

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

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<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;

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- (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.

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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.

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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:

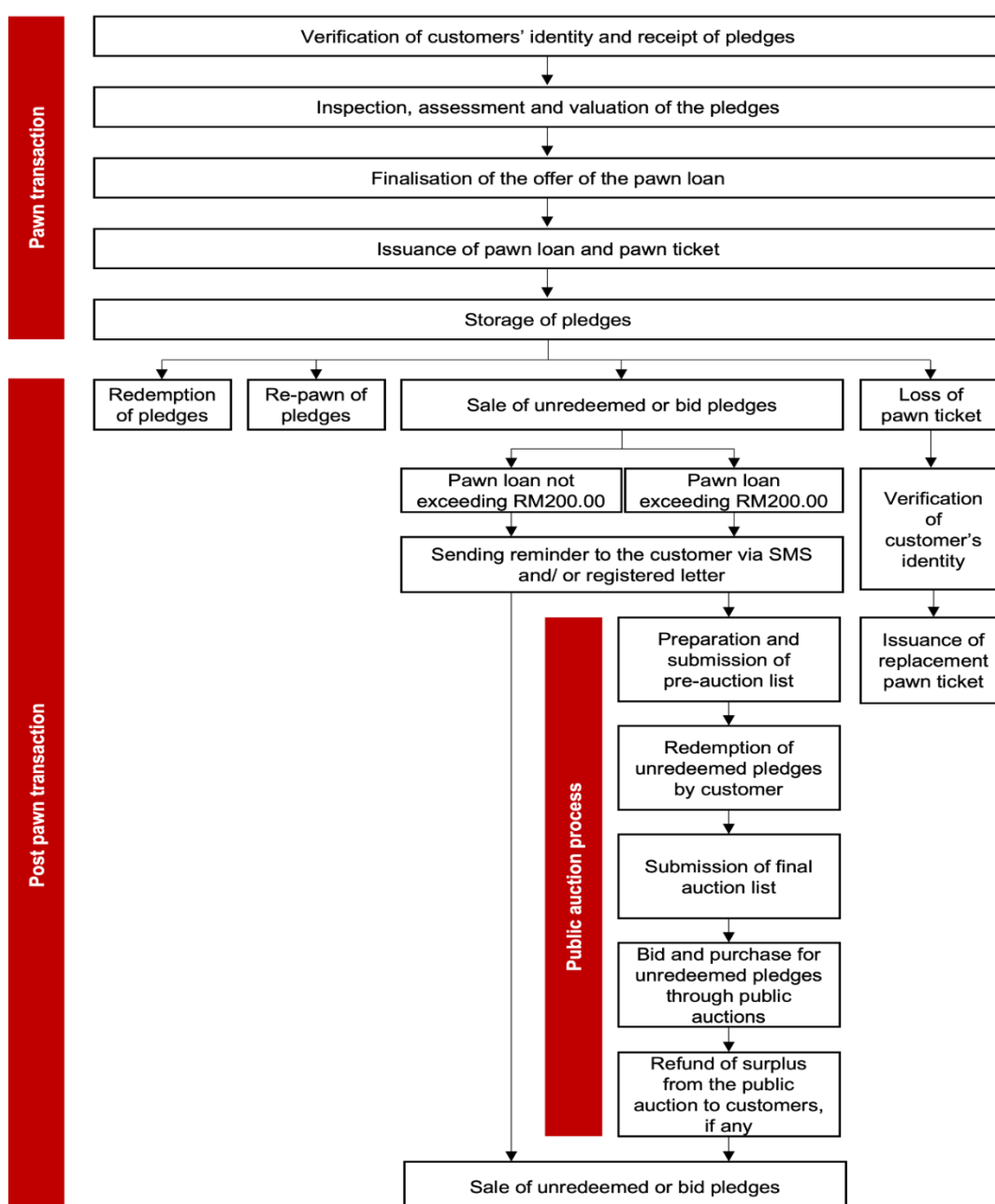
- (1) Sales from our website and e-commerce platforms contributed less than 0.01% of our revenue from retail and trading of jewellery and gold for the Period Under Review.

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



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(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.

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(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

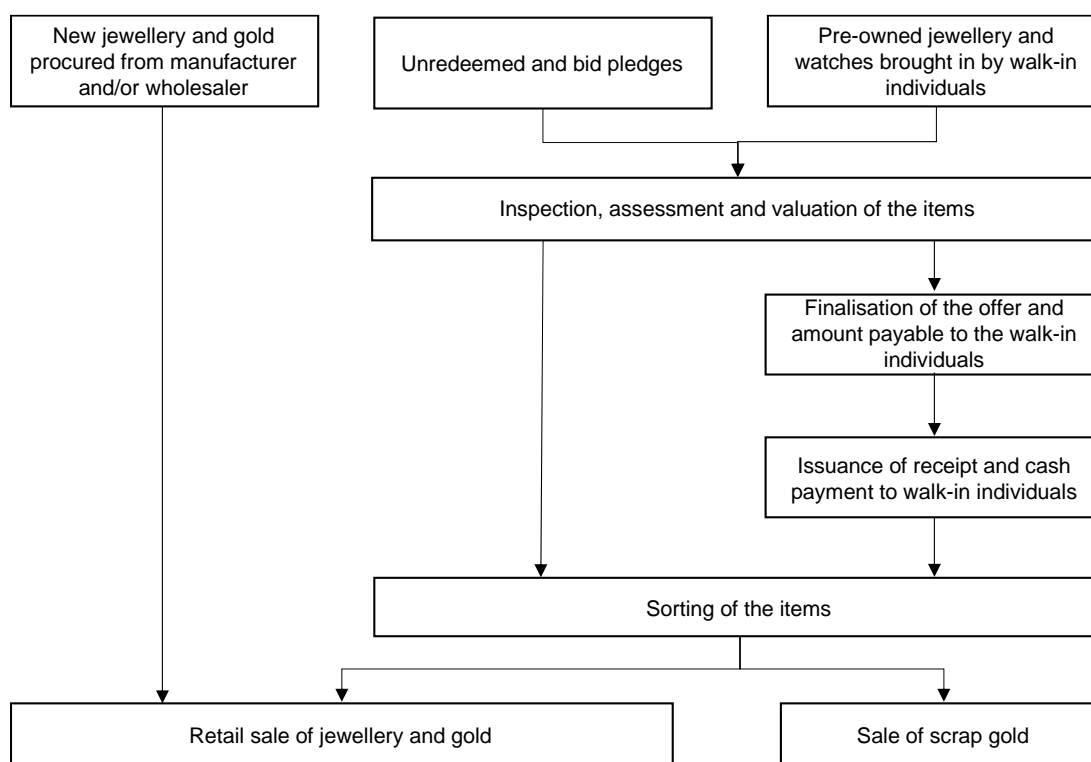
According to Section 21 of the PA 1972, if the customer's pawn tickets were misplaced, the customer may request a replacement pawn ticket by presenting his/her identification documents and declaration letter which has been affirmed by a Commissioner for Oaths for our verification. The pawn ticket will 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, jewellery 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
<u>PG Well Chip (2)</u>						
<u>Pawnbroking Licence</u>						
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
<u>Advertising Permit for Pawnbroking Business</u>						
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
<u>Business Premise Licence</u>						
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. (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						
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
<u>PG Nilam</u>						
<u>Pawnbroking Licence</u>						
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
<u>Advertising Permit for Pawnbroking Business</u>						
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
PG Rubi Kristal 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 Beneficial Owner: (¹)KE Well Chip	Title: PN 53072 Lot 11957 Bandar Kluang District of Kluang State of Johor Postal address: No. 4 Jalan Syed Abd Hamid Sagaff Bandar Kluang 86000 Kluang Johor	Description: A 4-storey intermediate shop house Intended use: Retail outlet	25 May 2005	Land area: 124 Built-up area: 120	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. 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 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.

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 SDPA 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	Renovation	Status of pawnbroking 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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