁴⁾	309	270	287	149	92
24.	Certain subsidiaries of our Company with the ValueMax Group Limited and Yeah Holdings	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾	Annual fees payable in relation to corporate guarantees provided by ValueMax Group Limited and Yeah Holdings in favour of the respective financiers at the rate of 0.75% on the amount guaranteed ⁽⁵⁾	941	1,016	1,062	646	412

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
25.	KE Well Chip with the following: • Ng Hooi Lang • Ng Kooi Eng • Poon Foo Wha	<u>Interested Director</u> • Ng Hooi Lang ⁽¹¹⁾ <u>Person connected</u> • Ng Kooi Eng ⁽¹¹⁾ • Poon Foo Wha ⁽¹¹⁾	Sales of gold jewellery and watches to related parties ⁽⁶⁾	2	4	13	2	5
26.	KE Well Chip with the following: • Tang Soo Yen • Yeow Chun Huat	<u>Interested Director</u> • Tang Soo Yen ⁽¹⁴⁾ <u>Person connected</u> • Yeow Chun Huat ⁽¹⁴⁾	Sales of gold jewellery and watches to related parties ⁽⁶⁾	116	208	90	1	-
27.	KE Well Chip with the following: • Fang Kui Chin • Yeow Choong Meng	<u>Interested Director</u> • Yeow Choong Kuan ⁽¹⁴⁾ <u>Persons connected</u> • Fang Kui Chin ⁽¹²⁾ • Yeow Choong Meng ⁽¹²⁾	Sales of gold jewellery and watches to related parties ⁽⁶⁾	77	191	60	29	-
28.	KE Well Chip with Yeo Mooi Huang	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Person connected</u> • Yeo Mooi Huang ⁽⁷⁾	Sales of gold jewellery and watches to related parties ⁽⁶⁾	7	-	-	-	-
29.	SYT Pavilion with ValueMax Group Limited	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽⁷⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽⁸⁾	One-off payment in respect of the software licence granted to SYT Pavilion by ValueMax Group Limited in respect of the ValueMax Pawnbroking System as set out in Section 7.19.3 of this Prospectus ⁽¹⁶⁾	-	-	-	-	*

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
30.	Well Chip with ValueMax Group Limited	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽⁷⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽⁹⁾ <u>Interested Director</u> <ul style="list-style-type: none"> • Yeah Chia Kai⁽⁸⁾ 	One-off payment in respect of the sole and exclusive perpetual licence granted to Well Chip by ValueMax Group Limited in respect of the "Three Coins Marks" trademark as set out in Section 7.19.2 of this Prospectus ⁽¹⁶⁾	-	-	-	-	35

Notes:

* RM10.00

- (1) We are unable to determine whether it has been carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders. It is shared management/administrative service provided by ValueMax Group to its subsidiaries and/or associate companies.

As at the LPD, the transaction has been terminated and ceased. All such payments in relation to the transaction has been fully settled by our Group. Our Group has established distinctive management/administrative functions, including accounting functions, separate from the ValueMax Group and is no longer dependent on ValueMax Group.

- (2) The transaction has commenced since 1 July 2023 and will be continued at a at a service fee calculated based on:

- (i) a fixed rate of RM350 per month for each business outlet of our Group; and
- (ii) reimbursement of all costs, disbursements and out-of-pocket expenses in connection with rendering the IT services,

which is on arms-length basis and on normal commercial terms which is not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders in view that the rate is comparable to a quotation provided by a third-party pawnbroking system vendor for similar services.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

The IT services provided to SYT Pavilion are in relation to maintenance services, including any software maintenance and upgrades for all computers, computer-related equipment and peripherals and professional equipment used by our Group for our business, as well as development and sourcing of suitable software, which are exclusive to SYT Pavilion and its related group of companies, and the ValueMax Group.

The transaction value is an estimation based on the rate of RM350 per month for 26 business outlets for a period of approximately 3 months (1 July 2023 up to the LPD).

- (3) Based on available information on comparable properties within the respective vicinity of the tenanted properties, the rental rates of such tenanted properties are comparable to the market rental rates of such comparable properties, and are entered into on an arm's length basis taking into consideration the following:
- (i) the shop lots are strategically located and have high foot traffic which is advantageous to our Group's business; and
 - (ii) the transaction was entered into on an arm's length basis at the time of entry and/or renewal of tenancy agreements and was in accordance with the market rates applicable then.

Our Audit and Risk Management Committee is of the opinion that the salient terms of the existing tenancy agreements with our related parties that will subsist after our Listing are not unfavourable to our Group. Moving forward, prior to the renewal of each of the tenancies, our Audit and Risk Management Committee shall review the rental rates and the salient terms of each tenancy to ensure they remain on arm's length and in accordance with the prevailing market rates.

- (4) The Related Parties Loans are not on arm's length basis and not on normal commercial terms during the Period Under Review up to the date of our Listing as the loans by or amount owing to the related parties are unsecured, and repayable on demand together with interests incurred therein.

On 22 September 2023, our Group has entered into supplemental loan agreements where such terms of the Related Parties Loans have been revised as follows:

- (i) the applicable interest rates are fixed between 6% to 7% per annum, which is within the range of interest rates incurred by our Group's existing secured bank borrowings utilised to finance our pawnbroking operations;
- (ii) the principal amount of the Related Parties Loans are repayable on a fixed repayment term in 4 quarterly instalments each year within a period of 120 months ("**Repayment Term**"), which shall commence from the date of the successful implementation of our Listing. The Repayment Term was agreed after taking into consideration the internal budgeting process of our Group which is being prepared on a quarterly basis; and
- (iii) the interest rates will be calculated on the principal amount outstanding on the respective loans, and on a daily basis and payable on the last day of each calendar year during the Repayment Term.

(collectively, the "**Revised Loan Terms**").

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Salient terms of the supplemental loan agreements are as follows:

- Principal repayment : (a) the principal amount of the Related Parties Loan shall be repayable in full by our Group (as the borrower) to the lender in 4 quarterly instalments each calendar year ("**Quarterly Instalment**") within a period of 120 months ("**Repayment Term**") from the date of the successful implementation of our Listing ("**Listing Date**").
- (b) Each Quarterly Instalment shall become due and payable and be paid by the borrower the lender on 31 March, 30 June, 30 September and 31 December respectively (each a "**Due Date**") in each of the calendar year within the Repayment Term. For avoidance of doubt, the repayment of the first Quarterly Instalment shall commence on the first Due Date following the Listing Date or such other date as may be mutually agreed by the parties.
- (c) The lender and the borrower may mutually agree on the amount of each Quarterly Instalment payable on the respective Due Date, taking into consideration the principal sum outstanding of the Related Parties Loan and such interest chargeable or accrued, so as to ensure that the Related Parties Loan together with any interest chargeable or accrued thereon shall be progressively repaid in full in compliance with the provisions under the supplemental loan agreements. In the absence of any such agreement, each Quarterly Instalment shall be repaid in equal instalment amounts.
- (d) The borrower may at any time repay the whole or any part of the Related Parties Loan together with accrued interest up to the date of the repayment by giving 30 days' notice to the lender.
- Interest repayment : The borrower shall pay to the lender an interest rate of 6% or 7% per annum (as the case may be) on the principal amount outstanding on the Related Parties Loan. The interest shall be calculated on a daily basis and payable on the last day of each calendar year. Any overdue interest shall be capitalised and added to the principal sum of the Related Parties Loan then owing and shall bear the aforementioned interest rates of 6% or 7% (as the case may be) and be subject to all such terms and conditions contained in the supplemental loan agreement. An interest shall be also applied to such capitalised interest.
- Default interest : In the event that the borrower fails to repay any of the Quarterly Instalment on the respective Due Date, the lender shall be entitled to impose on the borrower, an interest at the rate of 5% per annum calculated on a daily basis on that outstanding Quarterly Instalment from the relevant Due Date of the said Quarterly Instalment up to the date of actual payment.

Our Board is of the view that the Revised Loan Terms, which shall take effect after our Listing, are carried out on arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to non-interested shareholders as the Revised Loan Terms (i) maintains the fixed interest rates provided for under the existing loan agreements, which are comparable to interest rates incurred by our Group's existing secured bank borrowings utilised to finance our pawnbroking operations; and (ii) further provides for fixed repayment periods in substitution for the repayment on demand provision.

- (5) The annual fee of 0.75% on the amount guaranteed under such banking facilities paid by such subsidiaries of our Company to ValueMax Group Limited and Yeah Holdings are on arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties in view that the rate of 0.75% is comparable to the rate charged by banks. Such corporate guarantees will be uplifted prior to the Listing and the annual fees will no longer be payable after upliftment of such corporate guarantees.

10. RELATED PARTY TRANSACTIONS (Cont'd)

The transaction value is an estimation by the management of our Group for a period of 10.5 months (since 1 January 2023 up to the LPD). As at the LPD, our Group has not received the statements as they will be issued on an annual basis.

- (6) There are no restrictions imposed on related parties, including our Directors, Key Management or staffs, to prevent them from purchasing gold jewellery and watches from our Group. However, the sale of gold jewellery and watches by our Group to any related parties is subject to our Group's internal guidelines which stipulates that such gold jewellery and watches may be sold at a discount to the quoted price but in any case shall not be sold by our Group at a price which is lower than the current spot/market price for sale of gold jewellery and watches to customers or our Group's inventory value, whichever is higher, and upon similar terms and conditions upon which such items are purchased by the customers.

In view of the foregoing, the gold jewellery and watches sold by our Group to the related parties were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to the non-interested shareholders. Accordingly, the gold jewellery and watches sold by our Group to any related parties do not give rise to any existing and potential conflict of interest situation as such transactions do not impact the pecuniary interests of the Group.

- (7) Yeah Hiang Nam

- our Promoter, substantial shareholder and Non-Independent Non-Executive Director
- spouse of Tan Hong Yee as well as the father of Yeah Chia Kai, Yeah Lee Ching and Yeah Chia Wei
- a sibling of Yeo Mooi Huang and Yeo Mooi Huang is a director of Goldjew and holds 0.1% equity interest in Goldjew
- his interests in the transacting parties are as set out below:

Companies	Interests
<ul style="list-style-type: none"> • VM Corporate Services • VM Management • VM Properties 	Deemed interested in these companies by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in these companies pursuant to Section 7 of the Companies Act, 1967 of Singapore
<ul style="list-style-type: none"> • ValueMax Group Limited 	Deemed interested in ValueMax Group Limited by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited pursuant to and Section 7 of the Companies Act, 1967 of Singapore. He is also the Executive Chairman of ValueMax Group Limited
<ul style="list-style-type: none"> • Swift Paragon 	Deemed interested in Swift Paragon by virtue of his shareholding in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in VMM Holdings and 100.0% indirect equity interest in Swift Paragon pursuant to Section 8 of the Act
<ul style="list-style-type: none"> • Great Prompt 	He is a director of Great Prompt and holds 17.0% equity interest in Great Prompt
<ul style="list-style-type: none"> • VMM Holdings 	Deemed interested in VMM Holdings by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which holds 100.0% direct equity interest in VMM Holdings pursuant to Section 8 of the Act. He is also a director of VMM Holdings

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Companies	Interests
<ul style="list-style-type: none"> Goldjew 	He is a director of Goldjew and holds 49.9% equity interest in Goldjew
<ul style="list-style-type: none"> VYN Holdings 	Deemed interested in VYN Holdings by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in VMM Holdings and 49.0% indirect equity interest in VYN Holdings pursuant to Section 8 of the Act

(8) Yeah Chia Kai

- our Promoter, Non-Independent Non-Executive Director
- son of Yeah Hiang Nam and Tan Hong Yee
- a sibling of Yeah Lee Ching and Yeah Chia Wei
- his interests in the transacting parties are as set out below:

Companies	Interests
<ul style="list-style-type: none"> VM Corporate Services VM Management VM Properties 	He is a director of these companies
<ul style="list-style-type: none"> ValueMax Group Limited 	He is an Executive Director and the Chief Executive Officer of ValueMax Group Limited
<ul style="list-style-type: none"> VMM Holdings 	He is a director of VMM Holdings

(9) Tan Hong Yee

- our Promoter and substantial shareholder
- spouse of Yeah Hiang Nam as well as the mother of Yeah Chia Kai, Yeah Lee Ching and Yeah Chia Wei
- her interests in the transacting parties are as set out below:

Companies	Interests
<ul style="list-style-type: none"> VM Corporate Services VM Management VM Properties 	Deemed interested in these companies by virtue of her shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in these companies pursuant to Section 7 of the Companies Act, 1967 of Singapore

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Companies	Interests
<ul style="list-style-type: none"> ValueMax Group Limited 	Deemed interested in ValueMax Group Limited by virtue of her shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited pursuant to Section 7 of the Companies Act, 1967 of Singapore
<ul style="list-style-type: none"> Swift Paragon 	Deemed interested in Swift Paragon by virtue of her shareholding in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in VMM Holdings and 100.0% indirect equity interest in Swift Paragon pursuant to Section 8 of the Act
<ul style="list-style-type: none"> Great Prompt 	She holds 16.0% equity interest in Great Prompt
<ul style="list-style-type: none"> VMM Holdings 	Deemed interested in VMM Holdings by virtue of her shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which holds 100.0% direct equity interest in VMM Holdings pursuant to Section 8 of the Act
<ul style="list-style-type: none"> Goldjew 	She is a director of Goldjew and holds 49.9% equity interest in Goldjew
<ul style="list-style-type: none"> VYN Holdings 	Deemed interested in VYN Holdings by virtue of her shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in VMM Holdings and 49% indirect equity interest in VYN Holdings pursuant to Section 8 of the Act

(10) Yeah Lee Ching

- our Promoter
- daughter of Yeah Hiang Nam and Tan Hong Yee
- a sibling of Yeah Chia Kai and Yeah Chia Wei
- her interests in the transacting parties are as set out below:

Companies	Interests
<ul style="list-style-type: none"> VM Corporate Services VM Management VM Properties 	She is a director of these companies
<ul style="list-style-type: none"> ValueMax Group Limited 	She is an Executive Director of ValueMax Group Limited

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(11) Ng Hooi Lang

- our Promoter, Executive Director and Chief Executive Officer
- a director of KP Well Chip, KE Well Chip and Thye Shing Pawnshop
- spouse of Poon Foo Wha, who is a director of Swift Paragon as well as the mother of Poon Chun Meng, Poon Chun Hoeh and Poon Pooi Mern
- a sibling of Ng Kooi Eng, Ng Hooi Hwang, Ng Hui Chin, Ng Heah Joo and Ng Yah Ching
- A director of VMM Holdings and VYN Holdings (transacting parties). She is also a shareholder of VYN Holdings (transacting party)

(12) Yeow Choong Kuan

- a director of KP Well Chip, KE Well Chip and Thye Shing Pawnshop
- spouse of Fang Kui Chin as well as the father of Yeow Jia Hao and Yeow Xiang Ting
- a sibling of Yeow Chun Huat, Yeow Choong Meng, Yeow Chuen Chai, Yeow Lee Choo and Yeow Lee Hong
- a director and shareholder of Great Prompt (transacting party)

(13) Yeah Chia Wei

- our Promoter
- son of Yeah Hiang Nam and Tan Hong Yee
- a sibling of Yeah Chia Kai and Yeah Lee Ching
- a shareholder of Great Prompt (transacting party)

(14) Tang Soo Yen

- our Promoter, Executive Director and Director of Retail and Merchandising
- a director of SYT Pavilion and PG Shinegold
- spouse of Yeow Chun Huat, who is a director and shareholder of Great Prompt as well as a director of Goldjew and VMM Holdings
- mother of Yeow En Min and Yeow Shun Kang

(15) All the individual shareholders of KP Well Chip prior to the Acquisition, who consist of the following, had granted loans to KP Well Chip:

- (i) our Promoters/Directors, namely Ng Hooi Lang and Tang Soo Yen;
- (ii) persons connected to our substantial shareholders and/or Directors; and
- (iii) extended family members of Yeah Hiang Nam, being our Promoter, substantial shareholder and Non-Independent Non-Executive Director.

For avoidance of doubt, VMM Holdings, being the major shareholder of KP Well Chip prior to the Acquisition, did not grant any loans to KP Well Chip. KP Well Chip had made interest payments at the interest rate of 7% per annum on such loans.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (16) The software licence and the exclusive trademark licence each granted by ValueMax Group Limited were entered into by SYT Pavilion and our Company respectively to maintain business continuity of our Group, as our Group has been operating its business with the use of such software and under the trademark registered by ValueMax Group Limited.

The consideration RM10 for the software licence and RM34,507 (SGD10,000) for the trademark licence paid in connection with the obtainment of such licences were not arrived at on an arm's length basis, as such payments were a fixed sum agreed upon by the parties on a one-off basis. As the licences granted are perpetual and irrevocable and hence the payments made are single lump sum payments with no further payments to be made in connection with the grant of such licences, the Board is of the view that notwithstanding that such transactions were not arrived at on an arm's length basis, the transactions were entered into in the best interest of the Group and not detrimental to the non-interested shareholders in view of the following:

- (i) the monetary value of the transactions were not material; and
- (ii) the transactions were entered into in the best interest of the Group as the software licence facilitates our pawnbroking business while the trademark licence is for branding continuity.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

A summary of the related party transactions listed above aggregated on the basis that such transactions have been entered into by the Well Chip Group with the same related party based on nature of transaction is as set out below:

				Transaction value				From 1 July 2023 up to the LPD
No. Transactions	Transacting parties	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	RM'000	
1.	1, 2, 3, 5 & 6	Certain subsidiaries of our Company with ValueMax Group Limited and certain subsidiaries of ValueMax Group Limited	Provision of the following services by certain subsidiaries of ValueMax Group Limited to the relevant subsidiaries of our Company: <ul style="list-style-type: none">• general operation and marketing services, and carrying out any other activities supplemental or additional to the aforementioned services• general accounting and IT services, and carrying out any other activities supplemental or additional to the aforementioned services• maintenance of computers, equipment and peripherals, development or sourcing for suitable software to enhance the efficiency of the client's business, and carrying out any other activities supplemental or additional to the aforementioned services	1,589 (represents 9.1% of administrative expenses)	2,019 (represents 9.6% of administrative expenses)	2,055 (represents 7.7% of administrative expenses)	504 (represents 3.9% of administrative expenses)	26
2.	4	SYT Pavilion and VM Properties	Development and sourcing of suitable software and provision of maintenance and support by SYT Pavilion to VM Properties	473 (represents 51.5% of other income)	1,151 (represents 80.1% of other income)	1,103 (represents 86.6% of other income)	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transactions	Transacting parties	Nature of transaction	Transaction value				From 1 July 2023 up to the LPD
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	
3.	7	KE Well Chip with Swift Paragon	Rental of property by KE Well Chip to Swift Paragon	18 (represents 2.0% of other income)	19 (represents 1.3% of other income)	22 (represents 1.7% of other income)	11 (represents 13.9% of other income)	7
4.	8 – 15	Certain subsidiaries of our Company with ValueMax Group Limited and related parties to our Company	Rental of properties by certain subsidiaries our Company from of ValueMax Group Limited and related parties to our Company	200 (represents 1.1% of administrative expenses)	216 (represents 1.0% of administrative expenses)	234 (represents 0.9% of administrative expenses)	177 (represents 1.4% of administrative expenses)	195
5.	16 – 23	Certain subsidiaries of our Company with ValueMax Group Limited and related parties to our Company	Provision of loans by ValueMax Group Limited and related parties to our Company	2,670 (represents 2.0% of NA)	10,057 (represents 6.7% of NA)	4,271 (represents 2.5% of NA)	8,087 (represents 4.3% of NA)	-
			Repayment of loans to ValueMax Group Limited and related parties to our Company	10,827 (represents 8.2% of NA)	3,242 (represents 2.2% of NA)	2,046 (represents 1.2% of NA)	25,213 (represents 13.3% of NA)	1,046
			Interests at interest rates of 6% to 7% per annum payable to ValueMax Group Limited and related parties to our Company in relation to the loans from ValueMax Group Limited and related parties to our Company	5,858 (represents 59.8% of cost of sales for pawnbroking services)	4,981 (represents 61.1% of cost of sales for pawnbroking services)	5,765 (represents 54.6% of cost of sales for pawnbroking services)	3,287 (represents 43.6% of cost of sales for pawnbroking services)	1,454
6.	24	Certain subsidiaries of our Company with ValueMax Group Limited and Yeah Holdings	Annual fees payable in relation to corporate guarantees provided by ValueMax Group Limited and Yeah Holdings in favour of the respective financiers at the rate of 0.75% on the amount guaranteed	941 (represents 5.4% of administrative expenses)	1,016 (represents 4.8% of administrative expenses)	1,062 (represents 4.0% of administrative expenses)	646 (represents 5.0% of administrative expenses)	412

10. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction value				From 1 July 2023 up to the LPD
No. Transactions	Transacting parties	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	RM'000	
7.	25 - 28	KE Well Chip with the related parties of our Company	Sales of gold jewellery and watches	202 (represents 0.3% of revenue from retail and trading of jewellery and gold)	403 (represents 0.8% of revenue from retail and trading of jewellery and gold)	163 (represents 0.2% of revenue from retail and trading of jewellery and gold)	32 (less than 0.1% of revenue from retail and trading of jewellery and gold)	5
8.	29 – 30	Our Company and SYT Pavilion with ValueMax Group Limited	One-off payment in respect of: <ul style="list-style-type: none">software licence granted to SYT Pavilion by ValueMax Group Limitedsole and exclusive perpetual licence granted to our Company by ValueMax	-	-	-	-	35

Save for the following transactions, our Directors confirm that all the above related party transactions were carried out on arm's length basis as the respective considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders:

- (i) transactions (1) to (5), where we are unable to determine whether they have been carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders
- (ii) transactions (16) to (23), which are not on arm's length basis and not on normal commercial terms during the Period Under Review up to the date of our Listing; and
- (iii) transactions (29) to (30), where the considerations were not arrived at on an arm's length basis.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

After the Listing, our Group intends to continue with related party transactions (6) to (23) and (25) to (28), which are recurring in nature. In accordance with the Listing Requirements, our Group would be required to seek shareholders' approval when our Group enters into material related party transactions. However, if such related party transactions can be deemed as recurrent related party transactions, our Group may seek a general mandate from our shareholders to enter into the transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

Our Board will, through our Audit and Risk Management Committee, ensure that any related party transactions (inclusive of recurrent related party transactions) are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group.

Our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his/her interest to our Board, of the details of the nature and extent of his/her interest, including all matters in relation to the proposed related party transactions that he/she is aware or should reasonably be aware of, which is not in our Company's best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolutions pertaining to the respective transactions at the general meeting.

10.2.2 Transactions entered into that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the Period Under Review, the FPE 2023 and up to the LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.2.3 Loans and/or advances made to or for the benefit of related parties or received from related parties

(i) Loans and/or advances made to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans and/or advances made by our Group to or for the benefit of related parties during the Period Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	As at 31 December			As at 30 June 2023	As at the LPD
				2020	2021	2022		
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	KP Well Chip and VMM Holdings	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽²⁾ • Ng Hooi Lang ⁽³⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾ <u>Person connected</u> Yeow Chun Huat ⁽⁵⁾	Cash advances to VMM Holdings for payment of expenses incurred by VMM Holdings, which includes management fees, withholding tax, interest expenses, rental as well as contributions to EPF, SOCSO and EIS ⁽¹⁰⁾ .	113 (represents 0.1% of NA)	113 (represents 0.1% of NA)	14 (less than 0.1% of NA)	-	-
2.	SYT and Pavillion VM Properties	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽²⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾ <u>Person connected</u> • Yeah Lee Ching ⁽⁶⁾	Amount owing by VM Properties for IT support services ⁽¹¹⁾	473 (represents 0.4% of NA)	1,151 (represents 0.8% of NA)	1,103 (represents 0.6% of NA)	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)**(ii) Loans and/or advances received from related parties**

Save as disclosed below, there are no outstanding loans and/or advances received by our Group from related parties during the Period Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	As at 31 December			As at 30 June 2023	As at the LPD
				2020 RM'000	2021 RM'000	2022 RM'000	RM'000	RM'000
1.	SYT Pavilion with ValueMax Group Limited	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽²⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾ <u>Persons connected</u> • Yeah Lee Ching ⁽⁶⁾	Loans from ValueMax Group Limited for Cash Capital ⁽¹²⁾	(13)24,955 (represents 18.9% of NA)	(13)32,725 (represents 21.7% of NA)	(13)40,171 (represents 23.4% of NA)	(13)17,436 (represents 9.2% of NA)	(13)16,910 -
2.	KP Well Chip with Goldjew	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Tang Soo Yen ⁽⁵⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾ <u>Persons connected</u> • Yeo Mooi Huang ⁽¹⁾ • Yeow Chun Huat ⁽⁵⁾	Loans from Goldjew for Cash Capital ⁽¹²⁾	10,518 (represents 8.0% of NA)	11,267 (represents 7.5% of NA)	12,069 (represents 7.0% of NA)	12,488 (represents 6.6% of NA)	12,747 -

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	As at 31 December			As at 30 June 2023	As at the LPD
				2020 RM'000	2021 RM'000	2022 RM'000	RM'000	RM'000
3.	KP Well Chip with Great Prompt	Interested Director and/or substantial shareholder • Yeah Hiang Nam ⁽¹⁾	Loans from Great Prompt for Cash Capital ⁽¹²⁾	188 (represents 0.1% of NA)	201 (represents 0.1% of NA)	216 (represents 0.1% of NA)	223 (represents 0.1% of NA)	228 -
		<u>Interested Director</u> • Yeow Choong Kuan ⁽⁷⁾ • Tang Soo Yen ⁽⁵⁾						
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾						
		<u>Persons connected</u> • Yeah Chia Wei ⁽⁸⁾ • Yeow Chun Huat ⁽⁵⁾						
4.	Thye Shing Pawnshop with Great Prompt	Interested Director and/or substantial shareholder • Yeah Hiang Nam ⁽¹⁾	Loans from Great Prompt for Cash Capital ⁽¹²⁾	2,778 (represents 2.1% of NA)	2,976 (represents 2.0% of NA)	3,188 (represents 1.9% of NA)	3,299 (represents 1.7% of NA)	3,367 -
		<u>Interested Director</u> • Yeow Choong Kuan ⁽⁷⁾ • Tang Soo Yen ⁽⁵⁾						
		<u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾						
		<u>Persons connected</u> • Yeah Chia Wei ⁽⁸⁾ • Yeow Chun Huat ⁽⁵⁾						

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	As at 31 December			As at 30 June 2023	As at the LPD
				2020 RM'000	2021 RM'000	2022 RM'000	RM'000	RM'000
5.	Thye Shing Pawnshop with Goldjew	Interested Director and/or substantial shareholder • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Tang Soo Yen ⁽⁵⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽⁴⁾ <u>Persons connected</u> • Yeow Mooi Huang ⁽¹⁾ • Yeow Chun Huat ⁽⁵⁾	Loans from Goldjew for Cash Capital ⁽¹²⁾	7,233 (represents 5.5% of NA)	7,748 (represents 5.1% of NA)	8,300 (represents 4.8% of NA)	8,588 (represents 4.5% of NA)	8,766 -
6.	KP Well Chip with Yeah Hiang Nam	Interested Director and/or substantial shareholder Yeah Hiang Nam ⁽¹⁾	Loans from Yeah Hiang Nam for Cash Capital ⁽¹²⁾	6,126 (represents 4.6% of NA)	6,517 (represents 4.3% of NA)	6,929 (represents 4.0% of NA)	7,145 (represents 3.8% of NA)	7,269 -
7.	KP Well Chip with Ng Hooi Lang	Interested Director • Ng Hooi Lang ⁽³⁾	Loans from Ng Hooi Lang for Cash Capital ⁽¹²⁾	830 (represents 0.6% of NA)	1,136 (represents 0.8% of NA)	1,135 (represents 0.7% of NA)	1,057 (represents 0.6% of NA)	1,073 -
8.	KP Well Chip with Tang Soo Yen	Interested Director • Tang Soo Yen ⁽⁵⁾	Loans from Tang Soo Yen for Cash Capital ⁽¹²⁾	1,170 (represents 0.9% of NA)	1,282 (represents 0.9% of NA)	757 (represents 0.4% of NA)	867 (represents 0.5% of NA)	880 -
9.	KP Well Chip with other individual minority shareholders of KP Well Chip	Individual minority shareholders of KP Well Chip ⁽⁹⁾	Loans from individual minority shareholders of KP Well Chip for Cash Capital ⁽¹²⁾	16,124 (represents 12.2% of NA)	17,751 (represents 11.8% of NA)	18,609 (represents 10.8% of NA)	19,171 (represents 10.1% of NA)	19,294 -

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	As at 31 December			As at 30 June 2023	As at the LPD
				2020 RM'000	2021 RM'000	2022 RM'000	RM'000	RM'000
10.	Thye Shing Pawnshop with Yeah Hiang Nam	Interested Director and/or substantial shareholder • Yeah Hiang Nam ⁽¹⁾	Loans from Yeah Hiang Nam for Cash Capital ⁽¹²⁾	3,804 (represents 2.9% of NA)	4,047 (represents 2.7% of NA)	4,306 (represents 2.5% of NA)	4,441 (represents 2.4% of NA)	4,517 -

Notes:

- (1) Please refer to note (7) of **Section 10.2.1** of this Prospectus.
- (2) Please refer to note (8) of **Section 10.2.1** of this Prospectus.
- (3) Please refer to note (11) of **Section 10.2.1** of this Prospectus.
- (4) Please refer to note (9) of **Section 10.2.1** of this Prospectus.
- (5) Please refer to note (14) of **Section 10.2.1** of this Prospectus.
- (6) Please refer to note (10) of **Section 10.2.1** of this Prospectus.
- (7) Please refer to note (12) of **Section 10.2.1** of this Prospectus.
- (8) Please refer to note (13) of **Section 10.2.1** of this Prospectus.
- (9) Please refer to note (15) of **Section 10.2.1** of this Prospectus.
- (10) The advances to VMM Holdings are short term, unsecured and non-interests bearing. As at the LPD, all the advances to VMM Holdings were fully repaid.
- (11) The amount owing by VM Properties for IT support services is short term in nature. Please refer to item (3) of **Section 10.2.1** of this Prospectus.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (12) All Related Parties Loans are classified as short-term in nature. Please refer to note (4) of **Section 10.2.1** of this Prospectus.
- (13) The loans from ValueMax Group Limited are dominated in SGD. The outstanding amount in the corresponding SGD amounts are as set out below:

	As at 31 December			As at 30 June	As at the LPD
	2020	2021	2022	2023	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Loans from ValueMax Group Limited	8,175	10,583	12,174	5,053	4,914

The Related Parties Loans are not on arm's length basis and not on normal commercial terms during the Period Under Review up to the date of our Listing as the loans by or amount owing to the related parties are unsecured, and repayable on demand together with interests incurred therein.

Following the supplemental loan agreements entered into by our Group on 22 September 2023, our Board is of the view that the Revised Loan Terms will be carried out on arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to non-interested shareholders as the Revised Loan Terms (i) maintains the fixed interest rates provided for under the existing loan agreements, which are comparable to interest rates incurred by our Group's existing secured bank borrowings utilised to finance our pawnbroking operations; and (ii) further provides for fixed repayment periods in substitution for the repayment on demand provision.

Save as disclosed above, no further loans or financial assistance will be received from any related parties of the Group, unless such loans and financial assistance are permitted under the law and the Listing Requirements and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

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10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2.4 Guarantees provided by our related parties**

For the Period Under Review, Yeah Hiang Nam, Ng Hooi Lang, and certain directors of our subsidiaries and/or related parties to our Group have provided joint and several personal guarantees, while ValueMax Group Limited and Yeah Holdings have provided corporate guarantees in favour of the financial institutions extending such banking facilities to our Group.

As at the LPD, we have obtained conditional approvals from the relevant financial institutions to discharge and/or uplift the said personal guarantees and/or corporate guarantee by substituting the same with a corporate guarantee from our Company subject to the success of our Listing.

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.3.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit and Risk Management Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst others, will be considered:

- (i) the rationale and the cost/benefit to our Company is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the shareholders, officers and the directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing on an arm's length basis with our Group and are not detrimental to our Company's non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and MCCG upon our Listing. The procedures which may form part of the framework including, amongst others, the following:

- (i) our Board shall ensure that majority of our Board members are Independent Directors and will undertake an annual assessment of our Independent Directors;

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would, in turn, make a recommendation to our Board.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

11.1.1 Interest of our Directors and substantial shareholders in entities which carry on a similar trade as our Group

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as our Group:

No.	Name of Company	Nature of trade	Principal activities	Nature of interest
1.	ValueMax Group Limited via its subsidiaries:	The ValueMax Group Companies (i) to (x): Subsidiaries are involved in the business of pawnbroking and retail sale of jewellery, which is similar to the Group's business.	Companies (i) to (x): Pawnbroking Companies (xi) to (xiii): Retail sale of jewellery made from precious metals and stones	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽²⁾ <u>Interested substantial shareholder</u> • Tan Hong Yee ⁽³⁾
(i)	Ban Soon Pawnshop Pte. Ltd.			
(ii)	ValueMax Pawnshop Pte. Ltd.			
(iii)	ValueMax Pawnshop (BD) Pte. Ltd.			
(iv)	ValueMax Pawnshop (PR) Pte. Ltd.			
(v)	ValueMax Pawnshop (SG) Pte. Ltd.			
(vi)	ValueMax Pawnshop (CCK) Pte. Ltd.			
(vii)	ValueMax Pawnshop (WL) Pte. Ltd.			
(viii)	ValueMax Pawnshop (EL) Pte. Ltd.			
(ix)	ValueMax Pawnshop (JP) Pte. Ltd.			
(x)	Thye Lian Pawnshop Pte. Ltd.			
(xi)	ValueMax Retail Pte. Ltd.			
(xii)	ValueMax Precious Metals Pte. Ltd.			
(xiii)	Spring Jewellery (SG) Pte. Ltd.			
	(collectively, "ValueMax Group Subsidiaries")			

11. CONFLICT OF INTEREST (Cont'd)

No.	Name of Company	Nature of trade	Principal activities	Nature of interest
2.	Ban Seng Pawnshop Pte. Ltd.	Ban Seng Pawnshop is involved in the business of pawnbroking, which is similar to Group's business	Pawnbroking	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾
3.	Soon Hong Pawnshop Pte. Ltd.	Soon Hong Pawnshop is involved in the business of pawnbroking, which is similar to Group's business	Pawnbrokerage	<u>Interested Director and/or substantial shareholder</u> • Yeah Hiang Nam ⁽¹⁾ <u>Interested Director</u> • Yeah Chia Kai ⁽²⁾

Notes:

- (1) Please refer to note (7) of **Section 10.2.1** of this Prospectus.
- (2) Please refer to note (8) of **Section 10.2.1** of this Prospectus.
- (3) Please refer to note (9) of **Section 10.2.1** of this Prospectus.

Our Board is of the view that any potential conflict of interest which may arise through the interests of Yeah Hiang Nam, Tan Hong Yee and Yeah Chia Kai in ValueMax Group Limited, the ValueMax Group Subsidiaries, Ban Seng Pawnshop Pte. Ltd. and Soon Hong Pawnshop Pte. Ltd. (where applicable), which carry on a similar trade as our Group is mitigated in view of the following:

- (i) The pawnbroking services provided by the ValueMax Group Subsidiaries, Ban Seng Pawnshop Pte. Ltd. and Soon Hong Pawnshop Pte. Ltd. are focused within the vicinity where the pawnshops are located, and each pawnshop are licenced by and registered with the Singapore authorities, and may only operate within Singapore.

The entities within the ValueMax Group involved in the retail sale of precious metals and stones only operates in Singapore and do not have any trades or operations in Malaysia.

- (ii) Yeah Hiang Nam and Yeah Chia Kai, being our Non-Independent Non-Executive Directors and Tan Hong Yee, being a substantial shareholder of our Company, are not involved in the day-to-day management and operation of our Group, and have abstained and will continue to abstain from deliberating on all decisions made in relation to our Group's transactions with ValueMax Group Limited and the ValueMax Group Subsidiaries.

11. CONFLICT OF INTEREST (Cont'd)

The daily operations and management of our Group is undertaken by Ng Hooi Lang, our Executive Director and Chief Executive Officer, and Tang Soo Yen, our Executive Director and Director of Retail and Merchandising, together with Sia Shu Yee, our Chief Financial Officer.

- (iii) Both Yeah Hiang Nam and Yeah Chia Kai will abstain from deliberating and voting at our Board meetings in relation to transactions with ValueMax Group Limited and the ValueMax Group Subsidiaries (if any). Yeah Hiang Nam and Tan Hong Yee will abstain from voting in respect of their direct/indirect shareholdings in our Company on the resolutions in relation to transactions with ValueMax Group Limited and the ValueMax Group Subsidiaries (if any).

In order to address, resolve, mitigate and/or eliminate any actual or any potential conflict of interest situation between the ValueMax Group and our Group, ValueMax Group Limited had, on 10 November 2023, announced on SGX that it has adopted a policy and commitment ("**Policy**") to not engage in and/or carry out the business of pawnbroking and/or retail trading of gold jewellery and watches in Malaysia so long as ValueMax Group Limited maintains the associate company relationship between ValueMax Group Limited and our Company or ValueMax Group Limited retains direct or indirect shareholding control in our Company, where the Policy is meant to:

- (i) address, resolve, mitigate and/or eliminate any actual or potential conflict of interest between the respective business activities of the ValueMax Group and our Group; and
- (ii) focus on ValueMax Group's principal business activities within Singapore and also in other markets to optimise efficiency and resource allocation to be able to compete effectively with other industry players and to avoid inadequate allocation of resources in competition with the business activities of our Group in which ValueMax Group Limited holds an indirect interest.

ValueMax Group Limited is committed to the Policy for as long as ValueMax Group Limited remains as a substantial shareholder of our Company.

11.1.2 Interest of our Directors and substantial shareholders in entities which are our customers

As at the LPD, none of our Directors and substantial shareholders have any interest, whether direct or indirect, in any businesses or corporations which are customers of our Group.

11. CONFLICT OF INTEREST *(Cont'd)*

11.1.3 Involvement of our Directors and substantial shareholders in entities which are our suppliers

As at the LPD, save as disclosed below, none of our Directors and substantial shareholders have any interest, whether direct or indirect, in any businesses or corporations which are the suppliers of our Group:

VMM Holdings

VMM Holdings has been providing IT support services to our Group since 1 July 2023 pursuant to the IT services agreement dated 22 May 2023 ("**IT Services Agreement**"). VMM Holdings is our substantial shareholder and is a wholly-owned subsidiary of ValueMax Group Limited. Please refer to note (2) of **Section 10.2.1** of this Prospectus for more information on the IT Services Agreement.

Under the IT Services Agreement, SYT Pavilion pays to VMM Holdings a service fee of RM350.00 per month in respect of each pawnbroking and/or retail of jewellery and gold outlet using the IT support services. Please refer to Notes (7), (8), (9), (11) and (14) of **Section 10.2.1** of this Prospectus on the interests of Yeah Hiang Nam, Yeah Chia Kai, Tang Hong Yee, Ng Hooi Lang and Tang Soo Yen⁽¹⁾ respectively in VMM Holdings.

Our Board is of the view that any potential conflict of interest situation which may arise through the interests of Yeah Hiang Nam, Yeah Chia Kai, Tan Hong Yee, Ng Hooi Lang or Tang Soo Yen in VMM Holdings is mitigated due to the following:

- (i) VMM Holdings is not our Group's major supplier and our Group is not dependent on the services from VMM Holdings as there are other third-party service providers in the market providing similar services;
- (ii) The IT Services Agreement is carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are provided exclusively to our Group; and
- (iii) Yeah Hiang Nam, Yeah Chia Kai, Ng Hooi Lang and Tang Soo Yen and persons connected with them will abstain from deliberating and voting at our Board meetings in relation to transactions with VMM Holdings.

Note:

- (1) The spouse of Tang Soo Yen, Yeow Chun Huat, is a director of VMM Holdings.

11. CONFLICT OF INTEREST (Cont'd)

11.2 INVOLVEMENT OF OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN ENTITIES WHICH PROVIDE LOANS TO OUR GROUP

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which have provided any loans to our Group:

No.	Company(ies) in our Group	Interested party(ies)	Nature of transaction	Nature of interest	Outstanding amount as at LPD RM'000
1.	SYT Pavilion	ValueMax Group Limited	Loans provided by ValueMax Group Limited to SYT Pavilion for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ <u>Interested Director</u> <ul style="list-style-type: none"> • Yeah Chia Kai⁽²⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽³⁾ 	16,910
2.	KP Well Chip	Goldjew Sdn. Bhd. ("Goldjew")	Loans provided by Goldjew to KP Well Chip for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ <u>Interested director</u> <ul style="list-style-type: none"> • Tang Soo Yen⁽⁴⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽³⁾ 	12,747
3.	KP Well Chip	Great Prompt Sdn. Bhd. ("Great Prompt")	Loans provided by Great Prompt to KP Well Chip for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ <u>Interested Directors</u> <ul style="list-style-type: none"> • Tang Soo Yen⁽⁴⁾ • Yeow Choong Kuan⁽⁵⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽³⁾ 	228

11. CONFLICT OF INTEREST (Cont'd)

No.	Company(ies) in our Group	Interested party(ies)	Nature of transaction	Nature of interest	Outstanding amount as at LPD
					RM'000
4.	Thye Shing Pawnshop	Great Prompt	Loans provided by Great Prompt to Thye Shing Pawnshop for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ <u>Interested Directors</u> <ul style="list-style-type: none"> • Tang Soo Yen⁽⁴⁾ • Yeow Choong Kuan⁽⁵⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽³⁾ 	3,367
5.	Thye Shing Pawnshop	Goldjew	Loans provided by Goldjew to Thye Shing Pawnshop for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ <u>Interested Directors</u> <ul style="list-style-type: none"> • Tang Soo Yen⁽⁴⁾ • Yeow Choong Kuan⁽⁵⁾ <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> • Tan Hong Yee⁽³⁾ 	8,766
6.	KP Well Chip	Individual minority shareholders of KP Well Chip ⁽⁷⁾	Loans provided by individual minority shareholders of KP Well Chip to KP Well Chip for Cash Capital	<u>Interested Directors</u> <ul style="list-style-type: none"> • Ng Hooi Lang⁽⁶⁾ • Tang Soo Yen⁽⁴⁾ • Yeow Choong Kuan⁽⁵⁾ 	21,247
7.	KP Well Chip	Yeah Hiang Nam	Loans provided by Yeah Hiang Nam to KP Well Chip for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ 	7,269
8.	Thye Shing Pawnshop	Yeah Hiang Nam	Loans provided by Yeah Hiang Nam to Thye Shing Pawnshop for Cash Capital	<u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> • Yeah Hiang Nam⁽¹⁾ 	4,517

11. CONFLICT OF INTEREST *(Cont'd)*

Notes:

- (1) Please refer to note (7) of **Section 10.2.1** of this Prospectus.
- (2) Please refer to note (8) of **Section 10.2.1** of this Prospectus.
- (3) Please refer to note (9) of **Section 10.2.1** of this Prospectus.
- (4) Please refer to note (14) of **Section 10.2.1** of this Prospectus.
- (5) Please refer to note (12) of **Section 10.2.1** of this Prospectus.
- (6) Please refer to note (11) of **Section 10.2.1** of this Prospectus.
- (7) Please refer to note (15) of **Section 10.2.1** of this Prospectus.

The Related Parties Loans were mainly utilised by our Group as cash capital for the disbursement of pawn loans, which were instrumental to the growth of our Group's pawnbroking business. Any immediate repayment or short repayment period or lump sum repayment will have an adverse impact on the growth of our Group as it would constrain the amount of cash capital available for the disbursement of pawn loans and expansion of new pawnbroking outlets of our Group. As at the LPD, the outstanding Related Parties Loans amounted to RM75.05 million with interest rates ranging from 6% to 7% per annum.

Assuming that our Group does not utilise the Related Parties Loans, the working capital of our Group will comprise mainly internally generated funds and external bank borrowings. On this basis, our Group will still have adequate working capital to support and grow its pawnbroking business operations for at least the next 12 months, albeit at a lower growth rate of its pawn loan book (i.e. pledged receivables).

Our Group had on 22 September 2023 entered into supplemental loan agreements with the related parties whereby the terms of the loans have been revised, amongst others, to incorporate fixed interest rate payments and fixed repayment terms. Based on the revised terms pursuant to the supplemental loan agreements, the Related Parties Loans will be on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and which are not detrimental to the interests of non-interested shareholders, in view of the following:

- (i) the applicable interest rates are fixed between 6% to 7% per annum, which is within the range of interest rates incurred by our Group for existing bank borrowings utilised to finance our pawnbroking operations;

11. CONFLICT OF INTEREST *(Cont'd)*

- (ii) the principal amount of the Related Parties Loans together with the applicable interests are repayable on a fixed repayment term as opposed to repayable on demand for the Period Under Review up to the date of our Listing; and
- (iii) the interest rates will be calculated on the principal amount outstanding on the respective loans, and on a daily basis and payable on the last day of each calendar year during the Repayment Term.

Premised on the above, our Board is of the view that any potential conflict of interest situation which may arise through the interests of the related parties of our Group is mitigated.

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11. CONFLICT OF INTEREST (Cont'd)

Upon successful implementation of the Listing, our Group will not rely on additional related parties loans, as our Group may raise additional funds from bank borrowings and/or the capital market to finance future expansions of our pawnbroking business. In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

Moving forward, following the Listing, our Audit and Risk Management Committee will continue to review and assess the financial risk and matters in relation to any related parties transactions and potential conflict of interest situations that may arise to ensure that transactions are carried out in the best interest of our Group. These matters may include any transaction, procedure or course of conduct within our Group that raise questions of management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding the above, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interest. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.3 DECLARATIONS BY ADVISERS ON CONFLICT OF INTEREST

- (i) Kenanga IB confirms that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as our Principal Adviser for our IPO.
- (ii) Mah-Kamariyah & Philip Koh confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to Malaysian law in relation to our IPO.
- (iii) RSM Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to our IPO.
- (iv) Protégé confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researchers in relation to our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia under the Act on 12 April 2023 to facilitate our Listing. On [date], we formed our Group upon completion of the Pre-IPO Restructuring. All the Target Companies acquired by our Company pursuant to the Acquisition are assumed to be under the common control of our Company. As such, the historical financial information of our Group for the Period Under Review is presented based on the combined audited financial statements of our Group.

Our historical combined financial statements have been prepared in accordance with the MFRS and IFRS. There are no accounting policies which are peculiar to our Group in regard to the nature of the business or the industry which our Group is involved in and there has been no audit qualification on our audited combined financial statements for the Period Under Review.

The following selected historical financial information should be read in conjunction with the “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” as set out in **Section 12.3** of this Prospectus and Accountants’ Report, together with its accompanying notes, as set out in **Section 13** of this Prospectus.

12.1.1 Combined statements of profit or loss and other comprehensive income

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>					
Revenue	121,840	101,881	158,125	85,557	103,469
Cost of sales	(58,886)	(49,390)	(95,592)	(53,215)	(67,176)
GP	62,954	52,491	62,533	32,342	36,293
Other income	919	1,437	1,274	114	79
Administrative expenses	(17,540)	(21,006)	(26,726)	(10,432)	(12,884)
Finance costs	(173)	(176)	(303)	(142)	(176)
PBT from continuing operations	46,160	32,746	36,778	21,882	23,312
Taxation	(12,478)	(8,965)	(11,621)	(6,658)	(7,247)
PAT and total comprehensive income from continuing operations	33,682	23,781	25,157	15,224	16,065
<u>Discontinued operations</u> ⁽¹⁾					
(LAT)/PAT from discontinued operations	(74)	184	1,195	864	1,109
PAT and total comprehensive income	33,608	23,965	26,352	16,088	17,174
EBITDA ⁽²⁾	48,780	35,516	40,054	23,423	25,201
GP margin (%) ⁽³⁾	51.7	51.5	39.5	37.8	35.1
PBT margin (%) ⁽⁴⁾	37.9	32.1	23.3	25.6	22.5
PAT margin (%) ⁽⁵⁾	27.6	23.3	15.9	17.8	15.5
Basic EPS (sen) ⁽⁶⁾	7.5	5.3	5.6	3.4	3.6
Diluted EPS (sen) ⁽⁷⁾	5.6	4.0	4.2	2.5	2.7

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) On 28 June 2023, we have completed the Disposal of Swift Paragon. Please see **Section 6.3.1** of this Prospectus for more information on the Disposal of Swift Paragon.

Accordingly, the assets and liabilities of Swift Paragon for the Period Under Review are classified as disposal group classified as held for sale and the financial results of Swift Paragon are classified as discontinued operations.

- (2) Computed as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT from continuing operations	33,682	23,781	25,157	15,224	16,065
Add: Finance costs	173	176	303	142	176
Income tax expense	12,478	8,965	11,621	6,658	7,247
Depreciation	2,447	2,594	2,973	1,399	1,713
Less: Interest income	-	-	-	-	-
EBITDA	48,780	35,516	40,054	23,423	25,201

- (3) Computed based on GP divided by revenue.
- (4) Computed based on PBT from continuing operations divided by revenue.
- (5) Computed based on PAT from continuing operations divided by revenue.
- (6) Computed based on PAT from continuing operations over our total number of 450,000,000 Shares after the Acquisition but before our IPO.
- (7) Computed based on PAT from continuing operations over our enlarged total number of 600,000,000 Shares after our IPO.

12.1.2 Combined statements of financial position

	Audited			
	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	5,191	4,971	6,344	7,098
Right-of-use assets	1,750	2,818	15,863	17,634
Goodwill	425	425	425	425
Total non-current assets	7,366	8,214	22,632	25,157
Current assets				
Inventories	24,758	33,226	35,021	34,103
Trade and other receivables	255,751	263,346	343,411	372,323
Current tax assets	516	674	430	196
Cash and bank balances	14,551	14,369	8,606	12,600
	295,576	311,615	387,468	419,222
Assets classified as held for sale	167	14,392	24,468	-
Total current assets	295,743	326,007	411,936	419,222
Total assets	303,109	334,221	434,568	444,379

12. FINANCIAL INFORMATION (Cont'd)

	Audited		
	As at 31 December		As at 30 June
	2020	2021	2022
	RM'000	RM'000	RM'000
Equity			
Invested equity	27,683	27,683	27,683
Retained profits	104,327	122,857	144,112
Total equity	132,010	150,540	171,795
Non-current liabilities			
Lease liabilities	745	1,543	10,794
Loans and borrowings	1,177	1,126	3,750
Deferred tax liabilities	54	12	74
Total non-current liabilities	1,976	2,681	14,618
Current liabilities			
Lease liabilities	1,071	1,340	1,702
Loans and borrowings	85,575	87,958	143,184
Other payables	78,119	90,926	101,921
Current tax liabilities	4,210	705	1,147
	168,975	180,929	247,954
Liabilities directly associated with the assets classified as held for sale	148	71	201
Total current liabilities	169,123	181,000	248,155
Total liabilities	171,099	183,681	262,773
Total equity and liabilities	303,109	334,221	434,568

12.2 CAPITALISATION AND INDEBTEDNESS

Our capitalisation and indebtedness based on the latest unaudited financial information as at 30 September 2023 and after adjusting for the effects of the Pre-IPO Restructuring, Public Issue and utilisation of proceeds are summarised in the table below:

	Unaudited as at 30 September 2023 RM'000	I After the Pre-IPO Restructuring RM'000	II After I and Public Issue RM'000	III After II and utilisation of proceeds RM'000
Capitalisation				
Shareholders' equity	(1) -	171,647	[•]	[•]
Total capitalisation	(1) -	171,647	[•]	[•]
Indebtedness				
Current				
Secured and guaranteed				
- Term loans	-	133	133	133
- Bank overdrafts	-	30,841	30,841	30,841
- Revolving credit	-	144,600	144,600	144,600
	-	175,574	175,574	175,574

12. FINANCIAL INFORMATION (Cont'd)

	Unaudited as at 30 September 2023 RM'000	I After the Pre-IPO Restructuring RM'000	II After I and Public Issue RM'000	III After II and utilisation of proceeds RM'000
Unsecured and unguaranteed				
- Loans from related parties	-	41,901	41,901	41,901
- Loan from directors	-	13,698	13,698	13,698
- Loans from shareholders	-	19,236	19,236	19,236
- Lease liabilities	-	1,780	1,780	1,780
	-	76,615	76,615	76,615
Non-current Secured and guaranteed				
- Term loans	-	3,679	3,679	3,679
Unsecured and unguaranteed				
- Lease liabilities	-	13,823	13,823	13,823
Total indebtedness	-	269,691	269,691	269,691
Total capitalisation and indebtedness	-	441,338	[•]	[•]
Gearing ratio (times) ⁽²⁾	-	1.48	[•]	[•]

Notes:

(1) Less than RM1,000.

(2) Computed based on total indebtedness (excluding lease liabilities) divided by total capitalisation. Lease liabilities of our Group comprise of tenancy agreements entered with the landlords in relation to the lease of pawnshops and retail outlets, which are recognised in accordance with MFRS 16 Leases. Pursuant thereto, lease liabilities are excluded from the calculation of gearing ratio in view that these lease liabilities are not related to the borrowings by our Group.

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations for the Period Under Review should be read in conjunction with the Accountant's Report as set out in **Section 13** of this Prospectus.

This discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those anticipated in these forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed in **Section 12.3.2** and elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

12.3.1 Overview of our operations

Our Company is an investment holding company and through our subsidiaries, we are principally involved in the provision of pawnbroking services and business of retail and trading of jewellery and gold.

Please refer to **Section 7** of this Prospectus for an overview of our businesses.

(i) Revenue

Our revenue is derived from the following:

- (a) Pawnbroking services:
 - (aa) Monthly interest charges earned from the pawn loan is recognised on time-proportion basis using the effective interest method. We recognise interest income based on the outstanding pawn loans receivable at the end of each month. We charge a monthly interest rate which ranges between 1.00% to 2.00% of the pawn loan amount; and
 - (bb) One-off administrative fees for our pawnbroking services are recognised at a point in time when the performance obligation is satisfied upon issuance of pawn ticket. We may charge a maximum one-off administrative fee of RM0.50 for the issuance of pawn tickets for any pawn loans of more than RM10.00.
- (b) Retail and trading of jewellery and gold:
 - (aa) Sale of new as well as pre-owned jewellery and gold, and watches through our retail outlets, our websites and e-commerce platforms; and
 - (bb) Sale of scrap gold to scrap gold traders.

Revenue from our retail and trading of jewellery and gold segment is recognised at the point when the control of goods is passed to the customers, at the point of transfer of significant risk and rewards of ownership of our products to the customers. Revenue recognised usually upon the invoice price, net of returns and allowances, trade discounts and volume rebates given to customers.

Our revenue for the Period Under Review was derived from pawnbroking services and retail and trading of jewellery and gold business located in Johor, Malaysia. Our products and services sold are denominated in RM.

12. FINANCIAL INFORMATION (Cont'd)

The table below set out our revenue by business segments for the Period Under Review:

	FYE 2020		Audited FYE 2021		FYE 2022		Unaudited FPE 2022		Audited FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking services ⁽¹⁾										
- Interest income	51,848	42.6	51,618	50.7	59,266	37.5	28,740	33.6	34,610	33.5
- Administrative fees	192	0.1	187	0.1	232	0.1	110	0.1	130	0.1
	52,040	42.7	51,805	50.8	59,498	37.6	28,850	33.7	34,740	33.6
Retail and trading of jewellery and gold										
- Retail sales of jewellery and gold	10,040	8.3	11,078	10.9	22,713	14.4	12,567	14.7	10,851	10.5
- Sales of scrap gold	59,760	49.0	38,998	38.3	75,914	48.0	44,140	51.6	57,878	55.9
	69,800	57.3	50,076	49.2	98,627	62.4	56,707	66.3	68,729	66.4
Total	121,840	100.0	101,881	100.0	158,125	100.0	85,557	100.0	103,469	100.0

Note:

(1) Total pawn loans disbursed and default rates during the Period Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Total pawn loans disbursed (RM'000)	508,271	531,979	710,341	323,867	458,011
Default rate (%)	7.0	7.8	10.1	11.1	10.7

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2020 and FYE 2021

Our revenue decreased by RM19.96 million or approximately 16.4% from RM121.84 million in FYE 2020 to RM101.88 million in FYE 2021, was mainly due to the decrease in revenue from our retail and trading of jewellery and gold segment by RM19.72 million or approximately 28.3% in FYE 2021.

Pawnbroking services

Revenue from our pawnbroking services segment decreased by RM0.23 million or approximately 0.4% from RM52.04 million in FYE 2020 to RM51.81 million in FYE 2021, despite the increase in total pawn loans disbursed by RM23.71 million or approximately 4.7% from RM508.27 million in FYE 2020 to RM531.98 million in FYE 2021. The decrease in revenue from our pawnbroking services segment mainly due to the marginal increase in default rate from 7.0% in FYE 2020 to 7.8% in FYE 2021, which has resulted in the reduction of interest income earned on pawn loans.

Retail and trading of jewellery and gold

Revenue from our retail and trading of jewellery and gold segment decreased by RM19.72 million or approximately 28.3% from RM69.80 million in FYE 2020 to RM50.08 million in FYE 2021, mainly due to the decrease in sales of scrap gold by RM20.76 million or 34.7% in FYE 2021. The revenue was affected by the COVID-19 pandemic as our retail outlets were temporarily closed due to the implementation of FMCO for approximately 3.5 months during the FYE 2021 (from 12 May 2021 to 31 August 2021), as compared to the FYE 2020 whereby our retail outlets were temporarily closed due to the implementation of MCO 1.0 for approximately 1.5 months (from 18 March 2020 to 4 May 2020).

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM56.25 million or approximately 55.2% from RM101.88 million in FYE 2021 to RM158.13 million in FYE 2022, due to the increase in revenue from both our pawnbroking services segment as well as retail and trading of jewellery and gold segment.

Pawnbroking services

Revenue from our pawnbroking services segment increased by RM7.69 million or approximately 14.8% from RM51.81 million in FYE 2021 to RM59.50 million in FYE 2022, mainly due to the increase in total pawn loans disbursed by RM178.36 million or approximately 33.5% from RM531.98 million in FYE 2021 to RM710.34 million in FYE 2022. The increase in pawn loans disbursed resulted in higher interest income earned from the outstanding pawn loans. The increase in total pawn loans disbursed was generally due to the economic recovery pursuant to the upliftment of FMCO as well as the cessation of government financial aids provided during the FYE 2021. The increase in revenue from our pawnbroking services segment is partially offset by the increase in default rate from 7.8% in FYE 2021 to 10.1% in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

In FYE 2021, there were no public auctions in the months of February, March, June, July, August, September and October. During these periods, we have extended the redemption period of the pawn loans until the time when public auctions were allowed to resume in April, May, November and December. This has resulted in the lower default rate in FYE 2021 vis-à-vis FYE 2022, where public auctions had resumed in full and no extensions of redemption period were given.

Retail and trading of jewellery and gold

Revenue from our retail and trading of jewellery and gold segment increased by RM48.55 million or approximately 96.9% from RM50.08 million in FYE 2021 to RM98.63 million in FYE 2022, mainly due to:

- (a) higher sales volume of jewellery and gold products at our retail outlets where retail sales of jewellery and gold increased by RM11.63 million or approximately 105.0% from RM11.08 million in FYE 2021 to RM22.71 million in FYE 2022. This was attributed to all our retail outlets being able to operate for the entire year without any operation disruptions as compared to FYE 2021, whereby our retail outlets were temporarily closed due to the implementation of FMCO for approximately 3.5 months (from 12 May 2021 to 31 August 2021); and
- (b) higher sales volume of scrap gold pursuant to the upliftment of FMCO, whereby we were able to sell our scrap gold for the entire year without any operational disruptions. Our sales of scrap gold increased by RM36.92 million or approximately 94.7% from RM39.00 million in FYE 2021 to RM75.91 million in FYE 2022.

Comparison between FPE 2022 and FPE 2023

Our revenue increased by RM17.91 million or approximately 20.9% from RM85.56 million in FPE 2022 to RM103.47 million in FPE 2023, mainly due to the increase in revenue from both our pawnbroking services segment as well as retail and trading of jewellery and gold segment.

Pawnbroking services

Revenue from our pawnbroking services segment increased by RM5.89 million or approximately 20.4% from RM28.85 million in FPE 2022 to RM34.74 million in FPE 2023, which was mainly due to the increase in total pawn loans disbursed by RM134.14 million or approximately 41.4% from RM323.87 million in the FPE 2022 to RM458.01 million in the FPE 2023. The increase in pawn loans disbursed resulted in higher interest income earned from the outstanding pawn loans. The increase in total pawn loans disbursed was generally due to:

- (a) increase in gold price by RM19.60 per gram or approximately 7.6% during the financial period, from RM257.2 per gram to RM276.8 per gram. As the loan margin is based on the prevailing market value of the pledges (calculated as net weight of gold multiplied by spot gold price), an increase in gold price would result in higher pawn loan amount offered to customers; and
- (b) more pawn loans disbursed in conjunction with the opening of 2 new pawnshops in FYE 2022 and 1 new pawnshop in FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)Retail and trading of jewellery and gold

Revenue from our retail and trading of jewellery and gold segment increased by RM12.02 million or approximately 21.2% from RM56.71 million in FPE 2022 to RM68.73 million in FPE 2023, mainly due to higher sales volume of scrap gold whereby the sales of scrap gold increased by RM13.74 million or approximately 31.1% from RM44.14 million in FPE 2022 to RM57.88 million in the FPE 2023. The increase in sales volume of scrap gold in FYE 2022 is mainly attributed to the increase in unredeemed and bid pledges, as a result of increase in pawn loan disbursed and default rate.

The increase in revenue from sales of scrap gold is partially offset by the lower sales volume of jewellery and gold products at our retail outlets where retail sales of jewellery and gold decreased marginally by RM1.72 million or approximately 13.7% from RM12.57 million in FPE 2022 to RM10.85 million in the FPE 2023. The lower sales volume of jewellery and gold products is mainly attributable to the increase in gold price during FPE 2023 which have deterred customers from purchasing jewellery and gold products.

(ii) Cost of sales

Our cost of sales comprises finance costs incurred in our pawnbroking services segment and acquisition costs incurred in our retail and trading of jewellery and gold segment.

The cost of sales for our pawnbroking services are finance costs derived from interest charged on the loans and borrowings as well as Related Parties Loans. We require Cash Capital for the disbursement of pawn loans for our pawnbroking services segment which were mainly financed by our bank borrowings, Related Parties Loans and internally generated funds.

The cost of sales for our retail and trading of jewellery and gold business comprise:

- (a) cost of purchase of new gold and gold jewellery from manufacturers and/or wholesalers; and
- (b) cost of purchase of pre-owned gold, gold jewellery and watches comprising:
 - (aa) cost of purchase for unredeemed pledges of defaulted pawn loans not exceeding RM200, at the defaulted pawn loans amount plus accrued interest;
 - (bb) cost of purchase for bid pledges of defaulted pawn loans exceeding RM200 at public auctions; and
 - (cc) cost of purchase of pre-owned gold, gold jewellery and watches from walk-in individuals at our retail outlets.

12. FINANCIAL INFORMATION (Cont'd)

The table below set out our cost of sales by business segments for the Period Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking services ⁽¹⁾	9,802	16.6	8,155	16.5	10,564	11.1	4,600	8.6	7,546	11.2
Retail and trading of jewellery and gold	49,084	83.4	41,235	83.5	85,028	88.9	48,615	91.4	59,630	88.8
Total	58,886	100.0	49,390	100.0	95,592	100.0	53,215	100.0	67,176	100.0

Note:

- (1) Finance costs consist of interest payments for our banking facilities which include bank overdrafts and revolving credit, as well as Related Parties Loans.

Comparison between FYE 2020 and FYE 2021

Our cost of sales decreased by RM9.50 million or approximately 16.1% from RM58.89 million in FYE 2020 to RM49.39 million in FYE 2021, mainly due to the decrease in cost of sales for our retail and trading of jewellery and gold segment.

Pawnbroking services

Cost of sales for our pawnbroking services segment decreased by RM1.64 million or approximately 16.7% from RM9.80 in FYE 2020 to RM8.16 million in FYE 2021 due to:

- (a) decrease in interest rates for our revolving credits and bank overdrafts, as a result of the decrease in overnight policy rate (“OPR”) by BNM from 2.75% in 2020 to 1.75% in 2021. The OPR remained at 1.75% for the FYE 2021; and
- (b) the decrease in interest rates for our loans from ValueMax Group Limited from 8.00% in 2020 to 6.00% in 2021, which is in line with the decrease in OPR by BNM within the same period.

12. FINANCIAL INFORMATION (Cont'd)

Retail and trading of jewellery and gold

Cost of sales for our retail and trading of jewellery and gold segment decreased by RM7.84 million or approximately 16.0% from RM49.08 million in FYE 2020 to RM41.24 million in FYE 2021, which was in line with the decrease in our revenue from this segment.

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM46.20 million or approximately 93.5% from RM49.39 million in FYE 2021 to RM95.59 million in FYE 2022, mainly due to the increase in cost of sales of retail and trading of jewellery and gold segment.

Pawnbroking services

Cost of sales for our pawnbroking services segment increased by RM2.41 million or approximately 29.5% from RM8.15 million in FYE 2021 to RM10.56 million in FYE 2022 due to increase in finance costs as a result of:

- (a) increase in OPR by BNM from 1.75% in 2021 to 2.75% in 2022; and
- (b) increase in drawdown of our revolving credits and bank overdrafts as well as Related Parties Loans.

Retail and trading of jewellery and gold

Cost of sales for our retail and trading of jewellery and gold segment increased by RM43.79 million or approximately 106.2% from 41.24 million in FYE 2021 to RM85.03 million in FYE 2022, which was in line with the increase in our revenue from this segment.

Comparison between FPE 2022 and FPE 2023

Our cost of sales increased by RM13.96 million or approximately 26.2% from RM53.22 million in FPE 2022 to RM67.18 million in FPE 2023, mainly contributed by the increase in cost of sales for the retail and trading of jewellery and gold segment.

Pawnbroking services

Cost of sales for our pawnbroking services segment increased by RM2.95 million or approximately 64.0% from RM4.60 million in FPE 2022 to RM7.55 million in FPE 2023 due to increase in finance costs as a result of:

- Increase in interest rates for our revolving credit and bank overdrafts, as a result of the increase in OPR by BNM from 2.00% in FPE 2022 to 3.00% in FPE 2023; and

12. FINANCIAL INFORMATION (Cont'd)

- increase in drawdown of our revolving credits and bank overdrafts.

Retail and trading of jewellery and gold

Cost of sales for our retail and trading of jewellery and gold segment increased by RM11.01 million or approximately 22.6% from RM48.62 million in FPE 2022 to RM59.63 million in FPE 2023, which was in line with the increase in our revenue from this segment.

(iii) GP and GP margin

	Audited						Unaudited						Audited		
	FYE 2020			FYE 2021			FYE 2022			FPE 2022			FPE 2023		
	GP		GP margin	GP		GP margin	GP		GP margin	GP		GP margin	GP		GP margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Pawnbroking services	42,238	67.1	81.2	43,649	83.2	84.3	48,934	78.3	82.2	24,250	75.0	84.1	27,195	74.9	78.3
Retail and trading of jewellery and gold	20,716	32.9	29.7	8,842	16.8	17.7	13,599	21.7	13.8	8,092	25.0	14.3	9,098	25.1	13.2
Total GP / Overall GP margin	62,954	100.0	51.7	52,491	100.0	51.5	62,533	100.0	39.5	32,342	100.0	37.8	36,293	100.0	35.1

Comparison between FYE 2020 and FYE 2021

Our GP decreased by RM10.46 million or approximately 16.6% from RM62.95 million in FYE 2020 to RM52.49 million in FYE 2021, which was in line with the decrease in our revenue. The decrease in GP was mainly attributed to the decrease in GP from our retail and trading of jewellery and gold segment.

Our overall GP margin decreased marginally from 51.7% in FYE 2020 to 51.5% in FYE 2021, mainly due to decrease in GP margin for our retail and trading of jewellery and gold segment from 29.7% in FYE 2020 to 17.7% in FYE 2021. The decrease in GP margin was partially offset by increase in GP margin for our pawnbroking services segment from 81.2% in FYE 2020 to 84.3% in FYE 2021.

12. FINANCIAL INFORMATION (Cont'd)Pawnbroking services

GP from our pawnbroking services segment increased by RM1.41 million or approximately 3.3% from RM42.24 million in FYE 2020 to RM43.65 million in FYE 2021, mainly due to the decrease in interest rates for our banking facilities and our loans from ValueMax Group Limited.

As a result, GP margin for our pawnbroking services segment improved from 81.2% in FYE 2020 to 84.3% in FYE 2021.

Retail and trading of jewellery and gold

GP from our retail and trading of jewellery and gold segment decreased by RM11.88 million or approximately 57.3% from RM20.72 million in FYE 2020 to RM8.84 million in FYE 2021 mainly due to the implementation of FMCO during the year 2021, resulting in the temporary closure of our retail outlets for approximately 3.5 months, resulting in no revenue derived from retail and trading of jewellery and gold segment during the said period.

Our GP margin for our retail and trading of jewellery and gold segment decreased from 29.7% in FYE 2020 to 17.7% in FYE 2021. The surge in average gold price in 2020 resulted in higher selling price compared with relatively lower cost of inventory that were carried forward from prior year, which resulted in higher GP margin for FYE 2020. Meanwhile, there is no significant increase in average gold prices between FYE 2020 and FYE 2021. Hence, the selling price and the cost of inventory remained fairly stable, which result in the lower GP margin for FYE 2021 (2019: RM184.55 per gram; 2020: RM238.91 per gram; 2021: RM239.60 per gram).

Comparison between FYE 2021 and FYE 2022

Our overall GP increased by RM10.04 million or approximately 19.1% from RM52.49 million in FYE 2021 to RM62.53 million in FYE 2022, which was in tandem with the increase in our revenue. The increase in GP was mainly attributed to the increase in GP from our retail and trading of jewellery and gold segment.

Our overall GP margin further decreased from 51.5% in FYE 2021 to 39.5% in FYE 2022, mainly due to the decrease in GP margin of our pawnbroking services segment from 84.3% in FYE 2021 to 82.2% in FYE 2022 and retail and trading of jewellery and gold segment from 17.7% in FYE 2021 to 13.8% in FYE 2022.

Pawnbroking services

GP from our pawnbroking services segment increased by RM5.28 million or approximately 12.1% from RM43.65 million in FYE 2021 to RM48.93 million in FYE 2022, mainly due to the increase in pawn loans disbursed by RM178.36 million or 33.5%, from RM531.98 million in FYE 2021 to RM710.34 million in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

The GP margin for our pawnbroking services segment decreased from 84.3% in FYE 2021 to 82.2% in FYE 2022, mainly due to the increase in interest rates for our banking facilities.

Retail and trading of jewellery and gold

GP from our retail and trading of jewellery and gold segment increased by RM4.76 million or approximately 53.8% from RM8.84 million in FYE 2021 to RM13.60 million in FYE 2022, which was mainly due to the higher sales volume of scrap gold as well as jewellery and gold products at our retail outlets.

However, GP margin for our retail and trading of jewellery and gold segment decreased from 17.7% in FYE 2021 to 13.8% in FYE 2022. This was mainly due to the higher sales volume of scrap gold which fetch lower GP margin compared to retail sales of jewellery and golds at our retail outlets (2021: RM239.60 per gram; 2022: RM254.37 per gram).

Comparison between FPE 2022 and FPE 2023

Our overall GP increased by RM3.95 million or approximately 12.2%, from RM32.34 million in FPE 2022 to RM36.29 million in FPE 2023, which was reflected in the increase in our revenue. The increase in GP was mainly attributed to the increase in GP from our pawnbroking services segment.

Our overall GP margin further decreased from 37.8% in FPE 2022 to 35.1% in FPE 2023, mainly due to the decrease in GP margins of our pawnbroking services segment from 84.1% in FPE 2022 to 78.3% in FPE 2023 and retail and trading of jewellery and gold segment from 14.3% in FPE 2022 to 13.2% in FPE 2023.

Pawnbroking services

GP from our pawnbroking services segment increased by RM2.94 million or approximately 12.1% from 24.25 million in FPE 2022 to RM27.19 million in FPE 2023, mainly due to the increase in pawn loans disbursed by RM134.14 million or 41.4%, from RM323.87 million in FPE 2022 to RM458.01 million in the FPE 2023.

The GP margin for our pawnbroking services segment decreased from 84.1% in FPE 2022 to 78.3% in FPE 2023, mainly due to the increase in interest rate for our banking facilities.

Retail and trading of jewellery and gold

GP from our retail and trading of jewellery and gold segment increased by RM1.01 million or approximately 12.4% from RM8.09 million in FPE 2022 to RM 9.10 million in FPE 2023, which was mainly due to the higher sales volume of scrap gold albeit the lower sales volume of jewellery and gold at our retail outlets.

12. FINANCIAL INFORMATION (Cont'd)

However, the GP margin for our retail and trading of jewellery and gold segment decreased slightly from 14.3% in the FPE 2022 to 13.2% in the FPE 2023. This was mainly due to the lower sales volume of jewellery and gold which generally has higher margin as a result of the increase in gold prices during the financial period (FPE 2022: RM257.20 per gram; FPE 2023: RM276.76 per gram) as compare with the sales of scrap gold.

(iv) Other income

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Management fee	473	51.5	1,151	80.1	1,103	86.6	-	-	-	-
Government grants received – wages subsidy program	367	39.9	196	13.6	37	2.9	37	32.5	-	-
Others ⁽¹⁾	79	8.6	90	6.3	134	10.5	77	67.5	79	100.0
Total	919	100.0	1,437	100.0	1,274	100.0	114	100.0	79	100.0

Note:

(1) Others include gain on disposal of property, plant and equipment, service income, rental income and miscellaneous income.

Comparison between FYE 2020 and FYE 2021

Other income increased by RM0.52 million or approximately 56.5%, from RM0.92 million in FYE 2020 to RM1.44 million in FYE 2021, mainly due to the following:

- (a) increase in management fee received from ValueMax Properties Pte. Ltd. By RM0.68 million or approximately 144.7% from RM0.47 million in FYE 2020 to RM1.15 million in FYE 2021. Please see item (4) of **Section 10.2.1** of this Prospectus for detail of the transaction; and
- (b) decrease in government grant received pursuant to wages subsidy program by RM0.17 million or approximately 45.9% from RM0.37 million in FYE 2020 to RM0.20 million in FYE 2021 due to the decrease in the number approved applications for the wage subsidy programme.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2021 and FYE 2022**

Other income decreased by RM0.17 million or approximately 11.8% from RM1.44 million in FYE 2021 to RM1.27 million in FYE 2022, mainly due to the cessation of government grants received pursuant to wages subsidy program in FYE 2022 (FYE 2021: RM0.20 million).

Comparison between FPE 2022 and FPE 2023

Other income did not materially change between FPE 2022 and FPE 2023.

(v) Administrative expenses

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff cost ⁽¹⁾	9,367	53.4	11,275	53.7	12,722	47.6	5,446	52.2	5,880	45.7
Depreciation of property, plant and equipment	1,069	6.1	1,054	5.0	1,284	4.8	583	5.6	746	5.8
Depreciation of right-of-use assets	1,378	7.8	1,540	7.3	1,689	6.3	816	7.8	967	7.5
Directors' fee and remuneration	60	0.3	68	0.3	76	0.3	-	-	-	-
Professional and legal fee	359	2.0	523	2.5	1,118	4.2	98	0.9	725	5.6
Utilities	293	1.7	319	1.5	456	1.7	224	2.2	250	2.0
Management fees	1,589	9.1	2,020	9.6	2,055	7.7	892	8.6	504	3.9
Corporate guarantee fees	941	5.4	1,016	4.9	1,062	4.0	-	-	-	-
Insurance premium	454	2.6	508	2.4	575	2.1	256	2.5	336	2.6
License fees	308	1.8	400	1.9	466	1.7	227	2.2	208	1.6
Foreign exchange loss	107	0.6	346	1.7	2,292	8.6	850	8.2	2,129	16.5
Loan receivables written off	-	-	-	-	901	3.4	-	-	13	0.1
Others ⁽²⁾	1,615	9.2	1,937	9.2	2,030	7.6	1,040	9.8	1,126	8.7
Total	17,540	100.0	21,006	100.0	26,726	100.0	10,432	100.0	12,884	100.0

Notes:

- (1) Staff cost include salaries, wages and allowances, bonuses, EPF contributions, social security contributions, EIS contributions and other staff-related costs.
- (2) Others mainly include secretarial fees, bank charges, sundry consumables, printing, stationeries and postage.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

Administrative expenses increased by RM3.47 million or approximately 19.8% from RM17.54 million in FYE 2020 to RM21.01 million in FYE 2021, mainly due to the following:

- (a) increase in staff costs by RM1.91 million or approximately 20.4% from RM9.37 million in FYE 2020 to RM11.28 million in FYE 2021, mainly due to increase in number of employees from 139 to 159 arising from opening of 3 new pawnshops and 1 new retail outlet as well as annual salary adjustment;
- (b) increase in other expenses by RM0.32 million or approximately 19.8% from RM1.62 million in FYE 2020 to RM1.94 million in FYE 2021, in line with the opening of 3 new pawnshops and 1 new retail outlet;
- (c) increase in management fee by RM0.43 million or approximately 27.0% from RM1.59 million in FYE 2020 to RM2.02 million in FYE 2021, mainly due to additional general operation and marketing services as well as general accounting and IT services provided by ValueMax Corporate Services Pte. Ltd. and ValueMax Management Pte. Ltd., as a result of opening of 3 new pawnshops and 1 new retail outlet. Please see items (1) and (5) of **Section 10.2.1** of this Prospectus for detail of the transactions; and
- (d) increase in the depreciation of right-of-use assets by RM0.16 million or approximately 11.6% from RM1.38 million in FYE 2020 to RM1.54 million in FYE 2021, due to new lease arrangements for our 3 new pawnshops and 1 new retail outlet.

Comparison between FYE 2021 and FYE 2022

Administrative expenses increased by RM5.72 million or approximately 27.2% from RM21.01 million in FYE 2021 to RM26.73 million in FYE 2022, mainly due to the following:

- (a) increase in staff costs by RM1.44 million or approximately 12.8% from RM11.28 million in FYE 2021 to RM12.72 million in FYE 2022, mainly due to increase in the number of employees from 159 to 168 arising from opening of 2 new pawnshops, as well as expansion of our management team, whereby we have appointed, amongst others, our Chief Financial Officer, a Chief Operation Officer (who has resigned in November 2022), 2 area managers and a group accountant;
- (b) increase in foreign exchange loss by RM1.95 million or approximately 562% from RM0.34 million in FYE 2021 to RM2.29 million in FYE 2022 due to the increase in exchange rate arising from SGD denominated loans; and
- (c) write-off in pledge receivables of RM0.90 million for pledges that were confiscated by police for investigations accumulated since the commencement of our pawnbroking operation.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2022 and FPE 2023**

Administrative expenses increased by RM2.45 million or approximately 23.5% from RM10.43 million in FPE 2022 to RM12.88 million in FPE 2023, mainly due to the following:

- (a) increase in staff costs by RM0.43 million or approximately 7.9% from RM5.45 million in FPE 2022 to RM5.88 million in FPE 2023, mainly due to increase in the headcount in line with the opening of 2 new pawnshop in the first half of 2023 as well as annual salary adjustment;
- (b) increase in professional and legal fees by RM0.63 million or approximately 630.0% from RM0.10 million in FPE 2022 to RM0.73 million in FPE 2023, due to additional legal fees and stamp duty for additional bank facilities granted during the financial year; and
- (c) increase in foreign exchange loss by RM1.28 million or approximately 150.6% from RM0.85 million in FPE 2022 to RM2.13 million in FPE 2023 due to the increase in exchange rate arising from SGD denominated loans.

The increase in administrative expenses was partially offset by the decrease in management fees by RM0.39 million or approximately 43.8% from RM0.89 million in FPE 2022 to RM0.50 million in FPE 2023 due to the termination of services provided by ValueMax Corporate Services Pte. Ltd. and ValueMax Management Pte. Ltd. as set out in items (1) and (5) of **Section 10.2.1** of this Prospectus.

(vi) Finance costs

	FYE 2020		Audited FYE 2021		FYE 2022		Unaudited FPE 2022		Audited FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:										
- Lease liabilities ⁽¹⁾	128	74.0	137	77.8	177	58.4	92	64.8	95	54.0
- Term loan ⁽²⁾	45	26.0	39	22.2	126	41.6	50	35.2	81	46.0
Total	173	100.0	176	100.0	303	100.0	142	100.0	176	100.0

Notes:

- (1) Being interest expenses on lease liabilities for lease of properties as pawnshops and retail outlets, which are recognised in accordance with MFRS 16 Leases.
- (2) Being interest expenses in relation to term loans from licensed banks, which were drawn down as part financing of acquisition of 3 properties used for our pawnbroking services.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

Our finance costs have been consistent for FYE 2020 and FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.12 million or approximately 66.7% from RM0.18 million in FYE 2021 to RM0.30 million in FYE 2022 mainly due to higher interest expense on term loan undertaken to finance the acquisition and opening of 2 new pawnshops in FYE 2022.

Comparison between FPE 2022 and FPE 2023

Our finance costs increased by RM0.04 million or approximately 28.6% from RM0.14 in FPE 2022 to RM0.18 in FPE 2023, mainly due to the interest payment on the term loans for the acquisition of 2 new pawnshops in FPE 2022 which only started in April 2022.

(vii) PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
PBT (RM'000)	46,160	32,746	36,778	21,882	23,312
PBT margin (%)	37.9	32.1	23.3	25.6	22.5

Comparison between FYE 2020 and FYE 2021

Our PBT decreased by RM13.41 million or approximately 29.1% from RM46.16 million in FYE 2020 to RM32.75 million in FYE 2021, mainly due to lower GP generated from the retail and trading of jewellery and gold segment, as well as higher administrative expenses incurred from the opening of 3 new pawnshops and 1 new retail outlet.

As a result, our PBT margin decreased from 37.9% in FYE 2020 to 32.1% in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our PBT increased by RM4.03 million or approximately 12.3% from RM32.75 million in FYE 2021 to RM36.78 million in FYE 2022, mainly due to higher GP generated from both the pawnbroking services and retail and trading of jewellery and gold segment which offset the higher administrative expenses incurred from the opening of 2 new pawnshops.

However, our PBT margin has decreased from 32.1% in FYE 2021 to 23.3% in FYE 2022, mainly due to lower GP margin generated from the retail and trading of jewellery and gold segment coupled with higher administrative expenses incurred.

Comparison between FPE 2022 and FPE 2023

Our PBT increased by RM1.43 million or approximately 6.5% from RM21.88 million in FPE 2022 to RM23.31 million in FPE 2023, due to higher GP generated from both the pawnbroking services and retail and trading of jewellery and gold segment.

However, our PBT margin has decreased from 25.6% in FPE 2022 to 22.5% in FPE 2023, mainly due to lower GP margin from the retail and trading of jewellery and gold segment.

12. FINANCIAL INFORMATION (Cont'd)**(viii) Income tax expense**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Tax expenses	12,478	8,965	11,621	6,658	7,247
Effective tax rate (%)	27.0	27.4	31.6	30.4	31.1
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

Comparison between FYE 2020 and FYE 2021

Our tax expenses decreased by RM3.51 million or approximately 28.1% from RM12.48 million in FYE 2020 to RM8.97 million in FYE 2021, mainly due to decrease in PBT in FYE 2021.

For FYE 2020, our effective tax rate was higher than the statutory tax rate of 24.0%, mainly due to the tax effect from non-allowable expenses of RM1.23 million, which mainly comprise depreciation of property, plant and equipment and non-allowable expenses (mainly comprising foreign exchange loss, legal fee and professional fee) for investment holding company and under provision of income tax in prior years of RM0.19 million.

For FYE 2021, our effective tax rate was higher than the statutory tax rate of 24.0%, mainly due to the tax effect from non-allowable expenses of RM1.25 million, which mainly comprise depreciation of property, plant and equipment and non-allowable expenses (mainly comprising foreign exchange loss, legal fee and professional fee) for investment holding company.

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM2.65 million or approximately 29.5% from RM8.97 million in FYE 2021 to RM11.62 million in FYE 2022, mainly due to increase in PBT in FYE 2022.

For FYE 2022, our effective tax rate was higher than the statutory tax rate of 24.0%, mainly due to tax effect from non-allowable expenses of RM2.70 million, which mainly comprise depreciation of property, plant and equipment, provision of loss on loan receivable written off, non-allowable expenses (mainly comprising foreign exchange loss) for investment holding company, and under provision of income tax in prior years of RM0.26 million.

Comparison between FPE 2022 and FPE 2023

Our tax expenses increased by RM0.59 million or approximately 8.9% from RM6.66 million in FPE 2022 to RM7.25 million in FPE 2023, mainly due to increase in PBT in FPE 2023.

For FPE 2023, our effective tax rate was higher than the statutory tax rate of 24.0%, mainly due to tax effect from non-allowable expenses of RM1.83 million, which mainly comprise of depreciation of property, plant and equipment, provision of loss on loan receivable written off and non-allowable expenses (mainly comprising foreign exchange loss) for investment holding company.

12. FINANCIAL INFORMATION (Cont'd)**12.3.2 Significant factors affecting our operations and financial results**

The significant factors affecting our operations and financial results are set out below:

(i) Availability of Cash Capital to fund and/or grow our pawnbroking business

Our pawnbroking business requires Cash Capital to draw on for the disbursement of pawn loans to our pawnbroking customers. Such Cash Capital requirements will increase as we grow our number of pawnshops and/or disburse more pawn loans. As such, our growth as well as our profitability, in large part, is dependent upon our timely access to, and the costs associated with, securing additional funding for our Cash Capital.

Since we commenced our pawnbroking business, we have been relying on bank borrowings, Related Parties Loans and internally generated funds to finance our Cash Capital requirements for our existing and new pawnshops.

During the Period Under Review, we have funded our Cash Capital requirements from the following sources:

Source of Cash Capital	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>As at end of the relevant financial years/period</u>								
Bank borrowings	86,752	44.1	89,084	47.1	146,934	58.9	161,932	63.6
Related Parties Loans	73,726	37.5	85,650	45.3	95,680	38.3	74,714	29.4
<u>As at end of the relevant financial years/period</u>								
Internally generated funds	36,161	18.4	26,410	14.0	29,073	11.6	17,808	7.0
Subtotal	196,639	100.0	201,144	106.4	271,687	108.8	254,454	100.0
Less:								
Loans provided to Swift Paragon ⁽¹⁾	-	-	(12,182)	(6.4)	(22,118)	(8.8)	-	-
Total Cash Capital	196,639	100.0	188,962	100.0	249,569	100.0	254,454	100.0

Note:

- (1) The sources of funds for the loans provided to Swift Paragon are from a combination of Related Parties Loans and our internally generated funds.

As Swift Paragon's principal activity is in the business of money-lending, the loan from SYT Pavilion to Swift Paragon has been deducted to reflect only the Cash Capital used for the pawnbroking business of Well Chip Group. Swift Paragon was a wholly-owned subsidiary of SYT Pavilion prior to the Disposal of Swift Paragon, which was completed on 28 June 2023. The outstanding amount owed by Swift Paragon to SYT Pavilion was fully settled upon the completion of the Disposal of Swift Paragon.

Due to an increase in the usage of bank borrowings and Related Parties Loans to fund the growth of our Group, our Group had recorded negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023 as set out below:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	26,548	(6,182)	(60,502)	9,005	(15,951)

Pursuant to MFRS 107 Statement of Cash Flows, the issuance of pawn loans is recorded as a cash outflow from operating activities as the pawn loans are the principal revenue producing activity of our Group, whereas the corresponding funding (cash inflow to our Group) for the disbursement of pawn loans are captured in cash flow from financing activities.

12. FINANCIAL INFORMATION (Cont'd)

As such, in our Group's pawnbroking business operations, the continuous disbursement of pawn loans at an increasing rate would result in higher negative cash flows from operating activities for our Group.

Since February 2023, our Group will no longer relies on additional loans from related parties. We will pare down the principal amount of the existing Related Parties Loans on a fixed repayment term in 4 quarterly instalments each year within a period of 120 months, which shall commence from the date of the successful implementation of our Listing.

Within 24 months from the date of our Listing, we intend to utilise part of the proceeds from Public Issue of RM[●] million (representing approximately 91.6% of the gross proceeds to be raised from our Public Issue) to fund our Cash Capital for our existing pawnshops and new pawnshops. Thereafter, as and when required, we may raise funds from the capital market and/or bank borrowings to finance our Cash Capital requirements. In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

In the event that we are unable to obtain funds from the capital market and/or bank borrowings on terms which are favourable to our Group, we may not be able to implement our business and operational strategies as there would be insufficient funds available to grow our number of pawnshops and/or disburse more pawn loans. As such, we may be required to reduce our pawn loan offerings to customers. This may affect our ability to generate more revenue in terms of interest charges and/or sale of unredeemed and bid pledges, which will have a material adverse impact to our business operations and financial condition.

(ii) Our business is exposed to unlawful and suspicious pawn transactions

We are subject to the risk of people using our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes. For the Period Under Review and up to the LPD, while there has been no incidence of breaches against the AMLA 2001, there can be no assurance that the measures taken by us to prevent the use of our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes are sufficient to fully eliminate unlawful and suspicious transactions.

In the event of transactions involving stolen gold, jewellery or watches, we are exposed to the risk of losing the pledges if such items are subsequently confiscated by the police. As a result, we may not be able to recover the pawn loans disbursed for such confiscated pledges.

Since incorporation up to the LPD, there were a total of 285 occurrences across different pawnshops of our Group where our pledges were confiscated by the police. For the FYE 2022, we have written off pledge receivables of RM0.90 million for pledges that were confiscated by police for investigations. The aforementioned write-off was an accumulation of pledges confiscated by police since we commenced our business, which were not material in its respective years. In FPE 2023, we have written off pledge receivables of RM0.01 million that were confiscated by police for investigations.

(iii) We are exposed to risk in meeting our daily cash requirements

It is crucial for our Group to meet the daily cash requirements of our pawnbroking business which includes cash to fulfill our customer's demand for pawn loans as well as to defray other operating costs and expenses such as staff costs, utilities and rental payments. Hence, our ability to meet the daily cash requirements of our pawnbroking business is dependent on our ability to secure funding in a timely manner to fulfill our daily cash needs.

12. FINANCIAL INFORMATION (Cont'd)

Our cash and cash equivalents (after taking into consideration of bank overdrafts) for the Period Under Review as follows:

	Audited as at 31 December			Audited as at 30 June 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
Cash and balances	14,551	14,369	8,606	12,600
Less: Bank overdrafts	(15,021)	(14,402)	(43,440)	(26,489)
Total cash and cash equivalents	(470)	(33)	(34,834)	(13,889)

Our Group had recorded negative total cash and cash equivalents as at 31 December 2020, 2021 and 2022 as well as 30 June 2023. This is due to the draw down of bank overdrafts, for which was provided by the banks for disbursement of pawn loans, while some of the pawnbroking customers had not redeemed their pledges as at the respective financial year/period end, as the said pawn loans were not due to be redeemed, were renewed and/or were in default. The amount of defaulted pawn loans as at 30 June 2023 is RM49.08 million.

In the event we experience an increase in demand for pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges, our funds available to meet our daily cash requirements may be adversely affected. In such event, it is crucial for our Group to secure sufficient funding, which may be via bank borrowings, in a timely manner to finance our Cash Capital and/or other operating expense requirements.

If we are unable to secure funding in a timely manner to meet daily cash requirements of our pawnbroking business, our business operations and financial performance may be adversely affected.

(iv) Exposure to termination and/or non-renewal of lease or rental agreement

Our pawnshops and retail outlets are strategically located at convenient locations in close proximity to residential housing or commercial areas. As at the LPD, all of our existing and new pawnshops and retail outlets are tenanted from independent third parties and our related parties. While there have not been any instances of failure to renew our tenancies for the existing and new pawnshops and retail outlets, there is no assurance that we are able to renew each of our tenancies for existing and new pawnshops and retail outlets upon expiry or on similar favourable terms and conditions moving forward.

In the event that any of our tenancies for our existing or new pawnshops and retail outlets are unable to be renewed upon expiry or on favourable terms and conditions, we may be required to relocate the affected pawnshops and retail outlets, which may incur additional costs for relocation and/or increased rental expenses. Further, we may lose existing and potential customers if the new locations are less convenient and accessible as compared to the existing locations, which may adversely affect our financial performance.

Any significant increase in rental costs for existing and new pawnshops and retail outlets in the future may have adverse and material impact on our financial position as well as to our business operations. Nevertheless, there has not been any significant increase in rental rates for our existing outlets for the Period Under Review and up to the LPD.

12. FINANCIAL INFORMATION (Cont'd)**(v) Adequacy of insurance coverage**

We need to maintain adequate insurance coverage in order to protect us against losses such as burglary, theft, robbery and/or fire that may arise in connection with our operations, especially for our pawnbroking as well as retail and trading of jewellery and gold businesses which involve cash and valuable items.

As at the LPD, we maintain jeweller's block insurance policy from third party insurance providers for all our pawnshops and retail outlets with a total insured sum of RM493.85 million. While we believe that our insurance coverage commensurate with our business nature and risk profile, there can be no assurance that our insurance coverage will be adequate to cover all risks or losses or liabilities that might arise in the course of our business operations and that our insurance coverage will sufficiently protect against all potential claims and liabilities.

In addition, some of our insurance policies are subject to periodic review by our insurers. Thus, there can be no assurance that we are able to renew these policies on similar terms and amount desired at reasonable premiums. The outcome of any claim is subject to negotiations among the relevant parties and the result of claims may be unfavourable to us. If an insurer disclaims liability or we are held liable for uninsured losses or the amount of claims for insured losses exceeds the limit of our insurance coverage, our business and financial condition may be adversely affected.

During the Period Under Review and up to the LPD, we have not encountered any events or incidences that have resulted in any insurance claims of a material nature that would significantly affect our operations and financial condition.

(vi) Impact of Government, economic, fiscal or monetary policies

Our pawnbroking business is governed under the PA 1972 which sets out, amongst others, the maximum monthly interest rate, pawn loan period and administrative fee that are chargeable to our pawnbroking customers as well as the administrative procedures for unredeemed pledges.

Our ability to maintain and renew our pawnbroking licenses is subject to our continued compliance with the PA 1972. In the event of non-compliance with the PA 1972, the affected pawnshop's pawnbroking licences may be suspended, revoked or may not be renewed upon expiry. As a result, the affected pawnshop would not be allowed to process new pawn transactions until the validity of the pawnbroking licence is extended following a successful appeal with the KPKT. In such circumstance, our pawnbroking business would be adversely affected as we would lose the revenue contribution from the affected pawnshop.

Further, if there are any changes in the PA 1972 which result in stricter operating standards and/or compliance requirements, our pawnbroking business may need to incur additional operating costs to comply with the new standards/ requirements. In the event that such increased operating costs cannot be passed on to our pawnbroking customers, we will have to absorb the additional cost incurred, which may adversely impact the profitability of our pawnbroking business.

There is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies moving forward.

12. FINANCIAL INFORMATION (Cont'd)**(vii) Impact of inflation**

Our financial performance for the Period Under Review was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in the pawnbroking operating costs in the future may adversely affect our operations and performance in the event that we are unable to generate adequate pawnbroking revenue to cover the said increase.

(viii) Impact of foreign exchange rates

Some of our Related Parties Loans, which are used to fund our Cash Capital, are denominated in SGD, as set out below:

	As at 31 December			As at 30	As at the
	2020	2021	2022	June 2023	LPD
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Loans from ValueMax Group Limited	8,175	10,583	12,174	5,053	4,914

Any significant fluctuations in the SGD exchange rate against the RM would have an impact on the profit or loss of our Group. As our revenue is generated in RM, there is no natural hedging for the SGD denominated Related Parties Loans.

For the Period Under Review, our gains and losses from fluctuations in foreign exchange are as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Realised gain / (loss) on foreign exchange	55	(14)	(97)	-	(1,323)
Unrealised gain / (loss) on foreign exchange	(162)	(333)	(2,195)	(850)	(806)
Net gain / (loss) on foreign exchange	(107)	(347)	(2,292)	(850)	(2,129)

In the event of a material depreciation in the RM against the SGD, we would incur higher finance costs and repayment amount for the said SGD denominated Related Parties Loans. Save for the loss on foreign exchange amounting to RM2.29 million in FYE 2022 and RM2.13 million in the FPE 2023, our financial performance during the Period Under Review was not materially affected by fluctuations in foreign exchange rates. Please refer to note 28(b)(iii)(b) of the Accountants' Report as set out in **Section 13** of this Prospectus for the sensitivity of our Group's PAT for the Period Under Review against an estimated change in exchange rate.

(ix) Impact of interest rates

As at 30 June 2023, our Group's total interest-bearing loans and borrowings stood at RM236.64 million, comprising RM161.93 million bank borrowings and RM74.71 million Related Parties Loans. Please refer to **Section 12.4.3** of this Prospectus for the breakdown of our loans and borrowings.

12. FINANCIAL INFORMATION (Cont'd)

For the Period Under Review, our interest expense (comprising cost of sales and finance costs) are as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost of sales					
- Bank overdraft	717	298	1,235	259	1,089
- Revolving credits	3,228	2,795	3,563	1,525	3,170
- Related Parties Loans	5,857	5,062	5,766	2,816	3,287
Finance cost					
- Term loan	45	39	126	50	81
	9,847	8,194	10,690	4,650	7,627

Our Group's financial performance for the Period Under Review were not materially affected by the fluctuation in interest rates. Following the supplemental loan agreements entered into by our Group on 22 September 2023, the applicable interest rates for the Related Parties Loans are fixed between 6% to 7% per annum. Pursuant thereto, the Related Parties Loans are not subject to the impact of fluctuations of interest rates. However, as our Group's bank borrowings are based on floating rates, a significant increase in interest rates would increase our finance costs, which in turn may have an adverse impact on our financial performance. Please refer to note 28(b)(iii)(a) of the Accountants' Report as set out in **Section 13** of this Prospectus for the sensitivity of our PAT for the Period Under Review against an estimated change in interest rates.

(x) Volatility in gold prices

Our Group's pawnbroking business involves sales of unredeemed pledges of gold and gold jewellery as part of our cash recovery process. For defaulted pawn loans of amount not exceeding RM200, we will take possession of the unredeemed pledges whereas for defaulted pawn loans of amount exceeding RM200, we will send the unredeemed pledges to public auctions. We participate in public auctions and bid for the unredeemed pledges. These unredeemed and bid pledges will be sold to KE Well Chip for retail sale as well as sale to scrap gold traders. In addition, we also sell new and pre-owned jewellery and gold through our retail outlets.

In the event there is a sudden and/or prolonged downward movements, the value of our unredeemed pledges (i.e., gold and gold jewellery) from our pawnbroking business and/or gold and gold jewellery purchased from public auctions and walk-in customers will decline accordingly.

If we need to sell these unredeemed pledges (i.e., gold and gold jewellery) and/or purchased items for cash requirement when there is a significant decline in the gold prices, we would incur a loss upon the sales of these unredeemed pledges and/or purchased items, and may adversely affect our profitability and financial performance. In addition, the proceeds from the sales of such unredeemed pledges and/or purchased items may be insufficient to recover the defaulted pawn loans, which in turn may adversely impact our cash recovery process.

12. FINANCIAL INFORMATION (Cont'd)

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

We finance our operations through cash generated from operations, banking facilities from financial institutions and Related Parties Loans. The decision to utilise either internally generated funds or loans and borrowings for our business operations depends on, amongst others, our cash and cash equivalents, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rates on loans and borrowings.

Our Group had recorded negative cash and cash equivalents of RM34.83 million as at 31 December 2022 and RM13.89 million as at 30 June 2023. This is due to our pawnbroking customers had not redeemed their pledges as at 31 December 2022 and 30 June 2023, thus we had to draw down on bank overdrafts to fund our Cash Capital.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity. Due to the nature of the pawnbroking business, our Group does not have any dispute or material pledged receivables written-off, as the pawn loans are secured by pledges which have been agreed upfront with the customers at the point of pawning. In the event customers do not redeem the pledges and have no intention to redeem the pledges upon the expiration of pawn tickets and grace period provided, as part of our cash recovery process, we will take possession of the pledges (for unredeemed pledges items with defaulted pawn loans amount not exceeding RM200) and bid for the unredeemed pledges from public auctions (for unredeemed pledges with defaulted pawn loans amount exceeding RM200). These unredeemed and bid pledges will then be sold to KE Well Chip for its onward sales as set out in **Section 7.2.2** of this Prospectus.

Since February 2023, our Group no longer relies on additional Related Parties Loans to fund our Cash Capital requirements. As at the LPD, the outstanding amount of Related Parties Loans is RM75.05 million.

On 22 September 2023, we have entered into supplemental loan agreements, the salient terms of which are as follows:

- Principal repayment:
- (i) The principal amount of the Related Parties Loans shall be repayable in full by our Group (as the borrower) to the lender in 4 quarterly instalments each calendar year ("**Quarterly Instalment**") within a period of 120 months ("**Repayment Term**") from the date of the successful implementation of our Listing ("**Listing Date**").
 - (ii) Each Quarterly Instalment shall become due and payable and be paid by the borrower to the lender on 31 March, 30 June, 30 September and 31 December respectively (each a "**Due Date**") in each of the calendar year within the Repayment Term. For avoidance of doubt, the repayment of the first Quarterly Instalment shall commence on the first Due Date following the Listing Date or such other date as may be mutually agreed by the parties.
 - (iii) The lender and the borrower may mutually agree on the amount of each Quarterly Instalment payable on the respective Due Date, taking into consideration the principal sum outstanding of the Related Parties Loans and such interest chargeable or accrued, so as to ensure that the Related Parties Loans together with any interest chargeable or accrued thereon shall be progressively repaid in full in compliance with the provisions under the supplemental loan agreements. In the absence of any such agreement, each Quarterly Instalment shall be repaid in equal instalment amounts.

12. FINANCIAL INFORMATION (Cont'd)

- (iv) The borrower may at any time repay the whole or any part of the Related Parties Loans together with accrued interest up to the date of the repayment by giving 30 days' notice to the lender.

Interest repayment: The borrower shall pay to the lender an interest rate of 6% or 7% per annum (as the case may be) on the principal amount outstanding on the Related Parties Loans. The interest shall be calculated on a daily basis and payable on the last day of each calendar year. Any overdue interest shall be capitalised and added to the principal sum of the Related Parties Loans then owing and shall bear the aforementioned interest rates of 6% or 7% (as the case may be) and be subject to all such terms and conditions contained in the supplemental loan agreement. An interest shall be also applied to such capitalised interest.

Default interest: In the event that the borrower fails to repay any of the Quarterly Instalment on the respective Due Date, the lender shall be entitled to impose on the borrower, an interest at the rate of 5% per annum calculated on a daily basis on that outstanding Quarterly Instalment from the relevant Due Date of the said Quarterly Instalment up to the date of actual payment.

Following the aforementioned supplemental loan agreements, we will pare down the principal amount of the outstanding Related Parties Loans together with the applicable interests via internally generated funds on a fixed repayment term, which was agreed after taking into consideration the internal budgeting process of our Group which is being prepared on a quarterly basis. We expect to repay approximately RM10.46 million of the Related Parties Loans within 12 months from the Listing Date.

Within 24 months from the date of our Listing, we intend to utilise part of the proceeds from our Public Issue to fund the Cash Capital for our existing pawnshops and new pawnshops as well as the initial setup costs for our new pawnshops. Thereafter, as and when required, we may raise funds from the capital market and/or bank borrowings to finance the cash requirements of our pawnbroking business (i.e. operating costs and expenses as well as Cash Capital). In the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders.

As at 30 June 2023, our total bank borrowings payable within 1 year stood at RM158.23 million, consisting of bank overdrafts of RM24.49 million and revolving credits of RM131.60 million. We have continuously drawn down on our bank overdrafts and rolled over our revolving credit facilities for disbursement of pawn loans. We will repay the outstanding bank overdrafts and/or replenish our revolving credit facilities, as and when required, via cash received from our pawnbroking customers when they redeem their pledges and/or repay interests. For the Period Under Review, we have not had difficulty in drawing down the bank overdrafts and revolving credit facilities granted by the banks.

Premised on the above, we do not foresee any circumstances which may affect our ability to declare and pay dividends, fund our business operations, which include Cash Capital, in the future as well as to pare down the Related Parties Loans.

Our Board is of the opinion that our working capital is sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (i) Our expected future cash inflows to be generated from redemption of pledges, collection of interest income and sale of jewellery and gold;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Our expected future cash outflows for the grant of pawn loans, interest expenses incurred for bank borrowings and Related Parties Loans, purchase of jewellery and gold, and operating expenses;
- (iii) Our total credit facilities of RM225.00 million available to our Group, of which our total unutilised banking facilities as at the LPD is RM28.80 million. Our plan is to continuously draw down on bank overdrafts and roll over the revolving credit facilities;
- (iv) Our pro forma gearing level of [●] times, based on our pro forma statements of financial position as at 30 September 2023 after the Pre-IPO Restructuring, Public Issue and utilisation of proceeds;
- (v) The expected net proceeds to be raised from our Public Issue;
- (vi) Repayment of RM10.46 million of the Related Parties Loans;
- (vii) Repayment of term loans and revolving credits due within next 12 months of RM30.55 million;
- (viii) Funding of RM[●] for our expected capital expenditures in relation to our expansion plan.

12.4.2 Cash flows summary

The following table sets out the summary of the combined statements of cash flow for the Period Under Review which should be read in conjunction with the Accountants' Report in **Section 13** of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	26,548	(6,182)	(60,502)	9,005	(15,951)
Net cash (used in)/generated from investing activities	(1,893)	(892)	(3,372)	(1,705)	978
Net cash (used in)/generated financing activities	(7,042)	7,711	29,016	(3,247)	35,918
Net increase/(decrease) of cash and cash equivalents from continuing operations	17,613	637	(34,858)	4,053	20,945
Net increase/(decrease) of cash and cash equivalents from discontinued operations	39	(200)	57	177	-
Cash and cash equivalents at beginning of the financial year	(18,122)	(470)	(33)	(33)	(34,834)
Cash and cash equivalents at the end of the financial year⁽¹⁾	(470)	(33)	(34,834)	4,197	(13,889)

Note:

- (1) Cash and cash equivalents comprise the following:

	Audited as at 31 December			Audited as at 30 June 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	14,551	14,369	8,606	12,600
Less: Bank overdrafts	(15,021)	(14,402)	(43,440)	(26,489)
Total cash and cash equivalents	(470)	(33)	(34,834)	(13,889)

As tabulated above, our Group recorded negative cash flows from operating activities for the FYE 2021, FYE 2022 and FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)

To further analyse the negative net cash used in operating activities of our Group during the Period Under Review, the breakdown of the cash flows from operating activities are summarised as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
PBT/(Loss before taxation) from:					
Continuing operations	46,160	32,746	36,778	21,882	23,312
Discontinuing operations	(47)	221	1,208	999	1,226
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	1,079	1,079	1,320	601	763
- Right-of-use assets	1,400	1,551	1,689	816	967
Impairment loss on loan receivables	-	-	1,246	-	-
Interest expenses	9,977	8,331	10,867	4,742	7,722
Gain on disposal of property, plant and equipment	*	(1)	(1)	(1)	*
Pledge receivables written off	-	-	902	-	13
Property, plant and equipment written off	-	-	6	-	1
Operating profit before working capital changes	58,569	43,927	54,015	29,039	34,004
Decrease/(Increase) in inventories	3,129	(8,468)	(1,795)	1,968	918
Increase in loan receivable	-	(14,002)	(11,111)	(4,514)	(4,206)
Increase in trade and other receivables	(14,958)	(7,595)	(80,972)	(8,460)	(28,924)
Increase/(Decrease) in other payables	629	834	991	(321)	(4,627)
	(11,200)	(29,231)	(92,887)	(11,327)	(36,839)
Cash generated from/(used in) operations	47,369	14,696	(38,872)	17,712	(2,835)
Interest paid	(9,802)	(8,155)	(10,564)	(4,600)	(7,546)
Tax paid	(11,019)	(12,819)	(11,364)	(4,405)	(5,570)
Tax refunded	-	96	298	298	-
Net cash generated from/(used in) operating activities	26,548	(6,182)	(60,502)	9,005	(15,951)

Note:

* Amount is less than RM1,000

As tabulated above, our Group recorded positive operating profit before changes in working capital during the Period Under Review. This indicates that our Group is able to generate sufficient profit from the operations of our core business after fulfilling all related operating expenses.

However, our Group had recorded negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023. This was due to an increase in the usage of external borrowings such as loans from related parties and bank borrowings to fund the growth of our Group. Pursuant to MFRS 107 Statement of Cash Flows, cash flows from operating activities are primarily derived from the principal revenue producing activities of the entity as well as other activities that are neither considered as investing or financing. Therefore, the issuance of pawn loans is recorded as a cash outflow from operating activities as the pawn loans are the principal revenue producing activity of our Group, whereas the corresponding funding (cash inflow to our Group) for the disbursement of pawn loans are captured in cash flow from financing activities. The objective of presenting cash flow arising from financing activities is to facilitate the prediction of claims of future cash flows by providers of capital to the entity, and to reflect the source of funds. Therefore, the cash proceeds from short-term and long-term borrowings are classified under financing activities.

12. FINANCIAL INFORMATION (Cont'd)

Due to difference in accounting treatment of the disbursement and funding of the pawn loans, the negative operating cash flow as a result of pawn loans disbursed were not offset by the external borrowings. As such, in our Group's pawnbroking business operations, the continuous disbursement of pawn loans at an increasing rate would result in higher negative cash flows from operating activities for our Group.

In FYE 2021, our Group recorded net cash used in operating activities of RM6.18 million mainly due to:

- (i) increase in inventories which was a result of:
 - (a) higher purchase of bid pledges from public auctions in FYE 2021 due to the backlog of defaulted pawn loans accumulated in FYE 2020 when public auction activities were limited during the MCO 1.0 period, which were carried over to FYE 2021; and
 - (b) lower turnover following the closure of our retail outlets during the FMCO period from 12 May 2021 to 31 August 2021; and
- (ii) increase in pawn loans disbursed by RM23.71 million or approximately 4.7% from RM508.27 million in FYE 2020 to RM531.98 million in FYE 2021.

In FYE 2022, our Group recorded net cash used in operating activities of RM60.50 million mainly due to increase in trade receivables, whereby total pawn loans disbursed increased by RM178.36 million or approximately 33.5% from RM531.98 million in FYE 2021 to RM710.34 million in FYE 2022.

In FPE 2023, our Group recorded net cash used in operating activities of RM15.95 million mainly due to increase in trade receivable, whereby total pawn loans disbursed increased by RM134.14 million or approximately 41.4% from RM323.87 million in the FPE 2022 to RM458.01 million in the FPE 2023.

As our Group's business entails the provision of pawnbroking services, the increase in trade and other receivables during the Period Under Review demonstrates that our Group's pawnbroking business was able to disburse more pawn loans to earn interest income.

For illustration purposes, after adjusting for the net proceeds from loans and borrowings and drawdown of bank overdrafts, our Group would have recorded positive net cash flow from operating activities for FYE 2021, FYE 2022 and FPE 2023:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	26,548	(6,182)	(60,502)	9,005	(15,951)
Adjustments for:					
- Net proceeds from loans and borrowings (adjusted for repayment of loans and borrowings) ⁽¹⁾	2,000	2,951	26,007	(5,430)	31,949
- Drawdown of bank overdrafts	15,021	14,402	43,440	9,775	26,489
Adjusted net cash generated from operating activities	43,569	11,171	8,945	13,350	42,487

12. FINANCIAL INFORMATION (Cont'd)**Note:**

- (1) As the Related Parties Loans will be repaid and our Group will not rely on additional Related Parties Loans to fund and grow our Group's business, the Related Parties Loans were not included as cash inflow.

The changes in working capital, which attributed to the negative cash flow from operating activities for the FYE 2021, FYE 2022 and FPE 2023 were mainly due to:

- (i) increase in trade and other receivables mainly attributed to more pawn loans disbursed; and
- (ii) increase in loan receivables pursuant to Swift Paragon's money lending business.

The increase in pawn loans disbursed (as evident from the increase in trade and other receivables which include pledge receivables and accrued interest receivables) demonstrates that our Group's pawnbroking business was able to disburse more pawn loans to earn higher interest income.

As illustrated above, had the drawdown of bank borrowings been classified as part of working capital, our Group would have recorded positive net cash flow from operating activities for the Period Under Review.

(i) Net cash flows from operating activities**FYE 2020**

In FYE 2020, our net cash generated from operating activities was RM26.55 million. We collected cash payment mainly from the following:

- (a) RM546.92 million received from redemptions of pawn loans by our pawnbroking customers;
- (b) RM69.80 million received from retail sales and trading of jewellery and gold; and
- (c) RM0.45 million received from other income, mainly from management fees received from ValueMax Properties Pte. Ltd. (please see item (4) of **Section 10.2.1** of this Prospectus), government grants from wages subsidy program and services income (consisting ancillary services provided by our retail outlets such as polishing and repairing jewellery).

The above collections were offset by cash payment mainly for the following:

- (a) RM508.09 million for disbursement of pawn loans to our pawnbroking customers;
- (b) RM25.82 million for payment of staff costs, operating and administrative expenses;
- (c) RM45.96 million for purchase of new and pre-owned jewellery and gold; and
- (d) RM11.02 million for tax payment.

FYE 2021

In FYE 2021, our net cash used in operating activities was RM6.18 million. We collected cash payment mainly from the following:

- (a) RM577.14 million received from redemptions of pawn loans by our pawnbroking customers;

12. FINANCIAL INFORMATION (Cont'd)

- (b) RM50.08 million received from retail sales and trading of jewellery and gold; and
- (c) RM0.76 million received from other income, mainly from management fees (please see item (4) of **Section 10.2.1** of this Prospectus), government grants from wages subsidy program and services income (consisting ancillary services provided by our retail outlets such as polishing and repairing jewellery).

The above collections were offset by cash payment mainly for the following:

- (a) RM531.70 million for disbursement of pawn loans to our pawnbroking customers;
- (b) RM25.85 million for payment of staff costs, operating and administrative expenses;
- (c) RM49.70 million for purchase of new and pre-owned jewellery and gold;
- (d) RM14.00 million for disbursement of loan to money lending customers; and
- (e) RM12.82 million for tax payment.

FYE 2022

In FYE 2022, our net cash used in operating activities was RM60.50 million. We collected cash payment mainly comprising from the following:

- (a) RM688.40 million received from redemptions of pawn loans by our pawnbroking customers;
- (b) RM98.63 million received from retail sales and trading of jewellery and gold;
- (c) RM1.32 million received from other income, mainly from management fees (please see item (4) of **Section 10.2.1** of this Prospectus) and services income (consisting ancillary services provided by our retail outlets such as polishing and repairing jewellery); and
- (d) RM0.30 million received from tax refund.

The above collections were offset by cash payment mainly for the following:

- (a) RM710.34 million for disbursement of pawn loans to our pawnbroking customers;
- (b) RM30.74 million for payment of staff costs, operating and administrative expenses;
- (c) RM86.82 million for purchase of new and pre-owned jewellery and gold;
- (d) RM11.11 million for disbursement of loan to money lending customers; and
- (e) RM11.36 million for tax payment.

12. FINANCIAL INFORMATION (Cont'd)**FPE 2023**

In FPE 2023, our net cash used in operating activities was RM15.95 million. We collected cash payment mainly comprising from the following:

- (a) RM463.77 million received from redemptions of pawn loans by our pawnbroking customers;
- (b) RM68.73 million received from retail sales and trading of jewellery and gold; and
- (c) RM0.90 million received from other income, mainly from management fees (please see item (4) of **Section 10.2.1** of this Prospectus) and services income (consisting ancillary services provided by our retail outlets such as polishing and repairing jewellery).

The above collections were offset by cash payment mainly for the following:

- (a) RM458.01 million for disbursement of pawn loans to our pawnbroking customers;
- (b) RM24.55 million for payment of staff costs, operating and administrative expenses;
- (c) RM53.98 million for purchase of new and pre-owned jewellery and gold;
- (d) RM4.20 million for disbursement of loan to money lending customers; and
- (e) RM5.57 million for tax payment.

(ii) Net cash from investing activities**FYE 2020**

For FYE 2020, our net cash used in investing activities was RM1.89 million, which was attributed to purchase of property, plant and equipment, i.e. computers, furniture and fittings, office equipment and renovations.

FYE 2021

For FYE 2021, our net cash used in investing activities was RM0.89 million which was attributed to purchase of property, plant and equipment, i.e. computers, furniture and fittings, office equipment and renovations.

FYE 2022

For FYE 2022, our net cash used in investing activities was RM3.37 million. This was mainly due to the following:

- (a) RM2.71 million used for purchase of plant, property and equipment, i.e. computers, furniture and fittings, office equipment and renovations; and
- (b) RM0.70 million used for purchase of leasehold properties, being a 4-storey corner shop house for PG Jubli Intan's pawnbroking business and a double storey corner shop house for PG Well Chip (3)'s pawnbroking business.

12. FINANCIAL INFORMATION (Cont'd)

FPE 2023

For FPE 2023, our net cash generated from investing activities was RM0.98 million. This was mainly due to the following:

- (a) RM2.48 million proceeds received from disposal of discontinued operations and RM0.03 million proceeds received from disposal of computers owned by Swift Paragon pursuant to the Disposal of Swift Paragon; and
- (b) RM1.52 million used for purchase of plant, property and equipment, i.e. computers, furniture and fittings, office equipment and renovations.

(iii) Net cash used in financing activities**FYE 2020**

For FYE 2020, our net cash used in financing activities was RM7.04 million. This was mainly due to the following:

- (a) RM2.00 million from net drawdown of loans and borrowings, utilised as Cash Capital;
- (b) RM2.38 million for repayment of Related Parties Loans;
- (c) RM1.39 million for payment of lease liabilities in relation to rental for our pawnshops and retail outlets;
- (d) RM0.18 million for interest payment for lease liabilities and term loans; and
- (e) RM5.10 million of dividends paid to our shareholders.

FYE 2021

For FYE 2021, our net cash generated from financing activities was RM7.71 million. This was mainly due to the following:

- (a) RM2.95 million from net drawdown of loans and borrowings, utilised as Cash Capital;
- (b) RM11.92 million from drawdown of Related Parties Loans, utilised as Cash Capital;
- (c) RM1.55 million for payment of lease liabilities in relation to rental for our pawnshops and retail outlets;
- (d) RM0.18 million for interest payment for lease liabilities and term loans; and
- (e) RM5.44 million of dividends paid to our shareholders.

12. FINANCIAL INFORMATION (Cont'd)**FYE 2022**

For FYE 2022, our net cash generated from financing activities was RM29.02 million. This was mainly due to the following:

- (a) RM26.01 million from net drawdown of loans and borrowings, utilised as Cash Capital;
- (b) RM10.03 million from drawdown of Related Parties Loans, utilised as Cash Capital;
- (c) RM1.62 million for payment of lease liabilities in relation to rental for our pawnshops and retail outlets;
- (d) RM0.30 million for interest payment for lease liabilities and term loans; and
- (e) RM5.10 million of dividends paid to our shareholders.

FPE 2023

In FPE 2023, our net cash generated from financing activities was RM35.92 million. This was mainly due to the following:

- (a) RM31.95 million from net drawdown of loans and borrowings, utilised as Cash Capital;
- (b) RM5.08 million for drawdown of Related Parties Loans, utilised as Cash Capital;
- (c) RM0.93 million for payment of lease liabilities in relation to rental for our pawnshops and retail outlets; and
- (d) RM0.18 million for interest payment for lease liabilities and term loans.

12.4.3 Loans and borrowings

As at 30 June 2023, our total loans and borrowings was RM236.65 million, as set below:

Maturity profile	As at 30 June 2023					
	(1) Term loans	(2) Bank overdrafts	(2) Revolving credits	Subtotal	Related Parties Loans	Total loans and borrowings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 year	137	26,489	131,600	158,226	74,714	232,940
More than 1 year but less than 2 years	142	-	-	142	-	142
More than 2 years but less than 5 years	467	-	-	467	-	467
More than 5 years	3,097	-	-	3,097	-	3,097
Total	3,843	26,489	131,600	161,932	(3) 74,714	236,646
Effective interest rate (%)	4.12 - 4.27	6.51 - 7.10	5.04 - 6.23	-	6.00 - 7.00	-
Gearing ratio⁽⁴⁾					-	1.25

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Term loans were mainly utilised to fund purchase of business premises.
- (2) Bank overdrafts and revolving credits were utilised for Cash Capital and working capital for our business operations.
- (3) Out of the RM74.71 million of the Related Parties Loans, a total of RM17.44 million is denominated in SGD.
- (4) Calculated based on total borrowings divided by total equity.

Our Group has not defaulted on any payment of either principal sum and/or interest in relation to loans and borrowings for the Period Under Review and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or loans, which can materially affect the financial position and results of business operations or investments by holders of our Shares.

12.4.4 Financial instruments, treasury policies and objectives

From an accounting perspective, financial instruments may include trade and other receivables, other payables as well as loans and borrowings as shown in our combined statements of financial position. These financial instruments are used in our ordinary course of business.

Our Group's operations have been mainly funded through bank borrowings, Related Parties Loans and internally generated funds. As at the LPD, we have not issued any financial instruments such as bonds or other debt instruments which requires us to obtain credit rating.

As at the LPD, our Group's banking facilities from financial institutions mainly consists of revolving credits and bank overdrafts for our Cash Capital.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transaction. As at the LPD, our Group has available banking facilities amounting to RM225.00 million, which RM28.80 million has yet to be utilised.

The main objective of our capital management is to ensure we maintain a healthy credit rating and capital ratio in order to support our business to maximise shareholders' value. We manage our capital structure to maintain our gearing ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.4.5 Material capital commitments

As at the LPD, our Group's material capital commitments are as below:

Material commitment	RM'000
Leasehold land and building:	
- Authorised and contracted for	1,332

We plan to meet our capital commitments through internally generated funds and/or borrowings.

12.4.6 Material litigation

Our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and proceedings pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or profitability, in the 12 months immediately preceding the date of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.4.7 Contingent liabilities**

As at the LPD, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.4.8 Material investment and divestiture

Saved as disclosed in **Section 6.3** of this Prospectus, we have not undertaken any material investments or divestitures during the Period Under Review and up to and including the LPD.

12.4.9 Key financial ratios

Our key financial ratios for the Period Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover period (days) ⁽¹⁾	160	161	142	130
Inventory turnover (days) ⁽²⁾	196	257	146	105
Current ratio (times) ⁽³⁾	1.75	1.72	1.56	1.75
Gearing ratio (times) ⁽⁴⁾	1.22	1.16	1.41	1.25
Return on Cash Capital (%) ⁽⁵⁾	26.4	27.3	23.8	⁽⁶⁾ 27.2

Notes:

- (1) Due to the nature of the pawnbroking business of our Group, our trade receivables comprise of pawn loans outstanding and interest receivable from pawnbroking services. Therefore, to reflect more meaningful trade receivables turnover, the computation is based on the average trade receivables over the aggregate of total pawn loans and interest income from pawnbroking services for the respective financial years/period multiplied by 365 days for each financial year and 181 days for FPE 2023.
- (2) Computed based on average inventory over cost of sales the respective financial years/period multiplied by 365 days for each financial year and 181 days for FPE 2023.
- (3) Computed based on current assets over current liabilities.
- (4) Computed based on total loans and borrowings (including Related Parties Loans but excluding lease liabilities) over total equity.
- (5) Computed based on interest income over cash capital for the respective financial years/period.
- (6) Annualised for illustration purposes.

(i) Trade receivables turnover period

A summary of our trade receivables for the Period Under Review is set out below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables				
- Pawn loans outstanding	228,103	241,669	249,366	325,893
- Interest receivables	10,659	11,975	10,478	14,268
	238,762	253,644	259,844	340,161
Closing trade receivables				
- Pawn loans outstanding	241,669	249,366	325,893	354,632
- Interest receivables	11,975	10,478	14,268	14,430
	253,644	259,844	340,161	369,062

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Average trade receivables				
- Pawn loans outstanding	234,886	245,517	287,630	340,263
- Interest receivables	11,317	11,227	12,373	14,349
	246,203	256,744	300,003	354,612
Total pawn loans disbursed	508,271	531,979	710,341	458,011
Interest income from pawnbroking services	51,848	51,618	59,266	34,610
	560,119	583,597	769,607	492,621
Trade receivables turnover period				
- Pawn loans outstanding (days)	169	168	148	134
- Interest receivables (days)	80	79	76	75
- Overall (days)	160	161	142	130

For our pawnbroking services segment, we offer pawn loans with loan periods of up to 6 months to our pawnbroking customers. We charge a monthly interest rate which ranges between 1.00% to 2.00% of the pawn loan amount.

Upon expiry of the pawn ticket, customers who choose to renew their pawn loans are required to settle the outstanding accrued interest on the existing pawn loans before they can pawn their pledges to obtain new pawn tickets with a new pawn loan period.

If our pawnbroking customers do not redeem their pledges, renew their pawn loans or pay the interest charges upon expiration of pawn tickets, we will provide a grace period, at our discretion, of up to 3 months as set out below for customers to redeem the pledges or renew the pawn tickets:

- (a) for loans which are granted on the 1st of the month, the grace period will expire at the end of the 3rd month from the expiration of pawn tickets; or
- (b) for loans which are granted on any day other than the 1st of the month, the grace period will expire at the end of the 2nd month from the expiration of pawn tickets,

such that the grace period given will not exceed 3 months.

On the day immediately after the expiration of the grace period, their pawn loans will be categorised as defaulted pawn loans. In such event:

- (a) For defaulted pawn loans not exceeding RM200, our customers will be notified of the expiration of the pawn tickets via SMS texts in the first month after the expiry date of the pawn tickets. If our customers do not redeem the pledges or renew the pawn loan within the grace period given, the pledges will be deemed our possession.
- (b) For defaulted pawn loans exceeding RM200, our customers will be notified of the expiration of the pawn tickets via SMS texts in the first month after the expiry date of the pawn tickets, and then via registered letters in the second month after the expiry date of the pawn tickets.

The unredeemed pledges will then be sent for public auction, which typically takes place in the month immediately after the expiration of the grace period given.

12. FINANCIAL INFORMATION (Cont'd)

If the customers return to our pawnshops to redeem the pledges or renew their pawn loans after we have submitted the pre-auction list to the KPKT at any time within the grace period provided, we can still perform the redemption and charge the accrued interest up to the month that the pledges are redeemed.

Our Group has not encountered any circumstances in the past and up to the LPD where proceeds from the sale of bid pledges were less than defaulted pawn loans.

For our retail and trading of jewellery and gold segment, our transactions with customers are settled immediately in cash, through financial institutions providing credit services such as credit cards, or through third party online payment channels. Financial institutions providing credit services typically release payment within 2 days from the point of sale.

Our average trade receivables turnover periods for the Period Under Review are within the maximum pawn loan tickets validity of 6 months. The fluctuations in the average trade receivables turnover periods for the Period Under Review is due to the timing of redemption by our pawnbroking customers.

In FYE 2020, there were no public auctions in the months of April, May and June; whilst in FYE 2021, there were no public auctions in the months of February, March, June, July, August, September and October. During these periods, we have extended the redemption period of the pawn loans until the last day of the month immediately before the public auctions were allowed to resume in the respective years. This has resulted in the longer redemption/renewal period by our customers for the FYE 2020 and FYE 2021, which in turn resulted in higher average trade receivables turnover period for those years as compared to FYE 2022, when public auctions had resumed in full.

The average trade receivables turnover period for the FPE 2023 is lower than the average trade receivables turnover period for the FYE 2022 was due to faster redemptions by our pawnbroking customers.

Our Group has no significant concentration of credit risk from our trade receivables. Our Group minimises credit risk by requiring pledges from customers. As such, we do not make provision for impairment losses in respect of these balances when they are past due as they are secured by pledges.

In FYE 2022, we had written-off RM0.90 million for pledges that were confiscated by police for investigations accumulated since the commencement of our pawnbroking operation. The write-off was not material in its respective years. In FPE 2023, we have written off pledge receivables of RM0.01 million that were confiscated by police for investigations.

The table below sets out the ageing analysis for our trade receivables as at 30 June 2023:

	Not past due				Past due	Total
	Within 6 months	6 – 7 months	7 – 8 months	8 – 9 months		
As at 30 June 2023						
Trade receivables (RM'000)	324,745	24,013	12,415	7,889	-	369,062
% of total trade receivables (%)	88.0	6.5	3.4	2.1	-	100.0
As at the LPD						
Trade receivables settled (RM'000)	312,301	24,013	12,415	7,889	-	356,618
Trade receivables settled (% of total trade receivables) (%)	84.6	6.5	3.4	2.1	-	96.6
Trade receivable outstanding (RM'000)	12,444	-	-	-	-	12,444

12. FINANCIAL INFORMATION (Cont'd)**(ii) Inventory turnover period**

Our inventory comprises:

- (a) new gold, gold jewellery purchased from manufacturers and/or wholesalers; and
- (b) pre-owned gold, gold jewellery and watches from unredeemed and bid pledges from our pawnbroking services segment, as well as purchased from walk-in individuals at our retail outlets.

Our inventory for the Period Under Review by products is set out below:

	Audited as at 31 December			Audited as at 30 June 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
New gold and gold jewellery	4,074	4,954	4,718	5,768
Pre-owned gold, gold jewellery and watches	20,684	28,272	30,303	28,335
Total	24,758	33,226	35,021	34,103

Our inventory turnover days during the Period Under Review were as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening inventories	27,887	24,758	33,226	35,021
Closing inventories	24,758	33,226	35,021	34,103
Average inventories	26,323	28,992	34,124	34,562
Cost of sales	49,085	41,235	85,028	59,630
Inventories turnover period (days)	196	257	146	105

Our average inventory turnover periods for the Period Under Review are 196, 257, 146 and 105 days respectively.

Our inventory turnover period increased by 61 days from 196 days in FYE 2020 to 257 days in FYE 2021 mainly due to:

- (a) increase in average inventory in FYE 2021 due to higher purchase of bid pledges from public auctions in FYE 2021. This is attributed to the backlog of defaulted pawn loans accumulated in FYE 2020 when public auction activities were limited during MCO 1.0 period in FYE 2020, which were carried over to FYE 2021. For the avoidance of doubt, once the Group purchases the bid pledges at public auctions, the pledges will then be recorded in inventory; and
- (b) decrease in sales volume of jewellery and gold products as our retail outlets were temporarily closed for approximately 3.5 months from 12 May 2021 to 31 August 2021.

Subsequently, our inventory turnover period decreased by 111 days from 257 days in FYE 2021 to 146 days in FYE 2022 due to significant increase in sales volume of jewellery and gold as well as scrap gold has increased after the upliftment of FMCO.

12. FINANCIAL INFORMATION (Cont'd)

Our average inventory turnover period decreased by 41 days from 146 days in FYE 2022 to 105 days in FPE 2023 which attributed to increase in sales volume of jewellery and gold products.

There was no inventory written off for the Period Under Review.

(iii) Current ratio

A summary of our current ratio for the Period Under Review is set out below:

	Audited as at 31 December			Audited as at 30 June 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
Current assets	295,576	311,615	387,468	419,222
Current liabilities	168,975	180,929	247,954	239,106
Current ratio ⁽¹⁾ (times)	1.75	1.72	1.56	1.75

Note:

(1) Computed on current assets over current liabilities.

Our current ratio ranged from 1.56 times to 1.75 times throughout the Period Under Review. This indicates that our Group is capable of meeting our current obligations as our current assets are enough to meet our current liabilities.

Our current ratio as at 31 December 2020 and as at 31 December 2021 have remained relatively constant.

Our current ratio decreased from 1.72 times as at 31 December 2021 to 1.56 times as at 31 December 2022. This was mainly due to the increase in our trade and other receivables by RM80.07 million or approximately 30.4% from RM263.34 million in FYE 2021 to RM343.41 million in FYE 2022, attributed to the increase in pawn loans disbursed.

Nevertheless, we also recorded an increase in loans and borrowings of RM57.85 million or approximately 64.9% from RM89.08 million in FYE 2021 to RM146.93 million in FYE 2022, which were used mainly for Cash Capital and working capital.

Our current ratio increased from 1.56 times as at 31 December 2022 to 1.75 times as at 30 June 2023, mainly due to:

- (a) increase in trade and other receivables by RM28.91 million or approximately 8.4% from RM343.41 million in FYE 2022 to RM372.32 million in FPE 2023, attributed to the increase in pawn loans disbursed; and
- (b) decrease in our trade and other payables by RM25.53 million or approximately 25.1% from RM101.92 million in FYE 2022 to RM76.39 million in FPE 2023, mainly attributed to decrease in loans from related parties of RM21.91 million or approximately 34.3% from RM63.94 million in FYE 2022 to RM42.03 million in FPE 2023, decrease in amount due to related parties of RM3.21 million or approximately 98.9% from RM3.25 million in FYE 2022 to RM0.04 million in FPE 2023, and decrease in accruals of RM1.39 million or approximately 47.4% from RM2.94 million in FYE 2022 to RM1.55 million in FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Gearing ratio**

	Audited as at 31 December			Audited as at 30 June 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	86,752	89,084	146,934	161,932
Related Parties Loans	73,726	85,650	95,680	74,714
Total loans and borrowings (including Related Parties Loans)	160,478	174,734	242,614	236,646
Total equity	132,010	150,540	171,795	188,969
Gearing ratio (times)	1.22	1.16	1.41	1.25

Our gearing ratio decreased from 1.22 times as at 31 December 2020 to 1.16 times as at 31 December 2021, mainly due to increase on our retained profits by RM18.53 million or approximately 17.8% from RM104.33 million as at 31 December 2020 to RM122.86 million as at 31 December 2021. The increase in retained profits is partially offset by increase in our loans and borrowings (including Related Parties Loans) by RM14.25 million or approximately 8.9% from RM160.48 million as at 31 December 2020 to RM174.73 million as at 31 December 2021 mainly for Cash Capital and working capital purposes.

Our gearing ratio increased from 1.16 times as at 31 December 2021 to 1.41 times as at 31 December 2022, mainly due to increase in our loans and borrowings (including Related Parties Loans) by RM67.88 million or approximately 38.8% from RM174.73 million as at 31 December 2021 to RM242.61 million as at 31 December 2022 mainly for Cash Capital and working capital purposes. The increase in loans and borrowings (including Related Parties Loans) is partially offset by increase in our retained profits by RM21.25 million or approximately 17.3% from RM122.86 million as at 31 December 2021 to RM144.11 million as at 31 December 2022.

Our gearing ratio decreased from 1.41 times as at 31 December 2022 to 1.25 times as at 30 June 2023, mainly due to increase in our retained profits by RM17.18 million or approximately 11.9% from RM144.11 million as at 31 December 2022 to RM161.29 million as at 30 June 2023.

During the Period Under Review, we have funded our Cash Capital requirements from the following sources:

Source of Cash Capital	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>As at end of the relevant financial years/periods</u>								
Bank borrowings	86,752	44.1	89,084	47.1	146,934	58.9	161,932	63.6
Related Parties Loans	73,726	37.5	85,650	45.3	95,680	38.3	74,714	29.4
<u>For the relevant financial years/periods</u>								
Internally generated funds	36,161	18.4	26,410	14.0	29,073	11.6	17,808	7.0
Subtotal	196,639	100.0	201,144	106.4	271,687	108.8	254,454	100.0
Less:								
Loans provided to Swift Paragon ⁽¹⁾	-	-	(12,182)	(6.4)	(22,118)	(8.8)	-	-
Total Cash Capital	196,639	100.0	188,962	100.0	249,569	100.0	254,454	100.0

12. FINANCIAL INFORMATION (Cont'd)**Note:**

- (1) The sources of funds for the loans provided to Swift Paragon are from a combination of Related Parties Loans and our internally generated funds.

As Swift Paragon's principal activity is in the business of money-lending, the loan from SYT Pavilion to Swift Paragon has been deducted to reflect only the Cash Capital used for the pawnbroking business of Well Chip Group. Swift Paragon was a wholly-owned subsidiary of SYT Pavilion prior to the Disposal of Swift Paragon, which was completed on 28 June 2023. The outstanding amount owed by Swift Paragon to SYT Pavilion was fully settled upon the completion of the Disposal of Swift Paragon.

In view that we have been relying on external funding, i.e. bank borrowings and Related Parties Loans, in larger proportion compared to internally generated funds to expand our business, for both expansion of pawnshops and disbursement of new pawn loans, our gearing ratio is higher than 1. Nevertheless, our gearing ratio is within the range of gearing ratios of comparable companies of 0.16 times to 4.81 times as set out in Section 4.2 of the IMR Report.

(v) Return on Cash Capital

Return on Cash Capital is a financial ratio analysis used to indicate the financial performance of our pawnbroking business. The said ratio is computed based on total interest income generated from our pawnbroking business divided by our Cash Capital over the Period Under Review as summarised below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Interest income	51,848	51,618	59,266	34,610
Cash Capital	196,639	188,962	249,569	254,454
Return on Cash Capital ⁽¹⁾ (%)	26.4	27.3	23.8	⁽²⁾ 27.2

Notes:

- (1) Computed based on interest income over Cash Capital for the respective financial years/period.
- (2) Annualised for illustration purposes.

Our return on Cash Capital increased from 26.4% for the FYE 2020 to 27.3% for the FYE 2021 due to decrease in Cash Capital by RM7.68 million or approximately 3.9% from RM196.64 million for the FYE 2020 to RM188.96 million for the FYE 2021.

Our return on Cash Capital declined from 27.3% for the FYE 2021 to 23.8% for the FYE 2022 mainly due to:

- (a) increase in Cash Capital by RM60.61 million or approximately 32.1% from RM188.96 million for the FYE 2021 to RM249.57 million for the FYE 2022 as total pawn loans disbursed increased in FYE 2022; and
- (b) lower growth in interest income vis-à-vis the growth in Cash Capital. Interest income increased by RM7.65 million or approximately 14.8% from RM51.62 million in FYE 2021 to RM59.27 million in FYE 2022, due to a larger proportion of our pawn loans were disbursed towards the later part of the year. The loan periods for pawn loans disbursed towards the later part of the year stretched beyond 31 December 2022, resulting in a part of monthly interest income being recognised in the FYE 2022. The interest income from the remaining loan period after 31 December 2022 will be recognised in FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)

12.5 ORDER BOOK

Due to the nature of our pawnbroking business and retail and trading of jewellery and gold business, we do not have any order book.

12.6 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and risk factors in **Section 9** of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and risk factors in **Section 9** of this Prospectus;
- (iii) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for the interruptions to business and operations as set out in **Section 7.23** of this Prospectus and our future plans and business strategies as set out in **Section 7.24** of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and risk factors in **Section 9** of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources.

12.7 SIGNIFICANT CHANGES/EVENTS

There are no significant changes that has occurred which may have a material effect on our financial position and results of operation since 30 June 2023 up to the LPD.

12.8 DIVIDEND POLICY

It is our Board's intention to recommend and distribute dividends of at least 35.0% of our consolidated PAT attributable to our shareholders for first 3 financial years after our Listing. This will allow our shareholders to participate in the profits of our Group while leaving adequate reserves for the future growth of our Group.

Our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for the working capital of our business. Our ability to declare and pay dividends is subject to the discretion of our Board. Our Directors will take into consideration, amongst others, the following factors when recommending or declaring any dividends:

- (i) our level of cash, gearing, return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;

12. FINANCIAL INFORMATION (Cont'd)

- (iv) our operating cash flow and working capital requirements; and
- (v) any contractual restrictions and/or commitments.

As at the LPD, save for the financial covenants as set out below and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our subsidiaries:

Our subsidiaries	Restrictive covenants on dividends
1. KP Well Chip, PG Cahaya Damai, PG Grand Chip, PG Mutiara Pesona	Prior written consent of United Overseas Bank (Malaysia) Bhd ("UOB") to declare dividends in excess of 50.0% of its PAT to our Company
2. PG Berlian, PG Shinegold	Prior written consent of CIMB Bank Berhad to declare dividends to our Company
3. PG Bintang, PG Rubi Kristal, Thye Shing Pawnshop, PG Jubli Intan, PG Well Chip (2), PG Well Chip (3)	Prior written consent of OCBC Bank Malaysia Berhad to declare dividends in excess of 50.0% of its paid-up capital or its PAT to our Company

The existing financial covenants would not affect the future dividend payments of our Company.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries. Distribution by our subsidiaries will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors.

The dividends declared and paid by our Group for the Period Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Dividends declared/paid	5,099	5,435	5,097	-

On 4 September 2023, our Group declared an interim single-tier dividend amounting to RM4.85 million for the FYE 2023. The said dividend was paid on 14 September 2023.

The dividends above were funded via internally generated funds of our Group after taking into consideration the funding requirements of our business operations.

Investors should note that this dividend policy merely describes our present intention and shall not constitute any legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical dividend levels.

Our Company has no intention to declare any further dividends up to the completion of Listing.

12. FINANCIAL INFORMATION (Cont'd)**12.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF WELL CHIP**

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768

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The Board of Directors
Well Chip Group Berhad
Suite 9D, Level 9
Menara Ansar 65, Jalan Trus
80000 Johor Bahru, Johor

Date: 14 November 2023

Dear Sirs,

WELL CHIP GROUP BERHAD**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of Well Chip Group Berhad ("Well Chip" or the "Company") and its subsidiaries, namely Kedai Pajak Well Chip Sdn. Bhd., Kedai Emas Well Chip Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., SYT Pavilion Sdn. Bhd., Pajak Gadai Bintang Sdn. Bhd., Pajak Gadai Shinegold Sdn. Bhd., Pajak Gadai Berlian Sdn. Bhd., Pajak Gadai Grand Chip Sdn. Bhd., Pajak Gadai Cahaya Damai Sdn. Bhd., Pajak Gadai Mutiara Pesona Sdn. Bhd., Pajak Gadai Rubi Kristal Sdn. Bhd., Pajak Gadai Jubli Intan Sdn. Bhd., Pajak Gadai Fajar Tebrau Sdn. Bhd., Pajak Gadai Nilam Sdn. Bhd., Pajak Gadai Delima Sdn. Bhd., Pajak Gadai Well Chip (1) Sdn. Bhd., Pajak Gadai Well Chip (2) Sdn. Bhd., Pajak Gadai Well Chip (3) Sdn. Bhd., Pajak Gadai Well Chip (4) Sdn. Bhd., Well Chip (5) Sdn. Bhd., Pajak Gadai Well Chip (6) Sdn. Bhd., Well Chip (7) Sdn. Bhd., Well Chip (8) Sdn. Bhd., Well Chip (9) Sdn. Bhd., Well Chip (10) Sdn. Bhd., Well Chip (11) Sdn. Bhd., Well Chip (12) Sdn. Bhd. and Well Chip (13) Sdn. Bhd. (collectively referred to as the "Group").

The Proforma Combined Statements of Financial Position have been prepared by the Board of Directors of Well Chip for inclusion in the prospectus of Well Chip ("Prospectus") in connection with its Initial Public Offering ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Well Chip on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

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RSM Malaysia PLT 202206000002 (LLP0030276-LCA) & AF 0768 was registered on 3rd January 2022. With effect from that date, RSM Malaysia (AF 0768), a conventional partnership was converted to a limited liability partnership.

RSM Malaysia PLT is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

12. FINANCIAL INFORMATION (Cont'd)

The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 30 June 2023 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Board of Directors of Well Chip have compiled the pro forma combined statements of financial position are as described in Note 2 to the pro forma combined statements of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma combined statements of financial position of the Group have been compiled by the Board of Directors of Well Chip, for illustrative purposes only to illustrate the impact of the events or transactions as set out in the notes thereon to the Proforma Combined Statements of Financial Position as of 30 June 2023.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors of Well Chip from the audited combined financial statements of the Group.

The audited combined financial statements of the Group for the Financial Period Ended ("FPE") 30 June 2023 were reported by us to their respective members without any modifications.

Board of Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors of Well Chip are responsible for compiling the pro forma combined statements of financial position on the basis as described in the notes thereon to the proforma combined statements of financial position and in accordance with the Application Criteria.

Our Independence and Quality Control

We are independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Management 1 ("ISQM 1"), Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Board of Directors of Well Chip on the basis as described in the notes thereon to the proforma combined statements of financial position and in accordance with the Application Criteria.

12. FINANCIAL INFORMATION (Cont'd)*Reporting Accountants' Responsibilities (cont'd)*

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of Well Chip have compiled, in all material respects, the pro forma combined statements of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, on the basis as described in the notes thereon and in accordance with the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of Well Chip in the compilation of the pro forma combined statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the events and transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The proforma combined statements of financial position reflects the proper application of those adjustments to the audited financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

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

12. FINANCIAL INFORMATION (Cont'd)

*Our opinion*

In our opinion, the pro forma combined statements of financial position of the Group have been compiled on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Other matters

This report has been prepared for inclusion in the Prospectus of Well Chip in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF: 0768
Chartered Accountants

Wong Cheng Pin
03611/11/2023 J
Chartered Accountant

Johor Bahru

12. FINANCIAL INFORMATION (Cont'd)**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****1. INTRODUCTION**

The Pro Forma Combined Statements Of Financial Position of Well Chip Group Berhad (“Well Chip” or the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been compiled for inclusion in the prospectus of Well Chip in connection with its Initial Public Offering (“IPO”) in conjunction with the listing of and quotation for the entire enlarged issued share capital of Well Chip on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

1.1 In conjunction with the Listing, Well Chip had undertaken the following transactions as disclosed in Note 1.2.

1.2 Listing scheme**1.2.1 Pre-IPO Reorganisation**

(a) Acquisitions of SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd. and Kedai Emas Well Chip Sdn. Bhd.

On 9 November 2023, Well Chip had entered into a share purchase agreement with the shareholders of SYT Pavilion Sdn. Bhd. (“SYT Pavilion”), Thye Shing Pawnshop Sdn. Bhd. (“Thye Shing Pawnshop”), Kedai Pajak Well Chip Sdn. Bhd. (“KP Well Chip”) and Kedai Emas Well Chip Sdn. Bhd. (“KE Well Chip”) to acquire the following companies for a total purchase consideration of RM171,646,606 to be satisfied via the issuance of 449,999,999 new ordinary shares in Well Chip (“Shares”) as below:

Combined net assets of:	Net asset as at 31 December 2022 (RM'000)	Purchase consideration (RM'000)	No. of ordinary shares issued ('000)	Issue price of the Shares (RM)	Shareholdings to be held in companies (%)
SYT Pavilion #	39,908	39,908	104,610	0.38	100
Thye Shing Pawnshop	34,776	34,776	91,180	0.38	100
KP Well Chip	47,373	47,373	124,200	0.38	100
KE Well Chip	49,590	49,590	130,010	0.38	100
	<u>171,647</u>	<u>171,647</u>	<u>450,000</u>		

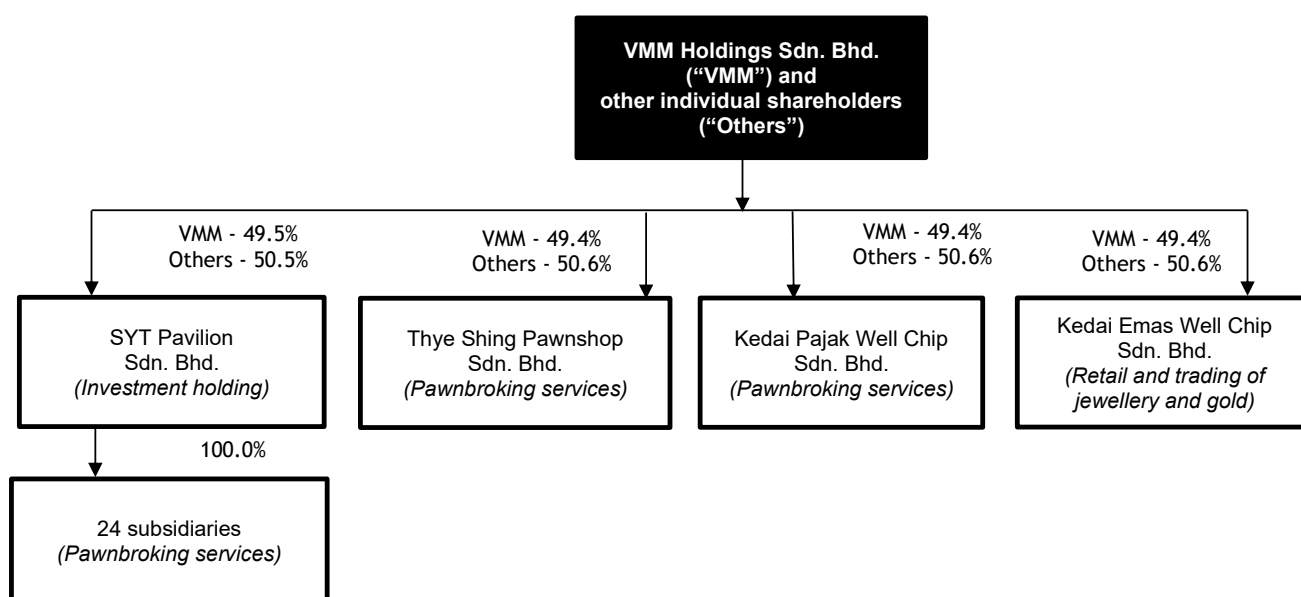
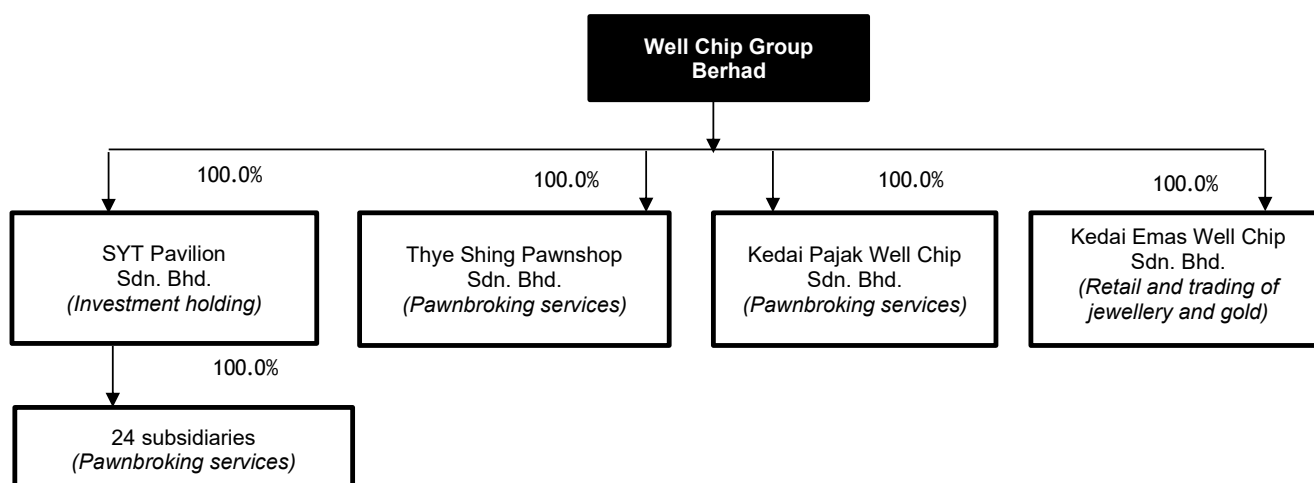
Adjusted combined net assets of SYT Pavilion as at 31 December 2022

The combined net assets of SYT Pavilion as at 31 December 2022 as set out above, had taken in the effects of the disposal of Swift Paragon (which have not been completed as at 31 December 2022) on the assumption that these transactions were completed on 31 December 2022.

12. FINANCIAL INFORMATION (Cont'd)**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****1. (CONTINUED)****1.2 (CONTINUED)****1.2.1 (CONTINUED)**

- (a) Acquisitions of SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd. and Kedai Emas Well Chip Sdn. Bhd. (continued)

The Group structure before and after the Pre-IPO Reorganisation is illustrated below:

Before the Pre-IPO ReorganisationAfter the Pre-IPO Reorganisation

12. FINANCIAL INFORMATION (Cont'd)**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****1. (CONTINUED)****1.2 (CONTINUED)****1.2.1 (CONTINUED)**

- (a) Acquisitions of SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd. and Kedai Emas Well Chip Sdn. Bhd. (continued)

SYT Pavilion Sdn. Bhd. subsidiaries:

Business activity: Pawnbroking activity	
1	<i>Pajak Gadai Bintang Sdn. Bhd.</i>
2	<i>Pajak Gadai Shinegold Sdn. Bhd.</i>
3	<i>Pajak Gadai Grand Chip Sdn. Bhd.</i>
4	<i>Pajak Gadai Berlian Sdn. Bhd.</i>
5	<i>Pajak Gadai Cahaya Damai Sdn. Bhd.</i>
6	<i>Pajak Gadai Jubli Intan Sdn. Bhd.</i>
7	<i>Pajak Gadai Mutiara Pesona Sdn. Bhd.</i>
8	<i>Pajak Gadai Rubi Kristal Sdn. Bhd.</i>
9	<i>Pajak Gadai Fajar Tebrau Sdn. Bhd.</i>
10	<i>Pajak Gadai Nilam Sdn. Bhd.</i>
11	<i>Pajak Gadai Delima Sdn. Bhd.</i>
12	<i>Pajak Gadai Well Chip (1) Sdn. Bhd.</i>
13	<i>Pajak Gadai Well Chip (2) Sdn. Bhd.</i>
14	<i>Pajak Gadai Well Chip (3) Sdn. Bhd.</i>
15	<i>Pajak Gadai Well Chip (4) Sdn. Bhd.</i>
16	<i>Well Chip (5) Sdn. Bhd.</i>
17	<i>Pajak Gadai Well Chip (6) Sdn. Bhd.</i>
18	<i>Well Chip (7) Sdn. Bhd.</i>
19	<i>Well Chip (8) Sdn. Bhd.</i>
20	<i>Well Chip (9) Sdn. Bhd.</i>
21	<i>Well Chip (10) Sdn. Bhd.</i>
22	<i>Well Chip (11) Sdn. Bhd.</i>
23	<i>Well Chip (12) Sdn. Bhd.</i>
24	<i>Well Chip (13) Sdn. Bhd.</i>

^ The Company changed its name from Well Chip (1) Sdn. Bhd. to Pajak Gadai Well Chip (1) Sdn. Bhd., effective on 2 May 2023.

^^ The Company changed its name from Well Chip (4) Sdn. Bhd. to Pajak Gadai Well Chip (4) Sdn. Bhd., effective on 15 August 2023.

^^^ The Company changed its name from Well Chip (6) Sdn. Bhd. to Pajak Gadai Well Chip (6) Sdn. Bhd., effective on 2 October 2023.

* The principal activities stated above are the intended principal activities as the subsidiaries have yet to commence their businesses as at the date of this Report.

12. FINANCIAL INFORMATION (Cont'd)**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)****1. (CONTINUED)****1.2 (CONTINUED)****1.2.2 Public issue**

The public issue of 150,000,000 Shares representing 25.0% of the enlarged issue share capital, at the IPO price of RM[●] for each Share. The IPO Shares be allocated in the following manner:

- (i) 30,000,000 new Shares, representing 5.0% of the enlarged number of shares of Well Chip, available for application by the Malaysian public through a balloting process, of which 50.00% will be set aside for Bumiputera public investors;
- (ii) 45,000,000 new Shares, representing 7.5% of the enlarged number of shares of Well Chip, by way of private placement to other institutional and selected investors; and
- (iii) 75,000,000 new Shares, representing 12.5% of the enlarged number of shares of Well Chip, by way of private placement to identified selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry Malaysia.

(Collectively hereinafter referred to as “Public Issue”).

The gross proceeds from the Public Issue are expected to be utilised in the following manner:

Details of use of proceeds	RM ('000)	%	Estimated time frame for utilisation from the date of listing
Expansion of pawnbroking outlets ⁽¹⁾	[●]	[●]	Within 24 months
Cash capital for existing twenty-two (“22”) pawn shops	[●]	[●]	Within 24 months
Estimated listing expenses ⁽²⁾	[●]	[●]	Immediate
	[●]	[●]	

(1) As at the latest practicable date of 16 October 2023, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the expansion of pawnbroking outlets. Accordingly, the use of proceeds earmarked for the expansion of pawnbroking outlets is not reflected in this pro forma combined statements of financial position.

(2) The estimated listing expenses of RM[●] arising from the issuance of new Shares pursuant to the Listing are to be offset against the share capital whilst the remaining estimated listing expense of RM[●] will be expensed off to profit or loss. The remaining balances represent one-off expenditure in conjunction with the IPO.

12. FINANCIAL INFORMATION (Cont'd)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**1. (CONTINUED)****1.2 (CONTINUED)****1.2.3 Listing on Bursa Securities**

Upon completion of the IPO, Well Chip's entire enlarged issue share capital approximately RM[●] comprising 600,000,000 shares will be listed on the Main Market of Bursa Securities.

12. FINANCIAL INFORMATION (Cont'd)**2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**

- 2.1** The Pro Forma Combined Statements of Financial Position have been prepared to illustrate the pro forma combined financial position of the Group as at 30 June 2023, adjusted for the dividend distribution as described in Note 3, as well as Public Issue and the use of proceeds as described in Notes 1.2.1 and 1.2.2 respectively.
- 2.2** The Pro Forma Combined Statements of Financial Position have been prepared based on the audited financial statements of the Group for the financial period ended 30 June 2023 ("FPE 2023") as set out in the Accountants' Report of the Group as at 30 June 2023 in accordance with Malaysia Financial Reporting Standards and International Financial Reporting Standards, in a manner consistent with the format of financial statements and accounting policies of the Group.
- 2.3** The Audited Combined Financial Statements of Well Chip for the financial period 30 June 2023 under review were reported by the auditors to its members without any modifications.
- 2.4** The Pro Forma Combined Statements of Financial Position of Well Chip have been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.
- 2.5** The Pro Forma Combined Statements of Financial Position of Well Chip have been properly prepared on the basis and assumptions set out in the accompanying notes to the Pro Forma Combined Statements of Financial Position of Well Chip, based on the Accountants' Report of Well Chip for the FPE 2023 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.
- 2.6** The Pro Forma Combined Statements of Financial Position of the Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the Group in the preparation of its audited financial statements for the FPE 2023 and the adoption of the following new accounting policies, which had been adopted by the Group as the group's accounting policies.

12. FINANCIAL INFORMATION (Cont'd)**2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED FINANCIAL STATEMENTS OF FINANCIAL POSITION (CONTINUED)****2.6 (CONTINUED)****Merger accounting**

The subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve/(deficit).

Entities under a reorganisation do not result in any change in economic substance.

Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in reorganisation reserve/(deficit).

3. MATERIAL SUBSEQUENT EVENT**3.1 Distribution of dividend**

Subsequent to 30 June 2023 and prior to the Listing, the Directors of the Group had on 4 September 2023 declared an interim single-tier dividend of RM4,848,154 for the financial year ending 31 December 2023. The said dividend was subsequently paid on 14 September 2023 (“**Dividend Distribution**”).

4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP**4.1**

The Pro Forma Combined Statements of Financial Position of Well Chip as set out below, for which the Board of Directors of Well Chip are solely responsible, have been prepared for illustrative purposes only, to show the effects of the Audited Combined Statements of Financial Position of Well Chip as at 30 June 2023, had the Dividend Distribution, Public Issue and the use of proceeds as described in the Notes 1.2.1 and 1.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.1 (CONTINUED)**

		Pro Forma I	Pro Forma II	Pro Forma III
	Unaudited Statement of Financial Position as at 30 June 2023 RM ('000)	After the Pre-IPO Reorganisation and Dividend Distribution RM ('000)	After Pro Forma I and the Public Issue RM ('000)	After Pro Forma II and the use of proceeds RM ('000)
ASSETS				
NON-CURRENT ASSETS				
Property, plant, and equipment	-	7,098	7,098	7,098
Right-of-use assets	-	17,634	17,634	17,634
Goodwill	-	425	425	425
Total non-current assets	-	25,157	25,157	25,157
CURRENT ASSETS				
Inventories	-	34,103	34,103	34,103
Trade and other receivables	-	372,323	372,323	371,133
Current tax assets	-	196	196	196
Cash and bank balances	-	7,752	[•]	[•]
Total current assets	-	414,374	[•]	[•]
TOTAL ASSETS	-	439,351	[•]	[•]
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*	171,647	[•]	[•]
Reorganisation deficit	-	(143,964)	(143,964)	(143,964)
(Accumulated losses)/Retained earnings	(36)	156,438	156,438	[•]
TOTAL EQUITY	(36)	184,121	[•]	[•]
NON-CURRENT LIABILITIES				
Lease liabilities	-	12,495	12,495	12,495
Loans and borrowings	-	3,706	3,706	3,706
Deferred tax liabilities	-	103	103	103
Total non-current liabilities	-	16,304	16,304	16,304
CURRENT LIABILITIES				
Lease liabilities	-	1,808	1,808	1,808
Loans and borrowings	-	158,225	158,225	158,225
Trade and other payables	36	76,387	76,387	76,387
Current tax liabilities	-	2,686	2,686	2,686
Total current liabilities	36	239,106	239,106	239,106
TOTAL LIABILITIES	36	255,410	255,410	255,410
TOTAL EQUITY AND LIABILITIES	-	439,531	[•]	[•]
Number of ordinary shares assumed to be issued	*	450,000	600,000	600,000
Net assets attributable to owners of the Group ("RM'000")	(36)	184,121	[•]	[•]
Net assets per ordinary shares (RM)	-	0.41	[•]	[•]

*Amount is less than RM1,000

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)**

4.2 Notes to the Pro Forma Combined Statements of Financial Position are as follows:

4.2.1 The Pro Forma Combined Statements of Financial Position of the Group, for which the Board of Directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the Combined Audited Statements of Financial Position of Well Chip as at 30 June 2023, had the Dividend Distribution as described in Note 3, transactions as described in Note 1.2.1 and the use of proceeds as described in Note 1.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

4.2.2 The Pro Forma Combined Statements of Financial Position of Well Chip should be read in conjunction with the notes below:

(a) Pro Forma I

Pro Forma I incorporate the effects of the Pre-IPO Reorganisation as described in Note 1.2.1 and Dividend Distribution as described in Note 3 on the Pro Forma Combined Statements of Financial Position of Well Chip as at 30 June 2023.

Acquisition of SYT Pavilion, Thye Shing Pawnshop, KP Well Chip and KE Well Chip

The reorganisation deficit arising from the Acquisition of SYT Pavilion, Thye Shing Pawnshop, KP Well Chip and KE Well Chip are below:

	RM ('000)
Purchase consideration	171,647
Less: Share capital of SYT Pavilion, Thye Shing Pawnshop, KP Well Chip and KE Well Chip	<u>(27,683)</u>
Reorganisation deficit	<u>143,964</u>

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.2 (CONTINUED)****4.2.2 (CONTINUED)****(a) Pro Forma I (continued)**

The Pre-IPO Reorganisation and Dividend Distribution had the following impact on the Pro Forma Combined Statements of Financial Position of Well Chip as at 30 June 2023:

	Increase/(Decrease) in Effects on	
	Total Assets	Total Equity/ Liabilities
	RM ('000)	RM ('000)
Property, plant and equipment	7,098	-
Right-of-use assets	17,634	-
Goodwill	425	-
Inventories	34,103	-
Trade and other receivables	372,323	-
Current tax assets	196	-
Cash and bank balances	7,752	-
Share capital	-	171,647
Reorganisation deficit	-	(143,964)
Retained earnings	-	156,438
Lease liabilities		
- non-current	-	12,495
- current	-	1,808
Loans and borrowings		
- non-current	-	3,706
- current	-	158,225
Deferred tax liabilities	-	103
Trade and other payables	-	76,387
Current tax liabilities	-	2,686
	<u>439,531</u>	<u>439,531</u>

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.2 (CONTINUED)****4.2.2 (CONTINUED)****(b) Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue as described in Note 1.2.2.

The Public Issue will have the following impact on the Pro Forma Combined Statements of Financial Position of Well Chip as at 30 June 2023:

	Increase/(Decrease) in Effects on	
	Total Assets	Total Equity
	RM ('000)	RM ('000)
Cash and bank balances	[•]	-
Share capital	-	[•]
	[•]	[•]

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.2 (CONTINUED)****4.2.2 (CONTINUED)****(c) Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and the use of proceeds from the Public Issue of RM[●] after netting off RM[●] for estimated listing expenses.

The remaining proceeds expected from the Public Issue of RM[●] will be utilised in the manner as described in Note 1.2.2.

The proceeds arising from the Public Issue earmarked for the expansion of pawnbroking outlets and cash capital for existing 22 pawnbroking outlets of RM[●] will be included in the Cash and Bank Balances account.

As at 30 June 2023, out of the RM[●] estimated listing expenses, RM[●] has already been incurred and has been recognised as prepayment. The RM[●] is recognised as prepayment as these are directly attributable expenses relating to the new issuance of shares which will be capitalised under Share Capital account upon listing. RM[●] from the estimated listing expenses will be charged to Retained Earnings account.

The use of proceeds will have the following impact on the Pro Forma Combined Statements of Financial Position of Well Chip as at 30 June 2023:

	Increase/(Decrease) in Effects on	
	Effects on Total Assets RM ('000)	Effects on Total Equity RM ('000)
Cash and bank balances	[●]	-
Prepayment	[●]	-
Share capital	-	[●]
Retained earnings	-	[●]
	<u>[●]</u>	<u>[●]</u>

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.2 (CONTINUED)****4.2.3** Movements in share capital and reserves are as follows:

	Share Capital RM ('000)	Reorganisation Deficit RM ('000)	Retained Earnings RM ('000)
Combined Statements of Financial Position of Well Chip as at 30 June 2023	*	-	(36)
Arising from the Pre-IPO Reorganisation	171,647	(143,964)	161,322
Dividend Distribution	-	-	(4,848)
Per Pro Forma I	171,647	(143,964)	156,438
Arising from the Public Issue	[●]	-	-
Per Pro Forma II	[●]	(143,964)	156,438
Arising from the defrayment of estimated listing expenses in relation to the Listing	[●]	-	[●]
Per Pro Forma III	[●]	(143,964)	[●]

12. FINANCIAL INFORMATION (Cont'd)**4. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF WELL CHIP (CONTINUED)****4.2 (CONTINUED)****4.2.4** Movements in cash and bank balances are as follows:**RM ('000)**

Combined Statements of Financial Position of Well Chip as at 30 June 2023	-
Arising from the Pre-IPO Reorganisation	12,600
Dividend Distribution	(4,848)
Per Pro Forma I	7,752
Arising from the Public Issue	[•]
Per Pro Forma II	[•]
Arising from the defrayment of estimated listing expenses in relation to the Listing	[•]
Per Pro Forma III	[•]

4.2.5 Movements in trade and other receivables are as follows:**RM ('000)**

Combined Statements of Financial Position of Well Chip as at 30 June 2023	-
Arising from the Pre-IPO Reorganisation	372,323
Per Pro Forma I	372,323
Arising from the Public Issue	-
Per Pro Forma II	372,323
Arising from the defrayment of estimated listing expenses in relation to the Listing	[•]
Per Pro Forma III	[•]

12. FINANCIAL INFORMATION (Cont'd)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of Well Chip Group Berhad in accordance with a resolution dated 8 November 2023.

Ng Hooi Lang
Director

Tang Soo Yen
Director

13. ACCOUNTANTS' REPORT

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768

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The Board of Directors
Well Chip Group Berhad
Suite 9D, Level 9
Menara Ansar 65
Jalan Trus
80000 Johor Bahru
Johor

Date:

Dear Sirs,

Reporting Accountants' Opinion on the combined financial statements contained in the Accountants' Report of Well Chip Group Berhad

We have audited the accompanying combined financial statements of Well Chip Group Berhad and its subsidiaries (collectively "the Group"), which comprise the combined statements of financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and for the 6 months financial period ended 30 June 2023, and a summary of significant accounting policies as set out on pages 4 to 76.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, and of its financial performance and cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and for the 6 months financial period ended 30 June 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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RSM Malaysia PLT 202206000002 (LLP0030276-LCA) & AF 0768 was registered on 3rd January 2022. With effect from that date, RSM Malaysia (AF 0768), a conventional partnership was converted to a limited liability partnership.

RSM Malaysia PLT is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

13. ACCOUNTANTS' REPORT (Cont'd)*Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' responsibilities for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRS and IFRS. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, 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 the directors.

13. ACCOUNTANTS' REPORT (Cont'd)*Reporting Accountants' Responsibilities for the Audit of Combined Financial Statements (continued)*

- Conclude on the appropriateness of the directors' 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 reporting accountants' report to the related disclosures in the combined financial statements of the Group 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 reporting accountants' 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 combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial statements of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. 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.

Other Matters

The comparative information for the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flow and notes to the combined financial statements for the financial period ended 30 June 2022 has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guideline as issued by the Securities Commission Malaysia, the significant subsequent event that has come to our attention since 30 June 2023, that would require a material disclosure has been disclosed in Note 31 to the notes to the combined financial statements.

This report has been prepared solely to comply with the Prospectus Guideline – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Well Chip Group Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Well Chip Group Berhad on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this opinion.

RSM Malaysia PLT

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF: 0768
Chartered Accountants

Johor Bahru

WCP

Wong Cheng Pin
03611/11/2023 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the directors of WELL CHIP GROUP BERHAD, do hereby state that, in the opinion of the directors, the combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 and of their financial performance and cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial periods then ended 30 June 2023 and 30 June 2022.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**NG HOOI LANG****TANG SOO YEN**

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

		Audited as at			
	Note	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant, and equipment	5	5,191	4,971	6,344	7,098
Right-of-use assets	6	1,750	2,818	15,863	17,634
Goodwill	7	425	425	425	425
Total non-current assets		<u>7,366</u>	<u>8,214</u>	<u>22,632</u>	<u>25,157</u>
CURRENT ASSETS					
Inventories	8	24,758	33,226	35,021	34,103
Trade and other receivables	9	255,751	263,346	343,411	372,323
Current tax assets		516	674	430	196
Cash and bank balances	10	14,551	14,369	8,606	12,600
		<u>295,576</u>	<u>311,615</u>	<u>387,468</u>	<u>419,222</u>
Assets classified as held for sale	11	167	14,392	24,468	-
Total current assets		<u>295,743</u>	<u>326,007</u>	<u>411,936</u>	<u>419,222</u>
TOTAL ASSETS		<u>303,109</u>	<u>334,221</u>	<u>434,568</u>	<u>444,379</u>
EQUITY AND LIABILITIES					
EQUITY					
Invested equity	12	27,683	27,683	27,683	27,683
Retained profits		104,327	122,857	144,112	161,286
TOTAL EQUITY		<u>132,010</u>	<u>150,540</u>	<u>171,795</u>	<u>188,969</u>
NON-CURRENT LIABILITIES					
Lease liabilities	6	745	1,543	10,794	12,495
Loans and borrowings	13	1,177	1,126	3,750	3,706
Deferred tax liabilities	14	54	12	74	103
Total non-current liabilities		<u>1,976</u>	<u>2,681</u>	<u>14,618</u>	<u>16,304</u>
CURRENT LIABILITIES					
Lease liabilities	6	1,071	1,340	1,702	1,808
Loans and borrowings	13	85,575	87,958	143,184	158,226
Other payables	15	78,119	90,926	101,921	76,386
Current tax liabilities		4,210	705	1,147	2,686
		<u>168,975</u>	<u>180,929</u>	<u>247,954</u>	<u>239,106</u>
Liabilities directly associated with the assets classified as held for sale	11	148	71	201	-
Total current liabilities		<u>169,123</u>	<u>181,000</u>	<u>248,155</u>	<u>239,106</u>
TOTAL LIABILITIES		<u>171,099</u>	<u>183,681</u>	<u>262,773</u>	<u>255,410</u>
TOTAL EQUITY AND LIABILITIES		<u>303,109</u>	<u>334,221</u>	<u>434,568</u>	<u>444,379</u>

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

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		← Audited → FYE 31 December			Unaudited FPE 30 June	Audited
	Note	2020 RM'000	2021 RM'000	2022 RM'000	2022 RM'000	2023 RM'000
<u>Continuing operations</u>						
Revenue	16	121,840	101,881	158,125	85,557	103,469
Cost of sales		(58,886)	(49,390)	(95,592)	(53,215)	(67,176)
Gross profit		62,954	52,491	62,533	32,342	36,293
Other income	17	919	1,437	1,274	114	79
Administrative expenses		(17,540)	(21,006)	(26,726)	(10,432)	(12,884)
Finance costs	18	(173)	(176)	(303)	(142)	(176)
Profit before taxation from continuing operations	19	46,160	32,746	36,778	21,882	23,312
Taxation	20	(12,478)	(8,965)	(11,621)	(6,658)	(7,247)
Net profit and total comprehensive income for the financial year/period from continuing operations		33,682	23,781	25,157	15,224	16,065
<u>Discontinued operations</u>						
Net (loss)/profit and total comprehensive (expense)/income for the financial year/period from discontinued operations	21	(74)	184	1,195	864	1,109
Net profit and total comprehensive income for the financial year/period		33,608	23,965	26,352	16,088	17,174
Earnings per share (RM)						
- Basic and diluted	22	1.41	1.00	1.05	0.64	0.67

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

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	← Attributable to owners of the Group →		
		Invested equity RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2020		27,683	75,818	103,501
Dividends	24	-	(5,099)	(5,099)
Total comprehensive income for the financial year		-	33,608	33,608
Balance as at 31 December 2020/ 1 January 2021		27,683	104,327	132,010
Dividends	24	-	(5,435)	(5,435)
Total comprehensive income for the financial year		-	23,965	23,965
Balance as at 31 December 2021/ 1 January 2022		27,683	122,857	150,540
Dividends	24	-	(5,097)	(5,097)
Total comprehensive income for the financial year		-	26,352	26,352
Balance as at 31 December 2022		27,683	144,112	171,795
		← Attributable to owners of the Group →		
		Invested equity RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2022		27,683	122,857	150,540
Total comprehensive income for the financial period		-	16,088	16,088
Balance as at 30 June 2022 (Unaudited)		27,683	138,945	166,628
	Note	← Attributable to owners of the Group →		
		Invested equity RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2023		27,683	144,112	171,795
Issuance of shares	12	*	-	-
Total comprehensive income for the financial period		-	17,174	17,174
Balance as at 30 June 2023		27,683	161,286	188,969

* Amount is less than RM1,000.

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

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

		Audited			Unaudited	Audited
		FYE 31 December			FPE 30 June	
		2020	2021	2022	2022	2023
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(Loss) before taxation from:						
- Continuing operations		46,160	32,746	36,778	21,882	23,312
- Discontinuing operations		(47)	221	1,208	999	1,226
Adjustments for:						
Depreciation of:						
- Property, plant, and equipment	(a)	1,079	1,079	1,320	601	763
- Right-of-use assets	(a)	1,400	1,551	1,689	816	967
Impairment loss on loan receivables	(a)	-	-	1,246	-	-
Interest expenses	(a)	9,977	8,331	10,867	4,742	7,722
Loss/(Gain) on disposal of property, plant and equipment		*	(1)	(1)	(1)	*
Pledged receivables written off		-	-	902	-	13
Property, plant, and equipment written off		-	-	6	-	1
Operating profit before working capital changes		58,569	43,927	54,015	29,039	34,004
Decrease/(Increase) in inventories		3,129	(8,468)	(1,795)	1,968	918
Increase in loan receivables	(a)	-	(14,002)	(11,111)	(4,514)	(4,206)
Increase in trade and other receivables	(a)	(14,958)	(7,595)	(80,972)	(8,460)	(28,924)
Increase/(decrease) in other payables	(a)	629	834	991	(321)	(4,627)
		(11,200)	(29,231)	(92,887)	(11,327)	(36,839)
Cash generated from/(used in) operations		47,369	14,696	(38,872)	17,712	(2,835)
Interest paid		(9,802)	(8,155)	(10,564)	(4,600)	(7,546)
Tax paid	(a)	(11,019)	(12,819)	(11,364)	(4,405)	(5,570)
Tax refunded		-	96	298	298	-
Net cash generated from/(used in) operating activities		26,548	(6,182)	(60,502)	9,005	(15,951)

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	Audited			Unaudited	Audited
		FYE 31 December			FPE 30 June	2023
		2020	2021	2022	2022	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of subsidiaries		(9)	-	-	-	-
Proceeds from disposal of discontinued operations	(a)	-	-	-	-	2,480
Purchase of property, plant, and equipment	(a)	(1,885)	(893)	(2,709)	(1,011)	(1,521)
Purchase of right-of-use assets	(b)	-	-	(695)	(695)	-
Proceeds from disposal of property, plant and equipment		1	1	32	1	19
Net cash (used in)/generated from investing activities		(1,893)	(892)	(3,372)	(1,705)	978
CASH FLOWS FROM FINANCING ACTIVITIES						
Movement of loans and borrowings	(c)	2,000	2,951	26,007	(5,430)	31,949
Movement of loans from related parties, shareholders, and directors	(c)	(2,377)	11,924	10,030	3,104	5,076
Payment of lease liabilities	(a)	(1,391)	(1,553)	(1,621)	(779)	(931)
Dividends paid		(5,099)	(5,435)	(5,097)	-	-
Interest paid	(a)	(175)	(176)	(303)	(142)	(176)
Proceeds from issuance of shares		-	-	-	-	*
Net cash (used in)/generated from financing activities		(7,042)	7,711	29,016	(3,247)	35,918
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS		17,613	637	(34,858)	4,053	20,945
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS		39	(200)	57	177	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		(18,122)	(470)	(33)	(33)	(34,834)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		(470)	(33)	(34,834)	4,197	(13,889)

13. ACCOUNTANTS' REPORT (Cont'd)**WELL CHIP GROUP BERHAD**

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(a) Details of cash flows are analysed as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
(Operating activities)					
Depreciation of property, plant and equipment					
- Continuing operations	1,069	1,054	1,284	583	746
- Discontinued operations	10	25	36	18	17
	<u>1,079</u>	<u>1,079</u>	<u>1,320</u>	<u>601</u>	<u>763</u>
Depreciation of right-of-use assets					
- Continuing operations	1,378	1,540	1,689	816	967
- Discontinued operations	22	11	-	-	-
	<u>1,400</u>	<u>1,551</u>	<u>1,689</u>	<u>816</u>	<u>967</u>
Impairment loss on loan receivables					
- Continuing operations	-	-	-	-	-
- Discontinued operations	-	-	1,246	-	-
	<u>-</u>	<u>-</u>	<u>1,246</u>	<u>-</u>	<u>-</u>
Interest expenses					
- Continuing operations	9,975	8,331	10,867	4,742	7,722
- Discontinued operations	2	*	-	-	-
	<u>9,977</u>	<u>8,331</u>	<u>10,867</u>	<u>4,742</u>	<u>7,722</u>
Increase in loan receivables					
- Continuing operations	-	-	-	-	-
- Discontinued operations	-	(14,002)	(11,111)	(4,514)	(4,206)
	<u>-</u>	<u>(14,002)</u>	<u>(11,111)</u>	<u>(4,514)</u>	<u>(4,206)</u>
Increase in trade and other receivables					
- Continuing operations	(14,957)	(7,595)	(80,967)	(8,460)	(28,925)
- Discontinued operations	(1)	*	(5)	-	1
	<u>(14,958)</u>	<u>(7,595)</u>	<u>(80,972)</u>	<u>(8,460)</u>	<u>(28,924)</u>
Increase/(Decrease) in other payables					
- Continuing operations	546	883	965	(314)	(4,569)
- Discontinued operations	83	(49)	26	(7)	(58)
	<u>629</u>	<u>834</u>	<u>991</u>	<u>(321)</u>	<u>(4,627)</u>
Tax paid					
- Continuing operations	(11,019)	(12,766)	(11,171)	(4,388)	(5,445)
- Discontinued operations	-	(53)	(193)	(17)	(125)
	<u>(11,019)</u>	<u>(12,819)</u>	<u>(11,364)</u>	<u>(4,405)</u>	<u>(5,570)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD
Registration No. 202301014119 (1508041-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(a) Details of cash flows are analysed as follows: (continued)

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>(Investing activities)</u>					
Proceeds from disposal of discontinued operations					
- Continuing operations	-	-	-	-	-
- Discontinued operations	-	-	-	-	2,480
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480</u>
Purchase of property, plant and equipment					
- Continuing operations	(1,800)	(834)	(2,694)	(1,006)	(1,520)
- Discontinued operations	(85)	(59)	(15)	(5)	(1)
	<u>(1,885)</u>	<u>(893)</u>	<u>(2,709)</u>	<u>(1,011)</u>	<u>(1,521)</u>
<u>(Financing activities)</u>					
Payment of lease liabilities					
- Continuing operations	(1,369)	(1,541)	(1,621)	(779)	(931)
- Discontinued operations	(22)	(12)	-	-	-
	<u>(1,391)</u>	<u>(1,553)</u>	<u>(1,621)</u>	<u>(779)</u>	<u>(931)</u>
Interest paid					
- Continuing operations	(173)	(176)	(303)	(142)	(176)
- Discontinued operations	(2)	*	-	-	-
	<u>(175)</u>	<u>(176)</u>	<u>(303)</u>	<u>(142)</u>	<u>(176)</u>

(b) Details for right-of-use assets acquired during the financial years/periods are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Additions of right-of-use assets</u>					
Non-cash acquisition	1,143	2,608	11,234	921	2,995
Cash acquisition of leasehold lands and buildings	-	-	3,500	3,500	-
	<u>1,143</u>	<u>2,608</u>	<u>14,734</u>	<u>4,421</u>	<u>2,995</u>
<u>Non-cash changes</u>					
Non-cash acquisition	(1,143)	(2,608)	(11,234)	(921)	(2,995)
<u>Cash changes</u>					
Amount financed by term loans	-	-	(2,805)	(2,805)	-
Cash disbursed to acquire leasehold lands and buildings	-	-	695	695	-

* Amount is less than RM1,000.

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities:

	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Loan from shareholders, directors and related parties RM'000	Total debts RM'000
As at 31.12.2020					
At beginning of year	2,042	1,231	68,500	76,103	147,876
Inflows from external borrowings	-	-	5,000	-	5,000
Net inflow and outflow with inter-related parties	-	-	-	(2,377)	(2,377)
Outflows of repayments	-	*	(3,000)	-	(3,000)
Payment of rental expense	(1,369)	-	-	-	(1,369)
Interest paid	(128)	(45)	-	-	(173)
<u>Non-cash changes</u>					
Additions in lease liabilities	1,143	-	-	-	1,143
Interest expenses	128	45	-	-	173
At end of year	<u>1,816</u>	<u>1,231</u>	<u>70,500</u>	<u>73,726</u>	<u>147,273</u>

* Amount is less than RM1,000.

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Loan from shareholders, directors and related parties RM'000	Total debts RM'000
As at 31.12.2021					
At beginning of year	1,816	1,231	70,500	73,726	147,273
Inflows from external borrowings	-	-	3,000	-	3,000
Net inflow and outflow with inter-related parties	-	-	-	11,924	11,924
Outflows of repayments	-	(49)	-	-	(49)
Payment of rental expense	(1,541)	-	-	-	(1,541)
Interest paid	(137)	(39)	-	-	(176)
<u>Non-cash changes</u>					
Additions in lease liabilities	2,608	-	-	-	2,608
Interest expenses	137	39	-	-	176
At end of year	<u>2,883</u>	<u>1,182</u>	<u>73,500</u>	<u>85,650</u>	<u>163,215</u>

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Loan from shareholders, directors and related parties RM'000	Total debts RM'000
As at 31.12.2022					
At beginning of year	2,883	1,182	73,500	85,650	163,215
Inflows from external borrowings	-	-	26,100	-	26,100
Inflows from external loans	-	2,805	-	-	2,805
Net inflow and outflow with inter-related parties	-	-	-	10,030	10,030
Outflows of repayments	-	(93)	-	-	(93)
Payment of rental expense	(1,621)	-	-	-	(1,621)
Interest paid	(177)	(126)	-	-	(303)
<u>Non-cash changes</u>					
Additions in lease liabilities	11,234	-	-	-	11,234
Interest expenses	177	126	-	-	303
At end of year	<u>12,496</u>	<u>3,894</u>	<u>99,600</u>	<u>95,680</u>	<u>211,670</u>

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Loan from shareholders, directors and related parties RM'000	Total debts RM'000
As at 30.6.2022 (Unaudited)					
At beginning of period	2,883	1,182	73,500	85,650	163,215
Inflows from external loans	-	2,805	-	-	2,805
Net inflow and outflow with inter-related parties	-	-	-	3,104	3,104
Outflows of repayments	-	(30)	(5,400)	-	(5,430)
Payment of rental expense	(780)	-	-	-	(780)
Interest paid	(92)	(50)	-	-	(142)
<u>Non-cash changes</u>					
Additions in lease liabilities	921	-	-	-	921
Interest expenses	92	50	-	-	142
At end of period	<u>3,024</u>	<u>3,957</u>	<u>68,100</u>	<u>88,754</u>	<u>163,835</u>

13. ACCOUNTANTS' REPORT (Cont'd)

WELL CHIP GROUP BERHAD

Registration No. 202301014119 (1508041-A)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Loan from shareholders, directors and related parties RM'000	Total debts RM'000
As at 30.6.2023					
At beginning of period	12,496	3,894	99,600	95,680	211,670
Inflows from external borrowings	-	-	32,000	-	32,000
Net inflow and outflow with inter-related parties	-	-	-	5,076	5,076
Outflows of repayments	-	(51)	-	-	(51)
Payment of rental expense	(931)	-	-	-	(931)
Interest paid	(95)	(81)	-	-	(176)
Non-cash changes					
Additions in lease liabilities	2,995	-	-	-	2,995
Lease modification	(257)	-	-	-	(257)
Settlement through contra of balances	-	-	-	(26,042)	(26,042)
Interest expenses	95	81	-	-	176
At end of period	<u>14,303</u>	<u>3,843</u>	<u>131,600</u>	<u>74,714</u>	<u>224,460</u>

13. ACCOUNTANTS' REPORT (Cont'd)**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION****1.1 Introduction**

This Report has been prepared solely to comply with the Prospectus Guidelines – Division 1 issued by the Securities Commission Malaysia and for inclusion in the prospectus of Well Chip Group Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Well Chip Group Berhad on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”) and should not be relied upon for any other purposes.

1.2 Background

The Company was incorporated on 12 April 2023 under the Companies Act, 2016 as a private limited company and domiciled in Malaysia. The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus 80000, Johor Bahru, Johor, Malaysia.

The principal place of business of the Company is located at No. 23-02, Jalan Harmonium 35/3, Taman Desa Tebrau, 81100 Johor Bahru, Johor.

On 13 November 2023, the Company converted from a private limited company to a public company limited by shares assumed its present name, Well Chip Group Berhad, to embark on the listing of and quotation for the entire enlarged share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

Well Chip Group Berhad, Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd., Kedai Emas Well Chip Sdn. Bhd. and SYT Pavilion Sdn. Bhd. and its subsidiaries, are collectively known as ‘the Group’ in the combined financial statements contained in this report.

The combined financial statements of the Group for the financial years ended (“FYE”) 31 December 2020, 31 December 2021, 31 December 2022 and financial periods ended (“FPE”) 30 June 2023 and 30 June 2022 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Guidance Note on “Combined Financial Statements” issued by the Malaysian Institute Accountants. None of the audited financial statements of the above-mentioned Companies (except Well Chip Group Berhad, which was incorporated on 12 April 2023 and yet to prepare its first audited financial statements for statutory requirement) used in the preparation of this Report for the financial years under review were subject to any qualification.

13. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONTINUED)****1.3 Principal activities**

The intended principal activity of Well Chip Group Berhad is investment holding.

Details of the Group as at the date of this Report are as follows:

Name of Company	Effective ownership	Principal activity	Date of incorporation	Country of incorporation
<u>The Group</u>				
Thye Shing Pawnshop Sdn. Bhd.	100%	Pawnbroking	18 February 2010	Malaysia
Kedai Pajak Well Chip Sdn. Bhd.	100%	Pawnbroking	15 February 2006	Malaysia
Kedai Emas Well Chip Sdn. Bhd.	100%	Trading and retail sale of jewellery and gold	18 September 2009	Malaysia
SYT Pavilion Sdn. Bhd.	100%	Investment holding	17 October 2011	Malaysia
<u>Subsidiaries of SYT Pavilion Sdn. Bhd.</u>				
Pajak Gadai Bintang Sdn. Bhd.	100%	Pawnbroking	4 October 2011	Malaysia
Pajak Gadai Shinegold Sdn. Bhd.	100%	Pawnbroking	12 November 2013	Malaysia
Pajak Gadai Berlian Sdn. Bhd.	100%	Pawnbroking	26 November 2013	Malaysia
Pajak Gadai Grand Chip Sdn. Bhd.	100%	Pawnbroking	26 November 2013	Malaysia
Pajak Gadai Cahaya Damai Sdn. Bhd.	100%	Pawnbroking	23 February 2018	Malaysia
Pajak Gadai Mutiara Pesona Sdn. Bhd.	100%	Pawnbroking	23 February 2018	Malaysia
Pajak Gadai Rubi Kristal Sdn. Bhd.	100%	Pawnbroking	5 February 2018	Malaysia
Pajak Gadai Jubli Intan Sdn. Bhd.	100%	Pawnbroking	5 February 2018	Malaysia
Pajak Gadai Fajar Tebrau Sdn. Bhd.	100%	Pawnbroking	10 August 2014	Malaysia
Pajak Gadai Nilam Sdn. Bhd.	100%	Pawnbroking	12 June 2019	Malaysia
Pajak Gadai Delima Sdn. Bhd.	100%	Pawnbroking	12 June 2019	Malaysia
Swift Paragon Sdn. Bhd.	#	Moneylending	16 October 2014	Malaysia

13. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONTINUED)****1.3 Principal activities (continued)**

Details of the subsidiaries as at the date of this Report are as follows: (continued)

Name of Company	Effective ownership	Principal activity	Date of incorporation	Country of incorporation
<u>The Group (continued)</u>				
<u>Subsidiaries of SYT Pavilion</u>				
<u>Sdn. Bhd. (continued)</u>				
Pajak Gadai Well Chip (1) Sdn. Bhd. ^	100%	Pawnbroking	22 September 2020	Malaysia
Pajak Gadai Well Chip (2) Sdn. Bhd.	100%	Pawnbroking	22 September 2020	Malaysia
Pajak Gadai Well Chip (3) Sdn. Bhd.	100%	Pawnbroking	22 June 2020	Malaysia
Pajak Gadai Well Chip (4) Sdn. Bhd. ^^	100%	Pawnbroking	18 October 2021	Malaysia
Well Chip (5) Sdn. Bhd. *	100%	Pawnbroking	18 October 2021	Malaysia
Pajak Gadai Well Chip (6) Sdn. Bhd. ^^	100%	Pawnbroking	18 October 2021	Malaysia
Well Chip (7) Sdn. Bhd. *	100%	Pawnbroking	9 September 2022	Malaysia
Well Chip (8) Sdn. Bhd. *	100%	Pawnbroking	9 September 2022	Malaysia
Well Chip (9) Sdn. Bhd. *	100%	Pawnbroking	9 September 2022	Malaysia
Well Chip (10) Sdn. Bhd. *	100%	Pawnbroking	9 September 2022	Malaysia
Well Chip (11) Sdn. Bhd. *	100%	Pawnbroking	9 September 2022	Malaysia
Well Chip (12) Sdn. Bhd. *	100%	Pawnbroking	18 May 2023	Malaysia
Well Chip (13) Sdn. Bhd. *	100%	Pawnbroking	18 May 2023	Malaysia

There was no significant change in the nature of the principal activities of the subsidiaries during the FYE(s) 31 December 2020, 31 December 2021, 31 December 2022, and FPE(s) 30 June 2023 and 30 June 2022.

- # On 6 June 2023, SYT Pavilion Sdn. Bhd. (a subsidiary to be acquired by Well Chip) had entered into a share purchase agreement with VMM Holdings Sdn. Bhd. ("VMM Holdings") for the disposal of 2,000,000 ordinary shares in Swift Paragon Sdn. Bhd. ("Swift Paragon") ("Share Purchase Agreement"), representing the entire equity interest in Swift Paragon, for a cash consideration of RM2,508,219. The disposal was completed on 28 June 2023.

The management was of the opinion that decision for the disposal would be consistent with the Group's strategy to focus on its main core businesses in pawnbroking. Accordingly, the assets and liabilities of Swift Paragon under money lending segment for the FYE(s) 31 December 2020, 31 December 2021, 31 December 2022 and FPE(s) 30 June 2023 and 30 June 2022 are classified as disposal group classified as held for sales and the financial results of Swift Paragon are classified as discontinued operations.

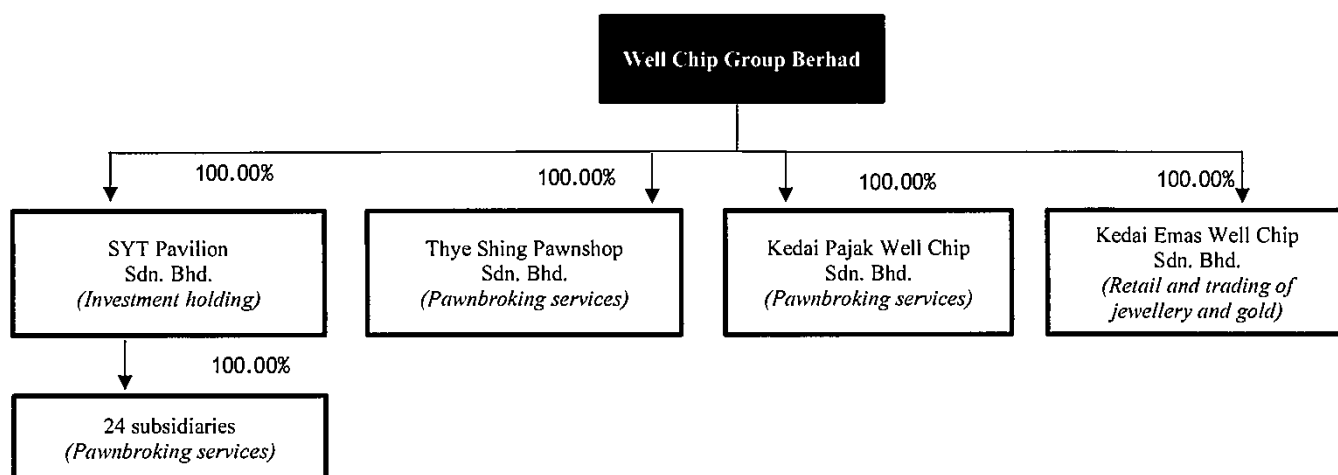
- ^ The Company changed its name from Well Chip (1) Sdn. Bhd. to Pajak Gadai Well Chip (1) Sdn. Bhd., effective on 2 May 2023.
- ^^ The Company changed its name from Well Chip (4) Sdn. Bhd. to Pajak Gadai Well Chip (4) Sdn. Bhd., effective on 15 August 2023.
- ^^^ The Company changed its name from Well Chip (6) Sdn. Bhd. to Pajak Gadai Well Chip (6) Sdn. Bhd., effective on 2 October 2023.
- * The principal activities stated above are the intended principal activities as the subsidiaries have yet to commence their businesses as at the date of this Report.

13. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONTINUED)****1.4 Proposed Acquisition**Proposed Acquisition under Well Chip Group Berhad

Well Chip Group Berhad shall acquire the entire issued capital of Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd., Kedai Emas Well Chip Sdn. Bhd. and SYT Pavilion Sdn. Bhd. comprising 449,999,999 ordinary shares in aggregate ("Proposed Acquisition").

The aggregate purchase consideration for the Proposed Acquisition shall be RM171,646,606, to be satisfied by the issuance of 449,999,999 new shares at an issuance of RM0.38 per share.

Following the completion of the Proposed Acquisition, the Group shall adopt the structure as follows:



Subsidiaries of SYT Pavilion Sdn. Bhd.:

* Business activity: Pawnbroking services	
1	Pajak Gadai Bintang Sdn. Bhd.
2	Pajak Gadai Shinegold Sdn. Bhd.
3	Pajak Gadai Grand Chip Sdn. Bhd.
4	Pajak Gadai Berlian Sdn. Bhd.
5	Pajak Gadai Cahaya Damai Sdn. Bhd.
6	Pajak Gadai Jubli Intan Sdn. Bhd.
7	Pajak Gadai Mutiara Pesona Sdn. Bhd.
8	Pajak Gadai Rubi Kristal Sdn. Bhd.
9	Pajak Gadai Fajar Tebrau Sdn. Bhd.
10	Pajak Gadai Nilam Sdn. Bhd.
11	Pajak Gadai Delima Sdn. Bhd.
12	Pajak Gadai Well Chip (1) Sdn. Bhd.
13	Pajak Gadai Well Chip (2) Sdn. Bhd.
14	Pajak Gadai Well Chip (3) Sdn. Bhd.
15	Pajak Gadai Well Chip (4) Sdn. Bhd.
16	Well Chip (5) Sdn. Bhd.
17	Pajak Gadai Well Chip (6) Sdn. Bhd.
18	Well Chip (7) Sdn. Bhd.
19	Well Chip (8) Sdn. Bhd.
20	Well Chip (9) Sdn. Bhd.
21	Well Chip (10) Sdn. Bhd.
22	Well Chip (11) Sdn. Bhd.
23	Well Chip (12) Sdn. Bhd.
24	Well Chip (13) Sdn. Bhd.

13. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONTINUED)****1.4 Proposed Acquisition (continued)**

The Group is regarded as a continuing entity resulting from the Proposed Acquisition since the management of all the entities which took major part in the Proposed Acquisition were controlled substantially by the same major shareholders before and immediately after the Proposed Acquisition. Consequently, immediately after the Proposed Acquisition, there was a continuation of the control over the entities' financial and operating policy decisions and risk and benefits to the ultimate shareholders that existed prior to the Proposed Acquisition. The Proposed Acquisition has been accounted for as an acquisition under common control in a manner similar to pooling of interest. Accordingly, the financial information for the FYE(s) 31 December 2020, 31 December 2021, 31 December 2022 and FPE(s) 30 June 2023 and 30 June 2022 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholders that existed prior to the Proposed Acquisition during the relevant periods or since their respective dates of incorporation.

No financial information of Well Chip Group Berhad was included for the FYE(s) 31 December 2020, 31 December 2021 and 31 December 2022 as Well Chip Group Berhad was only incorporated on 12 April 2023.

There is subsequent event on the proposed acquisition which the details has been disclosed in Note 31.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of compliance**

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1.3 and Note 1.4 to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the listing of and quotation of the Group entire enlarged share capital on the Main Market of Bursa Securities ("Listing"). Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting years.

2.2 Significant accounting policies**2.2.1 Basis of accounting**

The combined financial statements have been prepared under the historical cost convention, unless otherwise stated in the combined financial statements.

The preparation of the combined financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.2 Basis of combination/consolidation**

The combined financial statements consist of the financial statements of the combining entities which are under common control as disclosed in Note 1.4 accordingly. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Entities under common control are entities which are ultimately controlled by the same parties for a reasonable period of time. Common control exists when the same parties have ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intra-group balances, transactions, income and expenses are eliminated on combination. The combined financial statements reflect external transactions only.

(i) Common control entities

Business combination involving entities under common control are accounted for by applying the merger accounting principles. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the combined financial statements.

In a business combination involving entities under common control, any differences between the cost of the merger and the share capital of the "acquired" entity is reflected within equity as merger reserve.

The combined statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full year and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.2 Basis of combination/consolidation (continued)****(ii) Non-common control entities**

In a business combination accounted for by applying the acquisition method of accounting, the identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 or MFRS 9 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139 or MFRS 9. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the Group net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statement of financial position.

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.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.2 Basis of combination/consolidation (continued)****(ii) Non-common control entities (continued)**

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to the owners, and is presented separately in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial period/year are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Changes in the Group owners' 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 consideration paid or received is recognised directly in equity and attributed to the owners.

Changes in the Group owners' 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 consideration paid or received is recognised directly in equity and attributed to the owners. If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in associate.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.3 Property, plant and equipment**

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Except for freehold land which is not depreciated, depreciation is calculated so as to write off the cost of the assets, less their estimated residual value, over their annual principal depreciation rates as follows:

Building	2%
Computers	33.33%
Furniture and fittings	20%
Office equipment	20%
Renovations	20%

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.4 Leases****(i) Definition of lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on re-assessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement**(a) As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Depreciation for the outlet premises is calculated over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group and entities use their incremental borrowing rate as the discount rate.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.4 Leases (continued)****(ii) Recognition and initial measurement (continued)****(a) As a lessee (continued)**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.4 Leases (continued)****(iii) Subsequent measurement****(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

2.2.5 Inventories

Inventories principally comprise gold held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its retailing activities.

All the inventories of the Group for its gold trading business are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in profit or loss in the period of the change.

All other inventories are stated at the lower of cost and net realisable value. Finished goods include costs of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

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.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits placed with licensed banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows only, cash and cash equivalents are presented net of bank overdrafts, if any.

2.2.7 Financial instruments**(i) Initial recognition and measurement**

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group becomes a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables and government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.7 Financial instruments (continued)****(iii) Financial assets**

For the purpose of subsequent measurement, the Group classifies financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group measures financial assets, as follow:

(a) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(b) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Group business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(c) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other those financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 2.2.7(vii) to the financial statements.

(iv) Financial liabilities

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method, except for:

(a) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.**(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.****(v) Fair value measurement**

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 2.2.17 to the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.7 Financial instruments (continued)****(vi) Recognition of gains and losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(vii) Impairment of financial assetsTrade receivables – Pawnbroking segment

The Group recognises an allowance for expected credit losses (“ECLs”) for trade receivables from the pawnbroking segment. 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.

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 ECL). 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 ECL).

Trade receivables – Retail and trading of jewellery and gold segment

For trade receivables from the retail and trading of jewellery and gold segment, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.8 Impairment of non-financial assets****(i) Impairment of property, plant and equipment**

The carrying amounts of such assets, other than contract assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(ii) Impairment of goodwill and of intangible assets with an indefinite useful life

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

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

Goodwill impairment is not reversed in any circumstances.

2.2.9 Provisions

Where, at reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.10 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions cost.

Retained profits include all current and prior years retained profits. Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits.

All transactions with owners of the parent are recorded separately within equity.

2.2.11 Revenue recognition

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

The Group's revenue comprises mainly sales of gold and jewellery and interest income from pawnbroking.

(i) Pawnbroking business

Safeguarding interest and interest income on pawnbroking are recognised on a time-proportion basis using the effective interest method.

Handling income on pawn broking is recognised at a point in time when the performance obligation is satisfied upon issuing of pawn ticket.

(ii) Retail and trading of jewellery and gold

Revenue from retail sales and trading is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.12 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.2.13 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.2.14 Employees benefits**(i) Short-term benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave and bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group has no further payment obligations.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.15 Income taxes**

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised only to the extent that the Group consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

2.2.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.2.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.17 Fair value measurement (continued)**

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

2.2.18 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.19 Segmental results**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

All operating segments' results are reviewed regularly by the Chief Operating Decision Maker ("CODM"), which in this case is Group Chief Executive Officer ("CEO"), to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS**3.1 Amendments to MFRSs adopted**

The Group has consistently applied the accounting policies set out in Note 2 to the combined financial statements to all periods presented in these combined financial statements.

The Group adopted new standards/amendments/improvements to MFRSs which have been applied using the full retrospective approach.

Initial application of the new standards/amendments/improvements to the standards did not have a material impact on the combined financial statements of the Group.

3.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group when they become effective.

13. ACCOUNTANTS' REPORT (Cont'd)**3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)****3.3 MFRSs and Amendments to MFRSs not applicable**

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Valuation of pledged articles for collateralised loans of pawnbroking segment

The Group has trade receivables that are in the form of collateralised loans to customers. These loans are extended to customers based on a portion of the individual values of the corresponding pledged articles, for which individual values are assigned to each article by the Group's appraisers. Estimating the values of the articles requires the Group to make certain estimates and assumptions, including assessing prevailing market conditions and gold prices. A 5% reduction in the prevailing market gold price is not expected to have a significant impact on the Group's financial statements subsidiaries as at 31 December 2020, 31 December 2021, 31 December 2022, 30 June 2023 and 30 June 2022.

4.2 Net realisable value of inventories

The Group assesses periodically the allowance for inventories to record inventories at the lower of cost and net realisable value. 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 allowance for inventories. To determine whether there is objective evidence of obsolescence or decline in net realisable value, the Group estimates future demand for the product and assesses prevailing market conditions and gold prices. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8.

4.3 Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

13. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****4.4 Depreciation of property, plant and equipment and right-of-use assets**

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

4.5 Income tax and deferred tax estimation

Management's judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are transactions and computations for which the ultimate tax determination may be different from the initial estimate.

The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

13. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovations RM'000	Renovation in progress RM'000	Total RM'000
Cost								
As at 1.1.2020	486	1,134	759	2,807	1,294	4,630	-	11,110
Additions	-	-	208	312	375	755	150	1,800
Disposals	-	-	-	-	(6)	-	-	(6)
As at 31.12.2020	486	1,134	967	3,119	1,663	5,385	150	12,904
Accumulated depreciation								
As at 1.1.2020	-	77	458	1,955	850	3,309	-	6,649
Depreciation for the year	-	23	149	257	163	477	-	1,069
Disposals	-	-	-	-	(5)	-	-	(5)
As at 31.12.2020	-	100	607	2,212	1,008	3,786	-	7,713
Net carrying amount								
As at 1.1.2020	486	1,057	301	852	444	1,321	-	4,461
As at 31.12.2020	486	1,034	360	907	655	1,599	150	5,191

13. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovations RM'000	Renovation in progress RM'000	Total RM'000
Cost								
As at 1.1.2021	486	1,134	967	3,119	1,663	5,385	150	12,904
Additions	-	-	112	225	130	337	30	834
Disposals	-	-	-	(4)	(6)	-	-	(10)
Reclassification	-	-	-	-	-	150	(150)	-
As at 31.12.2021	486	1,134	1,079	3,340	1,787	5,872	30	13,728
Accumulated depreciation								
As at 1.1.2021	-	100	607	2,212	1,008	3,786	-	7,713
Depreciation for the year	-	23	180	259	161	431	-	1,054
Disposals	-	-	-	(4)	(6)	-	-	(10)
As at 31.12.2021	-	123	787	2,467	1,163	4,217	-	8,757
Net carrying amount								
As at 1.1.2021	486	1,034	360	907	655	1,599	150	5,191
As at 31.12.2021	486	1,011	292	873	624	1,655	30	4,971

13. ACCOUNTANTS' REPORT (Cont'd)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****GROUP**

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovations RM'000	Renovation in progress RM'000	Total RM'000
Cost								
As at 1.1.2022	486	1,134	1,079	3,340	1,787	5,872	30	13,728
Additions	-	-	341	573	413	1,267	100	2,694
Disposals	-	-	(35)	(2)	(4)	-	-	(41)
Written off	-	-	(214)	(139)	(170)	-	-	(523)
Reclassification	-	-	-	-	-	30	(30)	-
As at 31.12.2022	486	1,134	1,171	3,772	2,026	7,169	100	15,858
Accumulated depreciation								
As at 1.1.2022	-	123	787	2,467	1,163	4,217	-	8,757
Depreciation for the year	-	23	205	302	200	554	-	1,284
Disposals	-	-	(7)	-	(3)	-	-	(10)
Written off	-	-	(213)	(137)	(167)	-	-	(517)
As at 31.12.2022	-	146	772	2,632	1,193	4,771	-	9,514
Net carrying amount								
As at 1.1.2022	486	1,011	292	873	624	1,655	30	4,971
As at 31.12.2022	486	988	399	1,140	833	2,398	100	6,344

13. ACCOUNTANTS' REPORT (Cont'd)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****GROUP**

	Freehold land RM'000	Buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovations RM'000	Renovation in progress RM'000	Total RM'000
Cost								
As at 1.1.2023	486	1,134	1,171	3,772	2,026	7,169	100	15,858
Additions	-	-	219	297	279	725	-	1,520
Disposals	-	-	(29)	-	-	-	-	(29)
Written off	-	-	(70)	-	(3)	-	-	(73)
As at 30.6.2023	486	1,134	1,291	4,069	2,302	7,894	100	17,276
Accumulated depreciation								
As at 1.1.2023	-	146	772	2,632	1,193	4,771	-	9,514
Depreciation for the period	-	11	106	173	124	332	-	746
Disposals	-	-	(10)	-	-	-	-	(10)
Written off	-	-	(70)	-	(2)	-	-	(72)
As at 30.6.2023	-	157	798	2,805	1,315	5,103	-	10,178
Net carrying amount								
As at 1.1.2023	486	988	399	1,140	833	2,398	100	6,344
As at 30.6.2023	486	977	493	1,264	987	2,791	100	7,098

The freehold land and building of the Group have been pledged as security to secure loans and borrowings as disclosed in Note 13.

13. ACCOUNTANTS' REPORT (Cont'd)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Right-of-use assets**

Information about leases for which the Group is a lessee is presented below:

	Leasehold lands RM'000	Buildings RM'000	Shop-lots RM'000	Total RM'000
Net carrying value				
As at 1.1.2020	-	-	1,985	1,985
Addition during the year	-	-	1,143	1,143
Depreciation for the year	-	-	(1,378)	(1,378)
As at 31.12.2020/1.1.2021	-	-	1,750	1,750
Addition during the year	-	-	2,608	2,608
Depreciation for the year	-	-	(1,540)	(1,540)
As at 31.12.2021/1.1.2022	-	-	2,818	2,818
Addition during the year	1,950	1,550	11,234	14,734
Depreciation for the year	(20)	(26)	(1,643)	(1,689)
As at 31.12.2022/1.1.2023	1,930	1,524	12,409	15,863
Addition during the period	-	-	2,995	2,995
Depreciation for the period	(12)	(16)	(939)	(967)
Lease modification	-	-	(257)	(257)
As at 30.6.2023	1,918	1,508	14,208	17,634

The leasehold lands and leasehold buildings ("two shop-lots") acquired during 2022 are for pawnbroking activities and have remaining lease period of 72 years and 86 years respectively. The two shop-lots acquired during 2022 have been pledged as security to secure loans and borrowings as disclosed in Note 13.

The Group leases shop-lots for pawnbroking services and for its retail and trading of jewellery and gold activities. The leases for shop-lots generally have lease terms between 1 to 15 years.

The Group acquired right-of-use assets with an aggregate cost of RM2,995,028 (31.12.2022: RM14,734,105; 31.12.2021: RM2,607,822 and 31.12.2020: RM1,143,243) of which RM2,995,028 (31.12.2022: RM11,234,105; 31.12.2021: RM2,607,822 and 31.12.2020: RM1,143,243) was non-cash acquisition in lease arrangements.

There were changes to the lease amount during the period due to renewal of tenancy agreements between the landlords with the Group. This resulted to the lease modification adjusted to the right-of-use assets and lease liabilities during the financial period.

(b) Lease liabilities

	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Lease liabilities				
- Non-current	745	1,543	10,794	12,495
- Current	1,071	1,340	1,702	1,808
Total lease liabilities	1,816	2,883	12,496	14,303

The lease liabilities bear effective interest rates ranging from 6.00% to 6.50% (31.12.2022: 6.00% to 6.50%; 31.12.2021: 6.50% and 31.12.2020: 6.50%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)**7. GOODWILL**

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year/period, as previously reported	434	425	425	425
Reclassification to assets classified as held for sale (Note 11)	(18)	-	-	-
Arising from acquisition of subsidiaries	9	-	-	-
Balance at end of the financial year/period	425	425	425	425

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Each of those CGU represents the Group's investment in subsidiaries. The goodwill is allocated mainly to Pajak Gadai Fajra Tebrau Sdn. Bhd..

(a) Impairment test of goodwill

On an annual basis, the Group undertakes an impairment testing on goodwill. No impairment loss was identified on the carrying amount of goodwill assessed at the reporting date as their recoverable amounts were above of their carrying amounts.

(b) Recoverable amount based on value in use

The recoverable amounts of cash-generating units containing the above goodwill is determined based on value in use calculations. These calculations use pre-tax cash flow projections that have been projected to perpetuity based on a previous year financial budgets and projections prepared by the management and approved by the Board of Directors. The sales and price gap of the cash-generating units used in preparing the projected cash flows were determined based on past business performance and management's expectations on market development.

The key inputs to the calculation are described below:

<u>Assumption</u>	<u>Rate</u>
Revenue and pledged receivables growth rate	25% (FYE 31.12.2022: 25%, FYE 31.12.2021: 25% and FYE 31.12.2020: 25%)
Discount rate	6% (FYE 31.12.2022: 6%, FYE 31.12.2021: 6% and FYE 31.12.2020: 6%)

Impact of possible changes in key assumption

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

8. INVENTORIES

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
At cost				
Gold and jewelleryes	24,758	33,226	35,021	34,103

The cost of inventories of the Group recognised as an expense in cost of sales during the financial period was RM59,630,528 (financial years ended 31.12.2022: RM85,028,097, 31.12.2021: RM41,234,893 and 31.12.2020: RM49,084,844).

13. ACCOUNTANTS' REPORT (Cont'd)**9. TRADE AND OTHER RECEIVABLES**

	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Trade				
Pledged receivables	241,669	249,366	325,893	354,632
Trade receivables	-	3	-	-
Accrued interest	11,975	10,478	14,268	14,430
	<u>253,644</u>	<u>259,847</u>	<u>340,161</u>	<u>369,062</u>
Non-trade				
Other receivables	114	134	167	195
Amount due from related parties	691	1,267	1,131	33
Deposits	476	1,216	596	834
Prepayments	826	882	1,356	2,199
	<u>2,107</u>	<u>3,499</u>	<u>3,250</u>	<u>3,261</u>
Total trade and other receivables	<u>255,751</u>	<u>263,346</u>	<u>343,411</u>	<u>372,323</u>
Trade and other receivables (excluding prepayments)	254,925	262,464	342,055	370,124
Add: Cash and bank balances (Note 10)	<u>14,551</u>	<u>14,369</u>	<u>8,606</u>	<u>12,600</u>
Total financial assets at amortised cost	<u>269,476</u>	<u>276,833</u>	<u>350,661</u>	<u>382,724</u>

Pledged receivables to customers are secured by pledges of goods. The quantum of loans granted to customers is based on a portion of the value of the articles pledged to the Group. In the event that a customer does not renew or redeem a pledged article within 6 months from the grant date of the loan, the pledged article will be disposed of by a sale by auction, in accordance with the requirements of the Pawnbrokers Act 1972 in Malaysia.

The pawn loans bear monthly interest ranging from 1.00% to 2.00% (31.12.2022: 1.00% to 2.00%; 31.12.2021: 2.00% and 31.12.2020: 2.00%) per month.

The amount due from related parties are unsecured, interest free and repayable on demand.

During the financial period, the pledged receivables written off against profit or loss amounted to RM12,900 (financial years ended 31.12.2022: RM901,500; 31.12.2021: RM Nil and 31.12.2020: RM Nil).

13. ACCOUNTANTS' REPORT (Cont'd)**10. CASH AND BANK BALANCES**

	← Audited as at →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Cash in hand	3,794	5,081	5,321	6,772
Bank balances	10,757	9,288	3,285	5,828
Total cash and bank balances	14,551	14,369	8,606	12,600
Less: Bank overdrafts (Note 13)	(15,021)	(14,402)	(43,440)	(26,489)
Total cash and cash equivalents	(470)	(33)	(34,834)	(13,889)

11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALEProposed disposal of Swift Paragon Sdn. Bhd. ("Swift Paragon") in 2022

A subsidiary of the Company, SYT Pavilion Sdn. Bhd. ("SYT Pavilion") is the registered and beneficial owner of 2,000,000 ordinary shares in the share capital of Swift Paragon, representing 100% of the share capital of Swift Paragon. Swift Paragon is principally involved in the business of licensed money lending.

As of 31 December 2022, management was of the opinion that the proposed disposal is likely to proceed as Swift Paragon is involved in the provision of money lending. The proposed disposal of Swift Paragon was undertaken to streamline the principal activities of the Group to only include pawnbroking services as well as retail and trading of jewellery and gold.

Accordingly, the assets and liabilities of Swift Paragon under money lending segment for the FYE(s) 31 December 2020, 31 December 2021, and 31 December 2022 are classified as a disposal group reported under assets classified as held for sale.

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to assets classified as held for sale under current assets.

Cumulative income and expense recognised in other comprehensive income

The financial results of Swift Paragon are classified as discontinued operations. The cumulative income or expense recognised in other comprehensive income relating to the disposal group/discontinued operation is disclosed in Note 21.

13. ACCOUNTANTS' REPORT (Cont'd)**11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)**

The assets and associated liabilities classified as held for sale as at 31 December 2020, 31 December 2021 and 31 December 2022 are as follows:

	← 31.12.2020 RM'000	Audited as at 31.12.2021 RM'000	→ 31.12.2022 RM'000
Assets classified as held for sale			
Property, plant and equipment	75	109	88
Right-of-use assets	11	-	-
Deferred tax assets	-	-	284
Goodwill	18	18	18
Trade and other receivables	2	14,004	23,874
Cash and bank balances	61	261	204
	<u>167</u>	<u>14,392</u>	<u>24,468</u>
Liabilities directly associated with assets classified as held for sale			
Deferred tax liabilities	-	6	-
Lease liabilities	12	-	-
Trade and other payables	109	60	86
Current tax liabilities	27	5	115
	<u>148</u>	<u>71</u>	<u>201</u>

Included in the trade and other receivables are loans and receivables to third parties which are secured by pledge of properties. The average terms for loans and receivables range from 3 to 10 years (31.12.2021: 5 to 10 years and 31.12.2020: Nil) and the average effective interest rate on loans and receivables ranges from 7.5% to 9% (31.12.2021: 7.5% to 9% and 31.12.2020: Nil) per annum.

12. INVESTED EQUITY

	← 31.12.2020	Audited as at 31.12.2021	31.12.2022	→ 30.6.2023
	Number of shares ('000)			
At 1 January	23,898	23,898	23,898	23,898
Incorporation of Well Chip Group Berhad	-	-	-	*
At 31 December/30 June	<u>23,898</u>	<u>23,898</u>	<u>23,898</u>	<u>23,898</u>
	← 31.12.2020	Audited as at 31.12.2021	31.12.2022	→ 30.6.2023
	RM'000			
At 1 January	27,683	27,683	27,683	27,683
Incorporation of Well Chip Group Berhad	-	-	-	*
At 31 December/30 June	<u>27,683</u>	<u>27,683</u>	<u>27,683</u>	<u>27,683</u>

* Amount is less than RM1,000.

For the purpose of this report, the total number of shares as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 represent the aggregate number of issued shares of all entities within the Group except Well Chip Group Berhad which was incorporated on 12 April 2023.

13. ACCOUNTANTS' REPORT (Cont'd)**13. LOANS AND BORROWINGS**

	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Non-current				
Term loans (secured)	1,177	1,126	3,750	3,706
Current				
Term loans (secured)	54	56	144	137
Bank overdrafts (secured)	15,021	14,402	43,440	26,489
Revolving credits (secured)	70,500	73,500	99,600	131,600
	85,575	87,958	143,184	158,226
Total loans and borrowings				
Term loans (secured)	1,231	1,182	3,894	3,843
Bank overdrafts (secured)	15,021	14,402	43,440	26,489
Revolving credits (secured)	70,500	73,500	99,600	131,600
	86,752	89,084	146,934	161,932

Term loan 1 is repayable over 300 (31.12.2022: 300; 31.12.2021: 300 and 31.12.2020: 300) monthly instalments from the date of full drawdown.

Term loan 2 is repayable over 300 (31.12.2022: 300; 31.12.2021: Nil and 31.12.2020: Nil) monthly instalments from the date of full drawdown.

Term loan 3 is repayable over 240 (31.12.2022: 240; 31.12.2021: Nil and 31.12.2020: Nil) monthly instalments from the date of full drawdown.

Term loans obtained from licensed banks are secured by way of:

- (a) legal charges over the freehold property of the Group as disclosed in Note 6(a) to the financial statements; and
- (b) joint and several guarantees issued by certain directors of the Group.
- (c) Corporate guarantees by SYT Pavilion Sdn. Bhd. and Valuemax Group Limited (related parties).

The term loans bear effective interest rates ranging from 4.12% to 4.27% (31.12.2022: 3.27% to 4.27%; 31.12.2021: 3.27% and 31.12.2020: 3.27% to 4.52%) per annum.

The bank overdraft and revolving credits obtained from licensed banks are secured by way of:

- (a) debenture over all the Group's fixed and floating assets;
- (b) joint and several guarantees issued by certain directors of the Group; and
- (c) corporate guarantees executed by Valuemax Group Limited (related party) and Yeah Holdings Pte Ltd (related party)

The bank overdraft facilities are repayable on demand and bear effective interest rate of 6.51% to 7.10% (31.12.2022: 5.76% to 6.82%; 31.12.2021: 5.51% to 5.82% and 31.12.2020: 5.51% to 6.82%) per annum.

The revolving credits bear effective interest rates ranging from 5.04% to 6.23% (31.12.2022: 3.95% to 6.08%; 31.12.2021: 3.94% to 4.73% and 31.12.2020: 3.93% to 5.90%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)**14. DEFERRED TAX LIABILITIES**

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Balance as at beginning of financial year/period	49	54	12	74
Recognised in/(from) profit or loss from continuing operations	5	(42)	62	29
Balance as at end of financial year/period	<u>54</u>	<u>12</u>	<u>74</u>	<u>103</u>
Presented after appropriate offsetting as follows:				
- Deferred tax assets	-	-	-	-
- Deferred tax liabilities	<u>54</u>	<u>12</u>	<u>74</u>	<u>103</u>
	<u>54</u>	<u>12</u>	<u>74</u>	<u>103</u>

Deferred tax liabilities mainly arose from temporary differences from property, plant and equipment.

The balance in the deferred tax liabilities is made up of tax effects of temporary differences arising from:

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Excess of net book value over tax written down value of property, plant and equipment	<u>54</u>	<u>12</u>	<u>74</u>	<u>103</u>

13. ACCOUNTANTS' REPORT (Cont'd)**15. OTHER PAYABLES**

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Non-trade				
Loan from related parties	45,671	54,916	63,943	42,033
Loan from directors	11,931	12,983	13,127	13,509
Loan from shareholders	16,124	17,751	18,610	19,172
Amount due to related parties	2,315	2,777	3,250	37
Other payables	13	58	47	86
Accruals	2,065	2,441	2,944	1,549
Total other payables	78,119	90,926	101,921	76,386
Other payables	78,119	90,926	101,921	76,386
Add: Lease liabilities (Note 6)	1,816	2,883	12,496	14,303
Loans and borrowings (Note 13)	86,752	89,084	146,934	161,932
Total financial liabilities carried at amortised cost	166,687	182,893	261,351	252,621

The loans from related parties, directors and shareholders are unsecured and repayable on demand. The interest charged at the interest rates ranging from 6.00% to 7.00% (31.12.2022: 6.00% to 7.00%; 31.12.2021: 6.00% to 7.00% and 31.12.2020: 6.00% to 7.00%) per annum.

The amount due to related parties is unsecured, interest free and repayable on demand.

16. REVENUE

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Pawnbroking					
Pawnbroking administrative fees	192	187	232	110	130
Interest income on pawnbroking	51,848	51,618	59,266	28,740	34,610
	52,040	51,805	59,498	28,850	34,740
Sales of jewellery and gold					
Sales of scrap gold	59,760	38,998	75,914	44,140	57,878
Retail sales of jewellery and gold	10,040	11,078	22,713	12,567	10,851
	69,800	50,076	98,627	56,707	68,729
Total revenue	121,840	101,881	158,125	85,557	103,469

Revenue from sales of jewellery and gold and pawnbroking administrative fees are recognised at a point in time.

13. ACCOUNTANTS' REPORT (Cont'd)**17. OTHER INCOME**

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Management fee	473	1,151	1,103	-	-
Government grants received - wages subsidy program	367	196	37	37	-
Gain on disposal of property, plant and equipment	-	1	1	1	-
Service income	59	81	121	65	74
Rental income	-	-	5	5	3
Miscellaneous income	20	8	7	6	2
	<u>919</u>	<u>1,437</u>	<u>1,274</u>	<u>114</u>	<u>79</u>

18. FINANCE COSTS

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expense on:					
- Term loans	45	39	126	50	81
- Bank overdrafts	717	298	1,235	259	1,089
- Revolving credits	3,228	2,795	3,563	1,525	3,170
- Loans from shareholders, directors, and related companies	5,857	5,062	5,766	2,816	3,287
- Lease liabilities	<u>128</u>	<u>137</u>	<u>177</u>	<u>92</u>	<u>95</u>
	<u>9,975</u>	<u>8,331</u>	<u>10,867</u>	<u>4,742</u>	<u>7,722</u>
Included in the statement of comprehensive income from continuing operations:					
- Cost of sales	9,802	8,155	10,564	4,600	7,546
- Finance costs	<u>173</u>	<u>176</u>	<u>303</u>	<u>142</u>	<u>176</u>
	<u>9,975</u>	<u>8,331</u>	<u>10,867</u>	<u>4,742</u>	<u>7,722</u>

13. ACCOUNTANTS' REPORT (Cont'd)**19. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS**

Profit before taxation from continuing operations is arrived after charging/(crediting):

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	86	108	142	56	71
Directors' fee (Note 23)	60	68	76	-	-
Depreciation of					
- property, plant and equipment	1,069	1,054	1,284	583	746
- right-of-use assets	1,378	1,540	1,689	816	967
Employee benefits expenses (Note 23)	9,367	11,275	12,722	5,446	5,880
Pledged receivables written off	-	-	902	-	13
Property, plant and equipment written off	-	-	6	-	1
Loss/(Gain) on disposal of property, plant and equipment	*	(1)	(1)	(1)	*
(Gain)/Loss on foreign exchange					
- realised	(55)	14	97	-	1,323
- unrealised	162	333	2,195	850	806

* Amount is less than RM1,000.

20. TAXATION

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Current financial year/period					
- income tax expense	12,285	9,039	11,304	6,658	7,453
- deferred taxation	11	10	99	-	31
Under/(Over) provision in previous financial years/periods					
- income tax expense	188	(32)	255	-	(235)
- deferred taxation	(6)	(52)	(37)	-	(2)
	12,478	8,965	11,621	6,658	7,247

13. ACCOUNTANTS' REPORT (Cont'd)**20. TAXATION (CONTINUED)**

A reconciliation of income tax expense on the profit before taxation from continuing operations with the applicable statutory income tax rate is as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation from continuing operations	46,160	32,746	36,778	21,882	23,312
Taxation at statutory tax rate of 24%	11,078	7,859	8,827	5,252	5,595
Tax effects in respect of:					
Non-allowable expenses	1,233	1,253	2,701	1,415	1,829
Non-taxable income	-	(138)	(179)	(9)	-
Deferred tax asset not recognised on temporary differences	-	75	54	-	60
Utilisation of unrecognised deferred tax assets	(15)	-	-	-	*
Under/(Over) provision in previous years/periods					
- income tax	188	(32)	255	-	(235)
- deferred tax	(6)	(52)	(37)	-	(2)
Total tax expense	12,478	8,965	11,621	6,658	7,247

* Amount is less than RM1,000.

Subject to agreement with the tax authorities, unutilised tax losses (subject to time limit of utilisation of 10 years), unabsorbed capital allowances and deductible temporary differences (for which there are no expiry dates) available at the end of the reporting period for which no deferred tax assets are recognised are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	49	31	99	31	112
Unutilised tax losses	63	-	74	-	118
Unutilised deductible temporary differences	(1)	24	(75)	24	(72)
	111	55	98	55	158

Deferred tax assets have not been recognised as it is not probable that these entities will be able to generate sufficient future profits for the realisation of the tax benefits as disclosed above.

13. ACCOUNTANTS' REPORT (Cont'd)**20. TAXATION (CONTINUED)**

The Group's unabsorbed capital allowances and unutilised tax losses that are available to set off against future chargeable income are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	204	130	412	130	466
Unutilised tax losses	263	-	308	-	493

The unabsorbed capital allowances do not expire under current tax legislation.

Unutilised business losses for which no deferred tax assets were recognised expire as follows: -

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
YA 2028	263	-	-	-	-
YA 2029	-	-	-	-	-
YA 2030	-	-	-	-	-
YA 2031	-	-	-	-	-
YA 2032	-	-	308	-	308
YA 2033	-	-	-	-	185
	263	-	308	-	493

13. ACCOUNTANTS' REPORT (Cont'd)**21. DISCONTINUED OPERATIONS/ DISPOSAL OF A SUBSIDIARY**

SYT Pavilion had entered into a Share Transfer and Settlement Agreement ("SSA") on 6 June 2023 to dispose its entire interest in Swift Paragon (2,000,000 ordinary shares in Swift Paragon), representing the entire share capital of Swift Paragon, to VMM Holdings Sdn. Bhd. at a consideration of RM2,508,219. Management had recognised the disposal of Swift Paragon in June 2023 as the disposal has been completed on 28 June 2023.

The financial results of the disposed Swift Paragon were presented separately in the Statement of Profit or Loss as "Profit from discontinued operations, net of tax". Profit attributable to the discontinued operations was as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Results of discontinued operations					
Revenue	-	320	2,839	1,174	1,463
Other income	-	243	153	49	-
Administrative expenses	(45)	(342)	(1,784)	(224)	(237)
Finance costs	(2)	*	-	-	-
Results from operating activities	(47)	221	1,208	999	1,226
Taxation	(27)	(37)	(13)	(135)	-
Results from operating activities, net of tax	(74)	184	1,195	864	1,226
Loss on sale of discontinued operations	-	-	-	-	(117)
(Loss)/Profit for the year/period	(74)	184	1,195	864	1,109

13. ACCOUNTANTS' REPORT (Cont'd)**21. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)**

Analysis of the cash flows of the discontinued operations for the FYE(s) 31 December 2020, 31 December 2021, 31 December 2022 and FPE(s) 30 June 2023 and 30 June 2022 are as follows:

	← Audited →			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from/(used in) discontinued operations/disposal of subsidiary					
Net cash generated from/(used in):					
- operating activities	68	(13,956)	(9,997)	(4,009)	(3,895)
- investing activities	(85)	(59)	(15)	(5)	(1)
- financing activities	(22)	14,215	9,955	3,837	3,924
Effects of cash flows	(39)	200	(57)	(177)	28

The effects of disposal of Swift Paragon to the financial position of the Group as at 30 June 2023:

	30.6.2023 RM'000
Property, plant and equipment	72
Goodwill	18
Deferred tax assets	284
Trade and other receivables	28,079
Cash and bank balances	232
Current tax assets	10
Other payables	(26,070)
Net assets and liabilities at date of disposal	2,625
	30.6.2023 RM'000
Consideration	2,508
Less: Net assets and liabilities disposed off	(2,625)
Loss on disposal of discontinued operations	(117)
Profit for the year	1,226
Profit from discontinued operations	1,109
	30.6.2023 RM'000
Consideration	2,508
Movement of cash and cash equivalents from discontinued operations	(28)
Net cash inflow for the group	2,480

13. ACCOUNTANTS' REPORT (Cont'd)**22. EARNINGS PER SHARE****Basic earnings per ordinary share and diluted earnings per ordinary share**

Basic earnings per ordinary share are based on the profit for the financial year/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial year/period.

Diluted earnings per ordinary share are based on the profit for the financial year/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial year/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follows:

	← Audited →			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Group	33,682	23,781	25,157	15,224	16,065
Weighted average number of ordinary shares for basic and diluted earnings per share	23,898	23,898	23,898	23,898	23,898
Basic and diluted earnings per ordinary share	1.41	1.00	1.05	0.64	0.67

23. EMPLOYEE BENEFITS EXPENSES

	← Audited →			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonus	8,296	9,933	11,191	4,778	5,177
EPF contributions	973	1,221	1,386	600	625
SOCSSO contributions	98	121	145	68	78
	9,367	11,275	12,722	5,446	5,880
Directors' remuneration					
- Directors' fee	60	68	76	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**24. DIVIDENDS**

	Dividend per share Audited RM	Amount of dividend Audited RM'000
In respect of the financial year ended 31 December 2020		
a) First interim single tier dividend declared on 2.9.2020 and paid on 15.9.2020	0.67	3,423
b) First interim single tier dividend declared on 2.9.2020 and paid on 15.9.2020	0.13	1,097
c) First interim single tier dividend declared on 2.9.2020 and paid on 2.9.2020	17.00	579
		<u>5,099</u>
In respect of the financial year ended 31 December 2021		
a) First interim single tier dividend declared on 10.11.2021 and paid on 3.12.2021	0.75	3,832
b) First interim single tier dividend declared on 25.11.2021 and paid on 3.12.2021	0.19	1,603
		<u>5,435</u>
In respect of the financial year ended 31 December 2022		
a) First interim single tier dividend declared on 15.12.2022 and paid on 30.12.2022	0.75	3,831
b) First interim single tier dividend declared on 15.12.2022 and paid on 30.12.2022	0.15	1,266
		<u>5,097</u>

25. CAPITAL COMMITMENTS

Capital commitments in respect of the purchase of property, plant and equipment not provided for in the financial statements are as follows:

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Leasehold land and building				
Authorised and contracted for	-	3,275	-	1,332

26. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

13. ACCOUNTANTS' REPORT (Cont'd)**26. RELATED PARTY TRANSACTIONS (CONTINUED)**

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group.

The Group has related party relationship with its subsidiaries, related parties and directors.

Significant related party transactions

Disclosures that related party transactions were made on the terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated. The significant related party transactions of the Group are as follows:

	← Audited →			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Related parties					
- Management fee income	(473)	(1,151)	(1,103)	-	-
- Management fee expense	1,589	2,020	2,055	892	514
- Corporate guarantee fees	941	1,016	1,062	-	-
- Loan interest charged	3,672	3,118	3,636	1,754	2,159
- Rental income	(18)	(19)	(22)	(11)	(11)
- Rental expense	174	191	193	97	97
Shareholders					
- Loan interest charged	1,222	1,098	1,230	614	666
- Rental expense	-	-	-	-	27
- Retail sales of jewellery and gold	(195)	(301)	(185)	(144)	(31)
Directors					
- Loan interest charged	963	846	900	448	462
- Rental expense	44	44	61	22	68
- Retail sales of jewellery and gold	(8)	(103)	(3)	(2)	(3)

Key management personnel compensation

Key management personnel compensation consists of directors' remuneration as disclosed in Note 23.

27. OPERATING SEGMENTS

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decision about resource allocation and performance assessment.

All operating segments' results are reviewed regularly by the Chief Operating Decision Maker ("CODM"), which in this case is Group Chief Executive Officer ("CEO"), to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**

The two reportable operating segments are as follows:

Business segment	Product and services
Pawnbroking services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold, jewellery, and watches.
Retail and trading of jewellery and gold	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery and gold Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery and gold from walk-in individuals

Segment profits

Segment profits are used to measure performance as the Chief Financial Officer ("CFO") believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

Segment assets and segment liabilities

Segment assets and segment liabilities information are neither included in the internal management reports nor provided regularly to the CFO. Hence no disclosure is made on segment assets and segment liabilities.

Primary reporting format - by business segment

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
31 December 2020				
Revenue:				
Revenue from external customers	52,040	69,800	-	121,840
Inter-segment revenue	<u>39,081</u>	<u>-</u>	<u>(39,081)</u>	<u>-</u>
Segment profit from continuing operations	42,238	20,716	-	62,954
Other income				919
Administrative expenses				(17,540)
Finance costs				(173)
Income tax expense				<u>(12,478)</u>
Profit for the financial year from continuing operations				<u>33,682</u>
Results				
Included in the measure of segment profits from continuing operations are:				
Employee benefit expenses				9,367
Depreciation				
- Property, plant and equipment				1,069
- Right-of-use assets				<u>1,378</u>

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**Primary reporting format - by business segment (continued)

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
31 December 2021				
Revenue:				
Revenue from external customers	51,805	50,076	-	101,881
Inter-segment revenue	<u>45,709</u>	<u>-</u>	<u>(45,709)</u>	<u>-</u>
Segment profit from continuing operations	43,649	8,842	-	52,491
Other income				1,437
Administrative expenses				(21,006)
Finance costs				(176)
Income tax expense				<u>(8,965)</u>
Profit for the financial year from continuing operations				<u>23,781</u>
Results				
Included in the measure of segment profits from continuing operations are:				
Employee benefit expenses				11,275
Depreciation				
- Property, plant and equipment				1,054
- Right-of-use assets				<u>1,540</u>

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**Primary reporting format - by business segment (continued)

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
31 December 2022				
Revenue:				
Revenue from external customers	59,498	98,627	-	158,125
Inter-segment revenue	<u>79,034</u>	<u>-</u>	<u>(79,034)</u>	<u>-</u>
Segment profit from continuing operations	48,934	13,599	-	62,533
Other income				1,274
Administrative expenses				(26,726)
Finance costs				(303)
Income tax expense				<u>(11,621)</u>
Profit for the financial year from continuing operations				<u>25,157</u>
Results				
Included in the measure of segment profits from continuing operations are:				
Employee benefit expenses				12,722
Depreciation				
- Property, plant and equipment				1,284
- Right-of-use assets				<u>1,689</u>

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**Primary reporting format - by business segment (continued)

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 June 2022 (Unaudited)				
Revenue:				
Revenue from external customers	28,850	56,707	-	85,557
Inter-segment revenue	<u>42,454</u>	<u>-</u>	<u>(42,454)</u>	<u>-</u>
Segment profit from continuing operations	24,250	8,092	-	32,342
Other income				114
Administrative expenses				(10,432)
Finance costs				(142)
Income tax expense				<u>(6,658)</u>
Profit for the financial period from continuing operations				<u>15,224</u>
Results				
Included in the measure of segment profits from continuing operations are:				
Employee benefit expenses				5,446
Depreciation				
- Property, plant and equipment				583
- Right-of-use assets				<u>816</u>

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**Primary reporting format - by business segment (continued)

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 June 2023				
Revenue:				
Revenue from external customers	34,740	68,729	-	103,469
Inter-segment revenue	<u>53,984</u>	<u>-</u>	<u>(53,984)</u>	<u>-</u>
Segment profit from continuing operations	27,195	9,098	-	36,293
Other income				79
Administrative expenses				(12,884)
Finance costs				(176)
Income tax expense				<u>(7,247)</u>
Profit for the financial period from continuing operations				<u>16,065</u>
Results				
Included in the measure of segment profits from continuing operations are:				
Employee benefit expenses				5,880
Depreciation				
- Property, plant and equipment				746
- Right-of-use assets				<u>967</u>

13. ACCOUNTANTS' REPORT (Cont'd)**27. OPERATING SEGMENTS (CONTINUED)**Secondary reporting format - by geography

The Group's business segments are operated and managed in one (1) geographical area which is in Malaysia during the financial years/period.

The sales are generated and managed in Malaysia. Total assets and capital expenditure are located in Malaysia.

Third reporting format - by major customers**(i) Pawnbroking services**

Customers of the pawnbroking services segment are walk-in individuals and the contribution from each customer as a percentage of the Group's total revenue is negligible.

(ii) Retail and trading of jewellery and gold

Customers of the retail and trading of jewellery and gold segment are scrap gold traders and individual customers.

The Group's major customers are scrap gold traders who purchase unredeemed and bid pledges that acquired by the Group as well as pre-owned gold jewellery from walk-in customer. The revenue contribution from each individual customer during the period of review was negligible.

Revenue from major scrap gold customers for the period under review are as follows:

	← Audited →			Unaudited	Audited
	FYE 31 December			FPE 30 June	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Customers					
- Customer A	16,192	17,658	40,670	28,112	26,829
- Customer B	12,897	10,797	25,695	3,652	13,592
- Customer C	3,388	6,217	9,548	26,114	7,087
- Customer D	14,296	-	-	-	-
- Customer E	12,967	4,314	-	-	-

The remaining customers are individual customers. Contribution from each individual customer as a percentage of the Group's total revenue is negligible.

13. ACCOUNTANTS' REPORT (Cont'd)**28. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

Trade and other receivables (excluding prepayments) and cash and cash equivalents are categorised as financial assets at amortised cost (Note 9) while lease liabilities, loans and borrowings and other payables are categorised as financial liabilities carried at amortised cost (Note 15).

(b) Financial risk management objectives and policies

The Group's financial risk management objectives are to optimise value creation for shareholders whilst minimising the potential adverse effects on the performance of the Group.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to the following risks. Information on the management of the related exposures are detailed below.

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and related parties.

(a) Receivables**Pawnbroking business**

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position. Pledged receivables are secured by pledges of gold and jewellery which are redeemable by the customers within 6 months from the dates of grant of the loans. The carrying amount of the pledged receivables is disclosed in Note 9 to the financial statements.

There are no receivables that are past due or impaired at the end of reporting year except as disclosed in Note 9. The pledges articles relating to the pledge loans continue to be redeemable until they are disposed of by auction in accordance with the provisions of the Pawnbrokers Act 1972 in Malaysia. However, the Group policy allows an extension of up to 3 months for the customers to redeem the pledged articles or to renew the pawn loans.

13. ACCOUNTANTS' REPORT (Cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management objectives and policies (continued)****(i) Credit risk (continued)****(b) Inter-company balances**

The Group provides unsecured loans and advances to related parties. The Group monitors the results of the related parties regularly.

As at end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the related parties are not recoverable. The Group does not specifically monitor the ageing of current advances to the related parties.

(c) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risk.

13. ACCOUNTANTS' REPORT (Cont'd)**28. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management objectives and policies (continued)****(ii) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group exposure to liquidity risk arises principally from its lease liabilities, loans and borrowings and other payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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

31.12.2020	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	2-5 years RM'000	More than 5 years RM'000
Group						
<u>Audited</u>						
Lease liabilities	1,816	6.50	1,924	1,149	775	-
Term loans	1,231	3.27 - 4.52	1,614	93	373	1,148
Bank overdrafts	15,021	5.51 - 6.82	15,021	15,021	-	-
Revolving credits	70,500	3.93 - 5.90	70,500	70,500	-	-
Loan from related parties	45,671	6.00 - 7.00	45,671	45,671	-	-
Loan from directors	11,931	7.00	11,931	11,931	-	-
Loan from shareholders	16,124	7.00	16,124	16,124	-	-
Amount due to related parties	2,315	-	2,315	2,315	-	-
Other payables	2,078	-	2,078	2,078	-	-
	<u>166,687</u>		<u>167,178</u>	<u>164,882</u>	<u>1,148</u>	<u>1,148</u>

13. ACCOUNTANTS' REPORT (Cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

31.12.2021 Group	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	2-5 years RM'000	More than 5 years RM'000
<u>Audited</u>						
Lease liabilities	2,883	6.50	3,111	1,478	1,633	-
Term loans	1,182	3.27	1,527	93	373	1,061
Bank overdrafts	14,402	5.51 - 5.82	14,402	14,402	-	-
Revolving credits	73,500	3.94 - 4.73	73,500	73,500	-	-
Loan from related parties	54,916	6.00 - 7.00	54,916	54,916	-	-
Loan from directors	12,983	7.00	12,983	12,983	-	-
Loan from shareholders	17,751	7.00	17,751	17,751	-	-
Amount due to related parties	2,777	-	2,777	2,777	-	-
Other payables	2,499	-	2,499	2,499	-	-
	<u>182,893</u>		<u>183,466</u>	<u>180,399</u>	<u>2,006</u>	<u>1,061</u>

13. ACCOUNTANTS' REPORT (Cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

31.12.2022 Group	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	2-5 years RM'000	More than 5 years RM'000
<u>Audited</u>						
Lease liabilities	12,496	6.00 - 6.50	13,760	1,860	4,850	7,050
Term loans	3,894	3.27 - 4.27	5,844	280	1,121	4,443
Bank overdrafts	43,440	5.76 - 6.82	43,440	43,440	-	-
Revolving credits	99,600	3.95 - 6.08	99,600	99,600	-	-
Loan from related parties	63,943	6.00 - 7.00	63,943	63,943	-	-
Loan from directors	13,127	7.00	13,127	13,127	-	-
Loan from shareholders	18,610	7.00	18,610	18,610	-	-
Amount due to related parties	3,250	-	3,250	3,250	-	-
Other payables	2,991	-	2,991	2,991	-	-
	<u>261,351</u>		<u>264,565</u>	<u>247,101</u>	<u>5,971</u>	<u>11,493</u>

13. ACCOUNTANTS' REPORT (Cont'd)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

30.6.2023 Group	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	2-5 years RM'000	More than 5 years RM'000
<u>Audited</u>						
Lease liabilities	14,303	6.00 - 6.50	15,716	1,962	5,214	8,540
Term loans	3,843	4.12 - 4.27	5,681	300	1,199	4,182
Bank overdrafts	26,489	6.51 - 7.10	26,489	26,489	-	-
Revolving credits	131,600	5.04 - 6.23	131,600	131,600	-	-
Loan from related parties	42,033	6.00 - 7.00	42,033	42,033	-	-
Loan from directors	13,509	7.00	13,509	13,509	-	-
Loan from shareholders	19,172	7.00	19,172	19,172	-	-
Amount due to related parties	37	-	37	37	-	-
Other payables	1,635	-	1,635	1,635	-	-
	<u>252,621</u>		<u>255,872</u>	<u>236,737</u>	<u>6,413</u>	<u>12,722</u>

13. ACCOUNTANTS' REPORT (Cont'd)**28. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management objectives and policies (continued)****(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting periods was:

	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Group				
Fixed rate instruments				
Lease liabilities	1,816	2,883	12,496	14,303
Loan from:				
- related parties	45,671	54,916	63,943	42,033
- directors	11,931	12,983	13,127	13,509
- shareholders	16,124	17,751	18,610	19,172
	<u>75,542</u>	<u>88,533</u>	<u>108,176</u>	<u>89,017</u>
Floating rate instruments				
Loans and borrowings	<u>86,752</u>	<u>89,084</u>	<u>146,934</u>	<u>161,932</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At reporting date, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's profit after tax from continuing operations would have been RM1,230,682 (31.12.2022: RM1,116,698; 31.12.2021: RM677,035; 31.12.2020: RM659,320) lower, arising mainly as a result of higher interest expenses on bank overdrafts respectively for the Group. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

13. ACCOUNTANTS' REPORT (Cont'd)**28. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management objectives and policies (continued)****(iii) Market risk (continued)****(b) Foreign currency risk**

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD").

	Audited as at			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Amount due from a related party	473	1,151	1,103	-
Financial liabilities				
Loan from a related party	(24,955)	(32,725)	(40,171)	(17,435)
Amount due to related parties	(2,061)	(2,523)	(2,603)	(3)
	<u>(27,016)</u>	<u>(35,248)</u>	<u>(42,774)</u>	<u>(17,438)</u>
Net foreign currency balance exposure	<u>26,543</u>	<u>34,097</u>	<u>41,671</u>	<u>17,438</u>

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (31.12.2022: 10%; 31.12.2021: 10%; 31.12.2020: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by RM132,529 (31.12.2022: RM316,705; 31.12.2021: RM259,134; 31.12.2020: RM201,722). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 10% (31.12.2022: 10%; 31.12.2021: 10%; 31.12.2020: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

13. ACCOUNTANTS' REPORT (Cont'd)**29. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, trade and other receivables, other payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years/period.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Audited					
At 31.12.2020					
Financial liability					
Loans and borrowings	<u>1,177</u>	<u>-</u>	<u>-</u>	<u>967</u>	<u>967</u>
At 31.12.2021					
Financial liability					
Loans and borrowings	<u>1,126</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>936</u>
At 31.12.2022					
Financial liability					
Loans and borrowings	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>3,063</u>	<u>3,063</u>
At 30.6.2023					
Financial liability					
Loans and borrowings	<u>3,706</u>	<u>-</u>	<u>-</u>	<u>3,014</u>	<u>3,014</u>

Level 3 fair value

The fair value of liability component of loans and borrowings are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value. The Group manages its capital structure and make 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 objective, policies and processes during the FYE(s) 31 December 2020, 31 December 2021 and 31 December 2022 and FPE 30 June 2023.

The Group monitors capital using a ratio of total debt to total equity. Total debt is calculated as total loans and borrowings and total loans from related parties, directors and shareholders (included in the notes of other payables). Total equity comprises all components of equity.

13. ACCOUNTANTS' REPORT (Cont'd)**30. CAPITAL MANAGEMENT (CONTINUED)**

The Group's total debt to total equity ratio as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 are as follows:

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings (Note 13)	86,752	89,084	146,934	161,932
Loan from related parties, directors and shareholders	73,726	85,650	95,680	74,714
	<u>160,478</u>	<u>174,734</u>	<u>242,614</u>	<u>236,646</u>
Total equity	<u>132,010</u>	<u>150,540</u>	<u>171,795</u>	<u>188,969</u>
Gearing ratio (times)	1.22	1.16	1.41	1.25

There were no changes in the Group's approach to capital management during the financial years/period under review.

31. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

- i. In conjunction with the proposed acquisition under Well Chip Group Berhad disclosed in Note 1.4, the Company has entered into a conditional share sale agreement on 9 November 2023 with the shareholders of SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd. and Kedai Emas Well Chip Sdn. Bhd. ("collectively, the Vendors") to acquire the entire issued share capital of SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd., and Kedai Emas Well Chip Sdn. Bhd. (collectively, the "Target companies") at a total purchase consideration of approximately RM171.65 million ("Purchase Consideration"). The Proposed Acquisition shall be completed before the Proposed Listing.

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the Net Asset of the Target Companies as at 31 December 2022 of approximately RM171.65 million.

- ii. The Group has declared interim single-tier dividend (relate to financial year ended 31 December 2023) of RM0.36 per share on 13,546,416 number of shares, which total amount of RM4,848,154 on 4 September 2023, and paid on 14 September 2023.

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) None of the share capital of our Company or our subsidiary is under option, or agreed conditionally or unconditionally to be put under option.
- (iii) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (iv) Save as disclosed in this Prospectus, no shares, stocks or debentures, warrants, options, convertible securities, or uncalled capital of our Company has been issued or proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, during the Periods Under Review up to the date of this Prospectus.
- (v) As at the date of this Prospectus, there is no scheme involving our Directors and employees in the share capital of our Company or our subsidiary.
- (vi) As at the date of this Prospectus, neither our Company nor our subsidiary has any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as provided for under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiary or upon the declaration or payment of any dividend or distribution thereon.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires.

14.2.1 Remuneration, voting and borrowing powers of directors

Directors' remuneration

Clause 122 – Directors' remuneration

The fees and benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by ordinary resolution in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (b) remuneration and other emoluments (including bonus, benefits, or any other elements) payable to executive directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such remuneration and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission of or percentage of turnover;
- (c) fees and any benefits payable to Directors shall be subject to annual shareholder approval at a general meeting;
- (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/or benefits payable to non-executive Directors who is also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of Securities.

Clause 123 – Reimbursement of expenses

- (1) The Directors shall be paid for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Clause 157 – Reimbursement of expenses

The remuneration of a Director holding an executive or managing office pursuant to this Constitution shall, subject to Clause 122, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

Voting and borrowing powers of directors**Clause 95 – Chairman's casting vote**

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to any other vote he may be entitled as a Member.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)Clause 127 – Directors' borrowing power

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 128 – Restriction on borrowing powers

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other Securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Clause 147 – Votes by majority and Chairman to have casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall however not have a second or casting vote where two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.

Clause 151 – Restriction on voting

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Clause 153 – Relaxation of restriction on voting

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

Clause 160 – Determination of votes of meeting of committees

Subject to any rules and regulations made pursuant to Clause 159, a committee may meet and adjourn any meeting as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members of the committee being present at the meeting and in the case of any equality of votes, the Chairman shall have a second or casting vote except where only two (2) members of the committee are competent to vote on the question at issue or form the quorum present at the meeting.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.2.2 Changes to share capital**Clause 61 – Power to increase capital

The Company may from time to time, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special, limited or conditional voting rights for the time being attached to any existing class of shares) to carry such preferential rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, direct.

Clause 62 – Issue of new Securities to members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Security which (by reason of the ratio which the new shares or Securities bear to the shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

Clause 65 – Power to alter capital

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or
- (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares and/or reclassify any class of shares into another class of shares; or
- (c) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or
- (d) cancel shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 67 – Power to reduce capital

The Company may reduce its share capital by—

- (a) a special resolution and confirmation by the Court in accordance with Section 116 of the Act; or
- (b) a special resolution supported by a solvency statement in accordance with Section 117 of the Act.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.2.3 Transfer of securities**Clause 35 – Transfer of Securities

The instrument of transfer of any Securities shall be in writing and in the form approved in the Rules of the Bursa Depository (“**Rules**”) and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the Securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Clause 36 – Suspension of registration

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days’ notice, or such other period as may from time to time be specified by the Exchange governing the register concerned, of intention to close the register shall be given to the Exchange. At least three (3) Market Days’ prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 37 – Refusal to register transfer

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

14.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rightsClause 10 – Power to issue shares with special rights

Subject to the Act and this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

Clause 11 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, Listing Requirements and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been set out in this Constitution and in the resolution creating the same;
- (b) every issue of shares or options to employees and/or Directors shall be approved by members in general meeting and in respect of issuance of shares or options to Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors;

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (c) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other Securities with rights of conversion to ordinary shares unless the Members of the Company have in general meeting approved the specific allotment to be made to the Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive of the Company and the Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive of the Company has abstained from voting on the relevant resolution;

In this Clause, "major shareholder", "chief executive" and "person connected to any Director, major shareholder or chief executive" shall have the same meaning ascribed thereto in the Listing Requirements.

- (d) subject to the Act and the Listing Requirements and without prejudice to Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other Securities with rights of conversion to ordinary shares, except where the shares or Securities are issued with the prior Members' approval in a general meeting of the precise terms and conditions of the issue; and
- (e) in working out the number of shares or Securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Clause 12 – Issuance of preference capital and right to vote

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to the receiving of notices, reports and audited financial statements and attending of meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

Clause 13 – Repayment of preference capital

Notwithstanding Clause 12, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing of the preference shareholders who hold, not less than 75% of the total voting rights of the preference share capital, which is obtained within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)Clause 14 – Modifications of class rights

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the Members of that class. Where the necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than 75% of the total voting rights of the Members of that class within two months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, save that the necessary quorum shall be at least two (2) persons who are Members of the class of share being present in person or represented by proxy and who hold in aggregate at least one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares. Any holder of shares of the class present in person or its proxy present may demand a poll. If that class of shares only has one (1) holder, a quorum is constituted by that one (1) person being present at the meeting. For adjourned meeting, quorum is one (1) person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

Clause 15 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other preferential rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith as regards participation in the profits or assets of the Company in some or in all respects.

Clause 96 – Voting rights

Subject to any rights or restrictions for the time being attached to any class of shares at meetings of Members or classes of Members and Clause 77, Clause 78 and Clause 79 above, each Member shall be entitled to be present and to vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Company have been paid, and may vote in person or by proxy or by attorney or by duly authorised representative for a corporation, and on a resolution to be decided on a show of hands, each holder of an ordinary share or, each holder of a preference share who is personally present and entitled to vote, shall be entitled to one (1) vote and on a poll, every such Member present in person or by proxy or attorney or representative for a corporation shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting. In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the Member's shareholdings represented by such proxy. If a voting direction or instruction on a particular resolution or business is indicated in a proxy form under which a proxy is appointed, such proxy may only vote as directed in the proxy form. Notwithstanding anything contained in this Constitution, a member is not precluded from attending the meeting in person after lodging the instrument of proxy. Such attendance shall automatically revoke the authority granted to the proxy.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)Clause 183 – Dividend paid proportionately

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the Securities Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to **Section 14.3** above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/ or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gain tax arising from the disposal of listed shares.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.6 MATERIAL CONTRACTS**

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by our Group during the period covered by the Periods Under Review and up to the date of this Prospectus:

- (i) Sale and purchase agreement dated 27 August 2021 entered into between Transgrow Corporation Sdn. Bhd. (as vendor) and PG Jubli Intan (as purchaser) in relation to the acquisition of a 4-storey shop house bearing the postal address of No. 2, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor for a cash consideration of RM2,000,000. As at the LPD, this transaction has been completed in accordance with the terms of the agreement.
- (ii) Sale and purchase agreement dated 27 September 2021 entered into between New Chen Motor Credit Sdn. Bhd. (as vendor) and PG Well Chip (3) (as purchaser) in relation to the acquisition of all that piece of leasehold land held under HS(D) 238459 PTD 115898 in the Mukim of Plentong, District of Johor Bahru, State of Johor, bearing the postal address No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor for a cash consideration of RM1,500,000. As at the LPD, this transaction has been completed in accordance with the terms of the agreement.
- (iii) Share transfer and settlement agreement dated 6 June 2023 entered into between SYT Pavilion, VMM Holdings, Swift Paragon and ValueMax Group Limited in relation to (1) the Disposal of Swift Paragon for a cash consideration of RM2,508,219; and (2) the settlement arrangement in respect of the outstanding sum of loans/advances owing by Swift Paragon to SYT Pavilion and the outstanding sum of loans/advances owing by SYT Pavilion to ValueMax Group Limited as at the date of completion of the transfer of Swift Paragon. As at the LPD, this transaction has been completed in accordance with the terms of the agreement.
- (iv) Sale and purchase agreement dated 10 April 2023 entered into between Yee Wei Meng (as vendor) and KE Well Chip (as purchaser) in relation to the acquisition of all that piece of 99-year leasehold land held under the title PN 53072 Lot 11957 in the Township and District of Kluang, State of Johor, with a 4 storey shophouse erected thereon and bearing the postal address of No. 4, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor for a cash consideration of RM1,480,000. As at the LPD, the transaction is pending completion.
- (v) Share sale agreement dated 9 November 2023 entered into between our Company and the respective shareholders of SYT Pavilion, Thye Shing Pawnshop, KE Well Chip and KP Well Chip (collectively as the vendors) in relation to the Acquisition for a total purchase consideration of RM171,646,606 to be wholly satisfied via the issuance of 449,999,999 new Shares at an issue price of approximately RM0.381 per Share. The Acquisition is pending completion.
- (vi) the Underwriting Agreement.

14.7 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.8 CONSENTS**

The written consents of the Principal Adviser, legal advisers, Issuing House and Share Registrar, and company secretaries as set out in the Corporate Directory of this Prospectus for the inclusion of their names and all references thereto in the form and context in which such names are included in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the pro forma combined statement of financial position of our Group as at 30 June 2023 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) audited financial statements of each of our subsidiaries for the FYEs 2020 to 2022;
- (iii) IMR Report as included in **Section 8** of this Prospectus;
- (iv) Reporting Accountants' Report on the pro forma combined statement of financial position of Well Chip as included in **Section 12.9** of this Prospectus;
- (v) Accountants' Report as included in **Section 13** of this Prospectus;
- (vi) material contracts as referred to in **Section 14.6** of this Prospectus; and
- (vii) letters of consent referred to in **Section 14.8** of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in the Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Kenanga IB, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [●]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and announce it on Bursa Securities.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION**15.2.1 Application of our IPO Shares under the Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application method
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15.2.2 Application for the IPO Shares under the Institutional Offering

Institutional and selected investors (other than Bumiputera investors approved by the MITI) who have been allocated the IPO Shares under the Institutional Offering will be contacted directly by our Placement Agent and should follow the instructions as communicated by our Placement Agent.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.3 ELIGIBILITY****15.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only (1) Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO “CDS ACCOUNT BELONGS TO OTHER PERSON”. COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15.3.2 Application by the Malaysian Public

You can only apply for the IPO Shares if you fulfil all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for the IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Application by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. [●]**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn. Bhd.
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O.Box 00010
Pejabat POS Jalan Sultan
46700 Petaling Jaya
Selangor

or

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

so as to arrive not later than 5.00 p.m. on [●] or by such other time and date as our Directors and the Underwriters may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn. Bhd., Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.8 OVER/UNDER SUBSCRIPTION**

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

The results of the allocation of our IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities and posted on the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.0% of the total number of our Shares to be held by at least 1,000 public shareholders each holding not less than 100 Shares each at the point of our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of the IPO Shares by the Malaysian Public subject to the clawback and reallocation provisions as set out in **Section 4.3.2** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the date of the final ballot. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) The IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, the IPO Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions and Authorised Financial Institutions

You may also check the status of your Application **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the “Detailed Procedures for Application and Acceptance” accompanying the electronic copy of this Prospectus on the website of Bursa Securities.

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