

3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

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

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

Note:

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

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

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

3.2 BACKGROUND AND OVERVIEW

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)

Our business model is illustrated as follows:

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

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

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

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

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

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

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

3. PROSPECTUS SUMMARY *(Cont'd)*

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

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

3.3.3 Our pawn loans provided are collateralised by pledges

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

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

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

3.3.5 Our ValueMax Pawnbroking System streamlines operations and facilitate customer convenience

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

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

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

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

3.4 FUTURE PLANS AND STRATEGIES

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

3.4.1 Expansion of 8 new pawnshops in Johor and Melaka

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

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

3. PROSPECTUS SUMMARY (Cont'd)

3.4.2 Future expansion into Melaka and Negeri Sembilan

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

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

3.5 RISK FACTORS

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

3.5.1 Our business is exposed to unlawful and suspicious pawn transactions

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

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

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

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

Note:

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

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

3. PROSPECTUS SUMMARY (Cont'd)

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

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

3.5.3 We are subject to regulatory requirements for our pawnbroking business

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

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

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

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)

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

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

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

3.5.6 We are subject to gold price volatility

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

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

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

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

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

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

3.5.9 We are exposed to physical security risks

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

3. PROSPECTUS SUMMARY (Cont'd)

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

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

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

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

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

3.6 INTERRUPTIONS TO BUSINESS AND OPERATIONS

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

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

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

3.7 DIRECTORS AND KEY MANAGEMENT

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

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

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

3. PROSPECTUS SUMMARY (Cont'd)

3.8 OUR PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

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

3. PROSPECTUS SUMMARY (Cont'd)

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

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

3.9 USE OF PROCEEDS

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

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

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

3.10 FINANCIAL HIGHLIGHTS

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

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

3. PROSPECTUS SUMMARY (Cont'd)

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

Notes:

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

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

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

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

3.11 DIVIDEND POLICY

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

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

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