

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

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

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

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

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

**Notes:**

\* Does not add up due to rounding.

(1) Less than 1,000.

(2) Negligible.

(3) Persons connected to Ng Hooi Lang are:

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

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

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

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

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

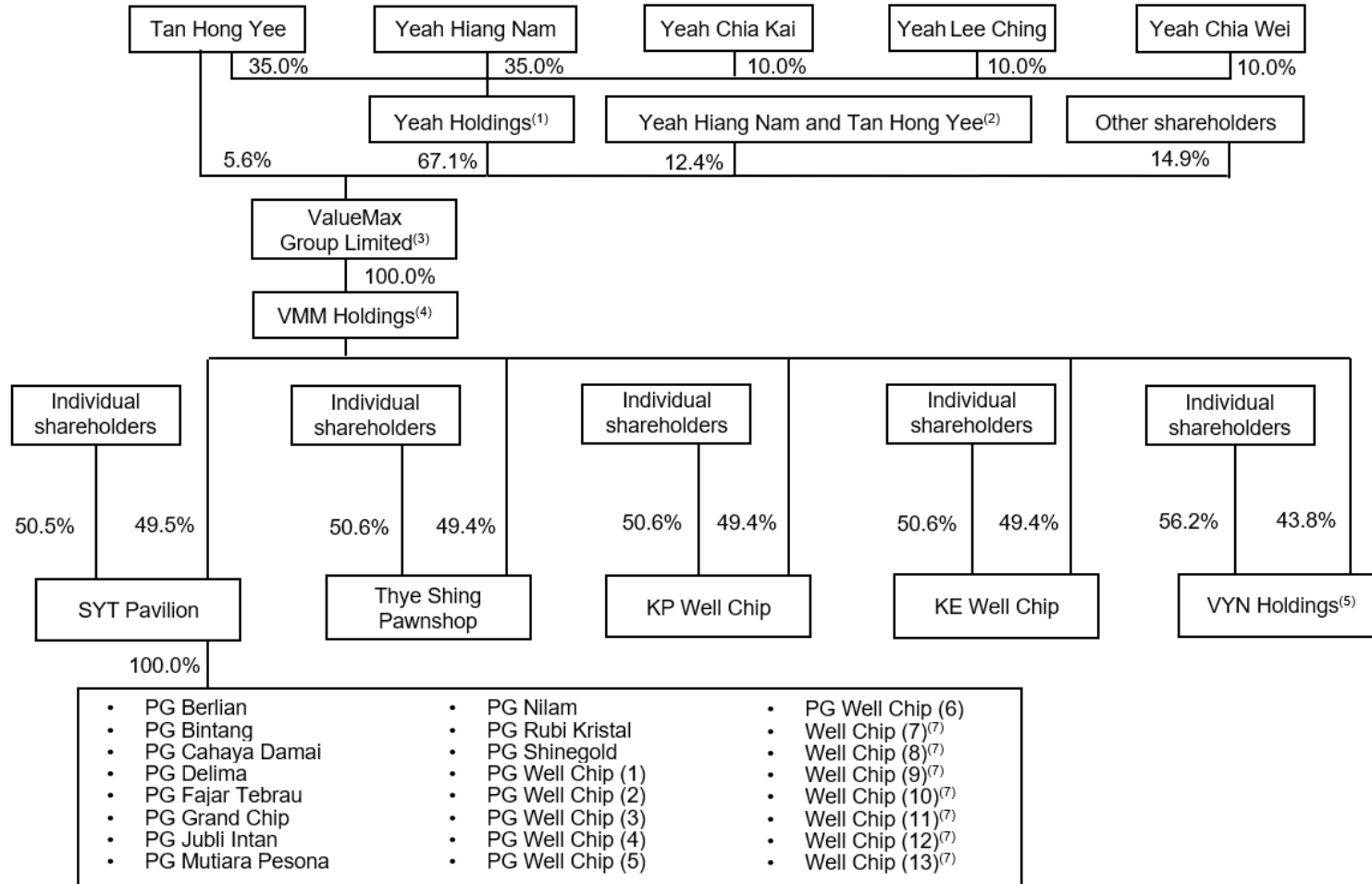
The Acquisition was completed on 20 May 2024. Upon completion of the Acquisition, our issued share capital increased to RM171,646,607, comprising 450,000,000 Shares.

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6. INFORMATION ON OUR GROUP (Cont'd)

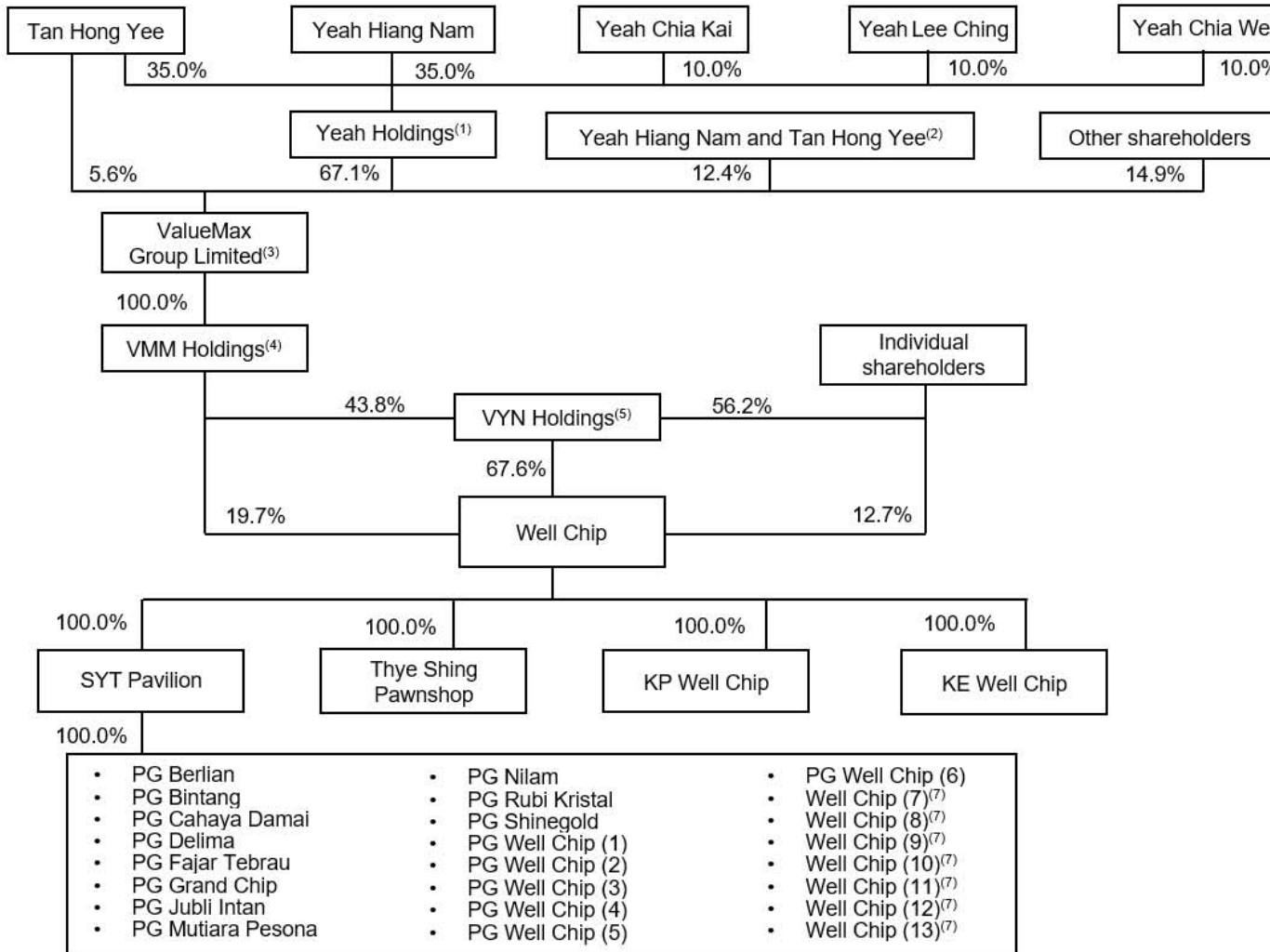
6.4 OUR GROUP STRUCTURE

The shareholding structure of the Group before the Pre-IPO Restructuring is as follows:



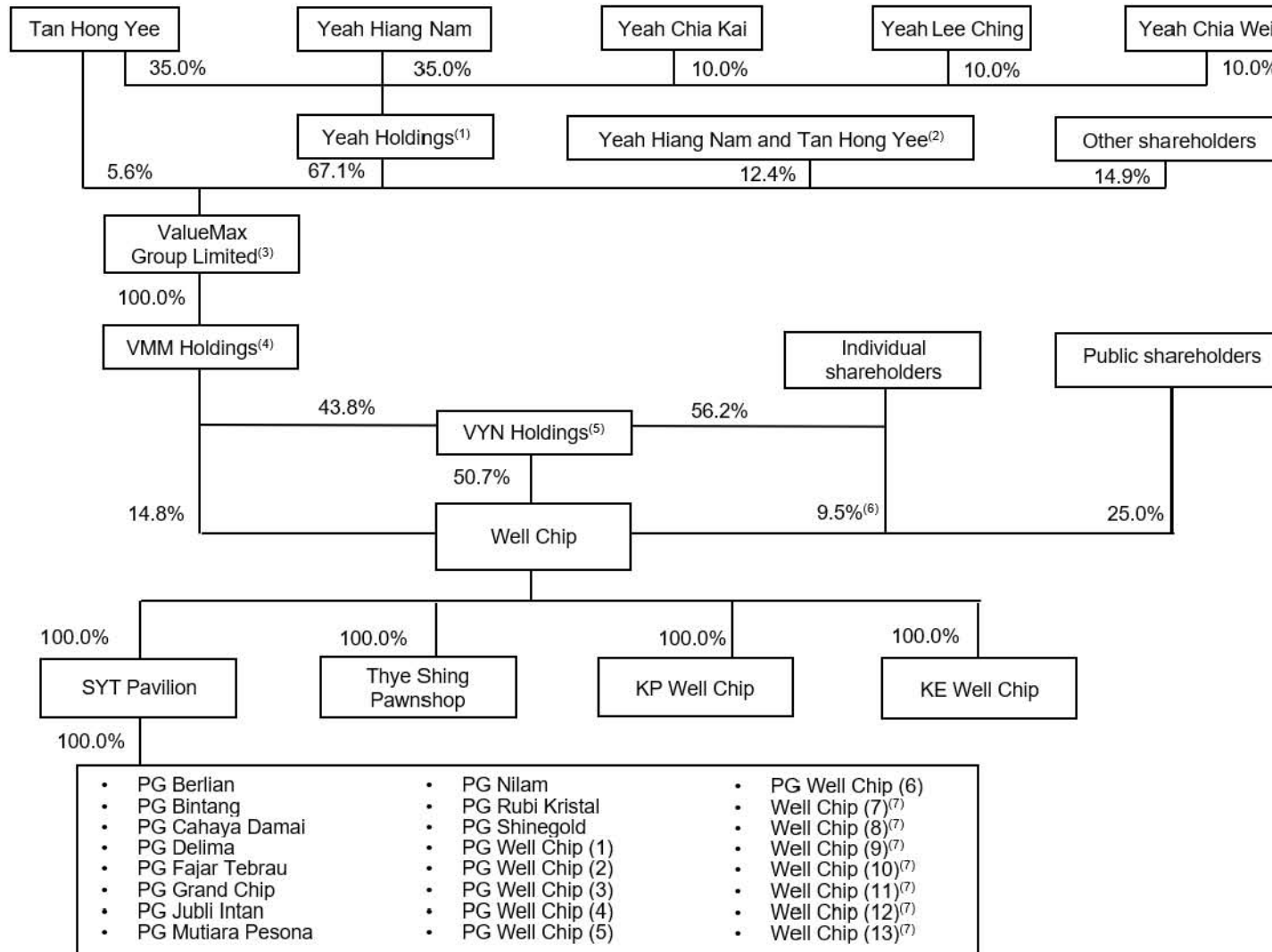
**6. INFORMATION ON OUR GROUP (Cont'd)**

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



6. INFORMATION ON OUR GROUP (Cont'd)

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



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

- (1) Please refer to **Section 5.1.2(xi)** of this Prospectus for further information on Yeah Holdings.
- (2) Yeah Hiang Nam indirectly holds (i) 9.2% shareholding in ValueMax Group Limited through DBS Nominees Pte Ltd, where he is the beneficial owner; and (ii) 3.2% shareholding in ValueMax Group Limited through OCBC Securities Pte Ltd where he is the beneficial owner jointly with his spouse, Tan Hong Yee.
- (3) Please refer to **Section 5.1.2(x)** of this Prospectus for further information on ValueMax Group Limited.
- (4) Please refer to **Section 5.1.2(ix)** of this Prospectus for further information on VMM Holdings.
- (5) Please refer to **Section 5.1.2(viii)** of this Prospectus for further information on VYN Holdings.
- (6) The individual shareholders of Well Chip are as follows:

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

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

### Notes:

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



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

- (xvi) Deemed interested by virtue of the shareholding of her spouse, Ng Yah Ching, pursuant to Section 8 of the Act.
- (xvii) Based on our enlarged total number of 600,000,000 Shares after our IPO.
- (7) Yet to commence business operations as at the LPD.

**6.5 OUR SUBSIDIARIES**

Our subsidiaries as at the LPD are as follows:

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

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

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

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

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

**Notes:**

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

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

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

### 6.6 INFORMATION ON OUR MATERIAL SUBSIDIARIES

#### 6.6.1 SYT Pavilion

**(i) Background and history**

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

**(ii) Principal place of business**

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

**(iii) Principal activities and products/services**

SYT Pavilion is principally an investment holding company.

**(iv) Share capital**

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

**(v) Shareholder and director**

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

**(vi) Subsidiary, joint venture or associate company**

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

#### 6.6.2 Thye Shing Pawnshop

**(i) Background and history**

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

**(ii) Principal place of business**

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

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

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

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

**(iv) Share capital**

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

**(v) Shareholder and director**

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

**(vi) Subsidiary, joint venture or associate company**

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

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

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

**(ii) Principal place of business**

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

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

**(iii) Principal activities and products/services**

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

**(iv) Share capital**

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

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

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

**(vi) Subsidiary, joint venture or associate company**

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

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

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

**(ii) Principal place of business**

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

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

**(iii) Principal activities and products/services**

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

**(iv) Share capital**

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

**(v) Shareholder and director**

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

**(vi) Subsidiary, joint venture or associate company**

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

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

### 6.6.5 PG Bintang

#### (i) Background and history

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

#### (ii) Principal place of business

PG Bintang carries out its business at the following addresses:

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

#### (iii) Principal activities and products/services

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

#### (iv) Share capital

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

#### (v) Shareholder and director

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

#### (vi) Subsidiary, joint venture or associate company

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

### 6.6.6 PG Shinegold

#### (i) Background and history

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

#### (ii) Principal place of business

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

#### (iii) Principal activities and products/services

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

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

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**(iv) Share capital**

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

**(v) Shareholder and director**

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

**(vi) Subsidiary, joint venture or associate company**

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

**6.7 PUBLIC TAKE-OVERS**

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

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

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## 7. BUSINESS OVERVIEW

### 7.1 HISTORY

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

| <u>Year</u> | <u>Milestones</u>  |
|-------------|--|
| 2010        | <ul style="list-style-type: none"> <li>We acquired our 2nd pawnshop in Jalan Rahmat, Batu Pahat, Johor</li> </ul>  |
| 2012        | <ul style="list-style-type: none"> <li>We opened our 3rd pawnshop in Kampung Dato Onn Jaafar, Johor Bahru, Johor</li> </ul>  |
| 2013        | <ul style="list-style-type: none"> <li>We opened our 4th pawnshop in Taman Daya, Johor Bahru, Johor</li> </ul>   |
| 2014        | <ul style="list-style-type: none"> <li>We opened our 5th pawnshop and 2nd retail outlet in Taman Universiti, Skudai, Johor</li> </ul>  |
| 2015        | <ul style="list-style-type: none"> <li>We opened our 6th pawnshop in Taman Tebrau, Senai, Johor</li> <li>We opened our 7th pawnshop and 3rd retail outlet in Taman Nusa Perintis 2, Iskandar Puteri, Johor</li> </ul>  |
| 2016        | <ul style="list-style-type: none"> <li>We opened our 8th pawnshop in Taman Johor Jaya, Johor Bahru, Johor</li> <li>We opened our 9th pawnshop in Taman Perling, Johor Bahru, Johor</li> </ul>  |
| 2017        | <ul style="list-style-type: none"> <li>We opened our 10th pawnshop in Taman Seri Orkid, Skudai, Johor</li> </ul>   |
| 2019        | <ul style="list-style-type: none"> <li>We acquired our 11th pawnshop in Taman Desa Tebrau, Johor Bahru, Johor</li> <li>We opened our 12th pawnshop in Jalan Masai Lama, Masai, Johor</li> </ul>  |
| 2020        | <ul style="list-style-type: none"> <li>We opened our 13th pawnshop in Taman Puteri Wangsa Ulu Tiram, Johor</li> <li>We opened our 14th pawnshop in Bandar Kluang, Kluang, Johor</li> </ul>   |
| 2021        | <ul style="list-style-type: none"> <li>We opened our 15th pawnshop in Taman Kulai Utama, Kulai, Johor</li> <li>We opened our 16th pawnshop in Taman Maju, Batu Pahat, Johor</li> <li>We opened our 17th pawnshop in Taman Setia Indah, Johor Bahru, Johor</li> <li>We opened our 4th retail outlet in Kampung Dato Onn Jaafar, Johor Bahru, Johor</li> </ul>   |
| 2022        | <ul style="list-style-type: none"> <li>We opened our 18th pawnshop in Taman Air Biru, Pasir Gudang, Johor</li> <li>We opened our 19th pawnshop in Taman Nusa Bestari 2, Iskandar Puteri, Johor</li> <li>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</li> </ul> |

## 7. BUSINESS OVERVIEW (Cont'd)

| <u>Year</u> | <u>Milestones</u>   |
|-------------|---|
| 2023        | <ul style="list-style-type: none"> <li>• We opened our 20th pawnshop in Taman Sri Tiram, Ulu Tiram, Johor</li> <li>• We opened our 21st pawnshop in Taman Nusa Damai, Pasir Gudang, Johor</li> <li>• We opened our 22nd pawnshop in Taman Skudai Baru, Skudai, Johor</li> </ul> |
| 2024        | <ul style="list-style-type: none"> <li>• We opened our 23rd pawnshop in Taman Bukit Kempas, Johor</li> </ul>  |

As at the LPD, we have 23 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, gold jewellery and luxury watches; and
- (ii) retail and trading of jewellery and gold.

As at the LPD, we have 27 operating outlets, comprising 23 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;

## 7. BUSINESS OVERVIEW (Cont'd)

- (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;
- (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's 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 9172) 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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.

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/](http://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/](http://www.diamonds.net/Prices/)).

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

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

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

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

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

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

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

## 7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

|  | <u>FYE 2020</u> | <u>FYE 2021</u> | <u>FYE 2022</u> | <u>FYE 2023</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| Number of pawnshops                            | 14              | 17              | 19              | 22              |
| Total pawn loans disbursed (RM'000)            | 508,271         | 531,979         | 710,341         | 990,638         |
| Total no. of pawn transactions                 | 340,646         | 344,121         | 429,223         | 509,920         |
| Average pawn loan value (RM) <sup>(1)</sup>    | 1,492           | 1,546           | 1,655           | 1,943           |
| Average pawn loan period (days) <sup>(2)</sup> | 160             | 161             | 142             | 130             |
| Default rate (%) <sup>(3)</sup>                | 7.0             | 7.8             | 10.1            | 9.1             |

### 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 multiplied by 365 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"> <li>• Provision of pawn loans in exchange for pledges such as gold and gold jewellery, luxury watches and diamond jewellery</li> </ul>   | <ul style="list-style-type: none"> <li>• Retail sale of new and pre-owned jewellery</li> <li>• Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery from walk-in individuals</li> </ul> |
| Revenue model     | <ul style="list-style-type: none"> <li>• Monthly interest charge based on the pawn loan amount</li> <li>• One-off administrative fee for issuance of pawn ticket</li> </ul> | One-off sales   |
| Channels          | 23 pawnshops in Johor   | <ul style="list-style-type: none"> <li>• 4 retail outlets in Johor</li> <li>• Website and e-commerce platforms</li> <li>• Scrap gold traders</li> </ul>   |
| Customers         | Individuals aged 18 and above   | <ul style="list-style-type: none"> <li>• End customers</li> <li>• Scrap gold traders</li> </ul>   |

**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 23 pawnshops and 4 retail outlets in the state of Johor.

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

The location of our network of 23 pawnshops are as follows:

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

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

| <b>No.</b> | <b>Company</b>   | <b>Address</b>   | <b>First licence obtained date</b> | <b>Pawnshop opening date</b> | <b>Current licence expiration date</b> |
|------------|------------------|--|------------------------------------|------------------------------|--|
| 13.        | PG Cahaya Damai  | No. 47, Jalan Beladau 18<br>Taman Puteri Wangsa<br>81800 Ulu Tiram<br>Johor            | 30 January<br>2020                 | 18<br>February<br>2020       | 29 January<br>2026                     |
| 14.        | PG Rubi Kristal  | No. 43 (Ground floor), Jalan Maju<br>Taman Maju<br>83000 Batu Pahat<br>Johor           | 19 February<br>2021                | 21 May<br>2021               | 18 February<br>2025                    |
| 15.        | PG Nilam         | No. 1, Jalan Anggerik 1<br>Taman Kulai Utama<br>81000 Kulai<br>Johor                   | 19 March<br>2021                   | 5 April<br>2021              | 18 March<br>2025                       |
| 16.        | PG Jubli Intan   | No. 2, Jalan Syed Abdul Hamid<br>Sagaff<br>Bandar Kluang<br>86000 Kluang<br>Johor      | 2 September<br>2020                | 28 October<br>2020           | 1 September<br>2024                    |
| 17.        | PG Delima        | No. 25, Jalan Setia 3/8<br>Taman Setia Indah<br>81100 Johor Bahru<br>Johor             | 13 September<br>2021               | 6<br>December<br>2021        | 12 September<br>2025                   |
| 18.        | PG Well Chip (3) | No. 17, Jalan 9/9<br>Taman Air Biru<br>81700 Pasir Gudang<br>Johor                     | 26 August<br>2022                  | 21<br>September<br>2022      | 25 August<br>2024                      |
| 19.        | PG Well Chip (2) | No. 185, Jalan NB2 2/2<br>Taman Nusa Bestari 2<br>79150 Iskandar Puteri<br>Johor       | 26 August<br>2022                  | 22<br>September<br>2022      | 25 August<br>2024                      |
| 20.        | PG Well Chip (1) | No.75 (Ground floor)<br>Jalan Hang Tuah<br>Taman Sri Tiram<br>81800 Ulu Tiram<br>Johor | 10 April<br>2023                   | 17 April<br>2023             | 9 April<br>2025                        |
| 21.        | PG Well Chip (4) | No.1, Jalan Perdagangan Damai<br>Taman Nusa Damai<br>81700 Pasir Gudang<br>Johor       | 21 July<br>2023                    | 1 August<br>2023             | 20 July<br>2025                        |
| 22.        | PG Well Chip (6) | No. 12, Jalan Ronggeng 12<br>Taman Skudai Baru<br>81300 Skudai<br>Johor                | 7 September<br>2023                | 19<br>September<br>2023      | 6 September<br>2025                    |
| 23.        | PG Well Chip (5) | No. 4 & 6, Jalan Bukit Kempas 1/18<br>Taman Bukit Kempas<br>81200 Johor Bahru<br>Johor | 9 January<br>2024                  | 26 March<br>2024             | 8 January 2026                         |

**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.

- (2) The pawnbroking licence for the pawnbroking business of PG Shinegold has been renewed and will be valid from 1 June 2024 to 31 May 2026.

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

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

### 7.2.5 Revenue segmentation

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

|   | Audited        |              |                |              |                |              |                |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | FYE 2020       |              | FYE 2021       |              | FYE 2022       |              | FYE 2023       |              |
|   | RM'000         | %            | RM'000         | %            | RM'000         | %            | RM'000         | %            |
| Pawnbroking services                                |                |              |                |              |                |              |                |              |
| - Interest income                                   | 51,848         | 42.6         | 51,618         | 50.7         | 59,266         | 37.5         | 72,965         | 35.8         |
| - Administrative fees                               | 192            | 0.1          | 187            | 0.1          | 232            | 0.1          | 268            | 0.1          |
| <b>Subtotal</b>                                     | <b>52,040</b>  | <b>42.7</b>  | <b>51,805</b>  | <b>50.8</b>  | <b>59,498</b>  | <b>37.6</b>  | <b>73,233</b>  | <b>35.9</b>  |
| Retail and trading of jewellery and gold            |                |              |                |              |                |              |                |              |
| - Retail sales of jewellery and gold <sup>(1)</sup> | 10,040         | 8.3          | 11,078         | 10.9         | 22,713         | 14.4         | 21,535         | 10.6         |
| - Sales of scrap gold                               | 59,760         | 49.0         | 38,998         | 38.3         | 75,914         | 48.0         | 108,907        | 53.5         |
| <b>Subtotal</b>                                     | <b>69,800</b>  | <b>57.3</b>  | <b>50,076</b>  | <b>49.2</b>  | <b>98,627</b>  | <b>62.4</b>  | <b>130,442</b> | <b>64.1</b>  |
| <b>Total</b>  | <b>121,840</b> | <b>100.0</b> | <b>101,881</b> | <b>100.0</b> | <b>158,125</b> | <b>100.0</b> | <b>203,675</b> | <b>100.0</b> |

**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.

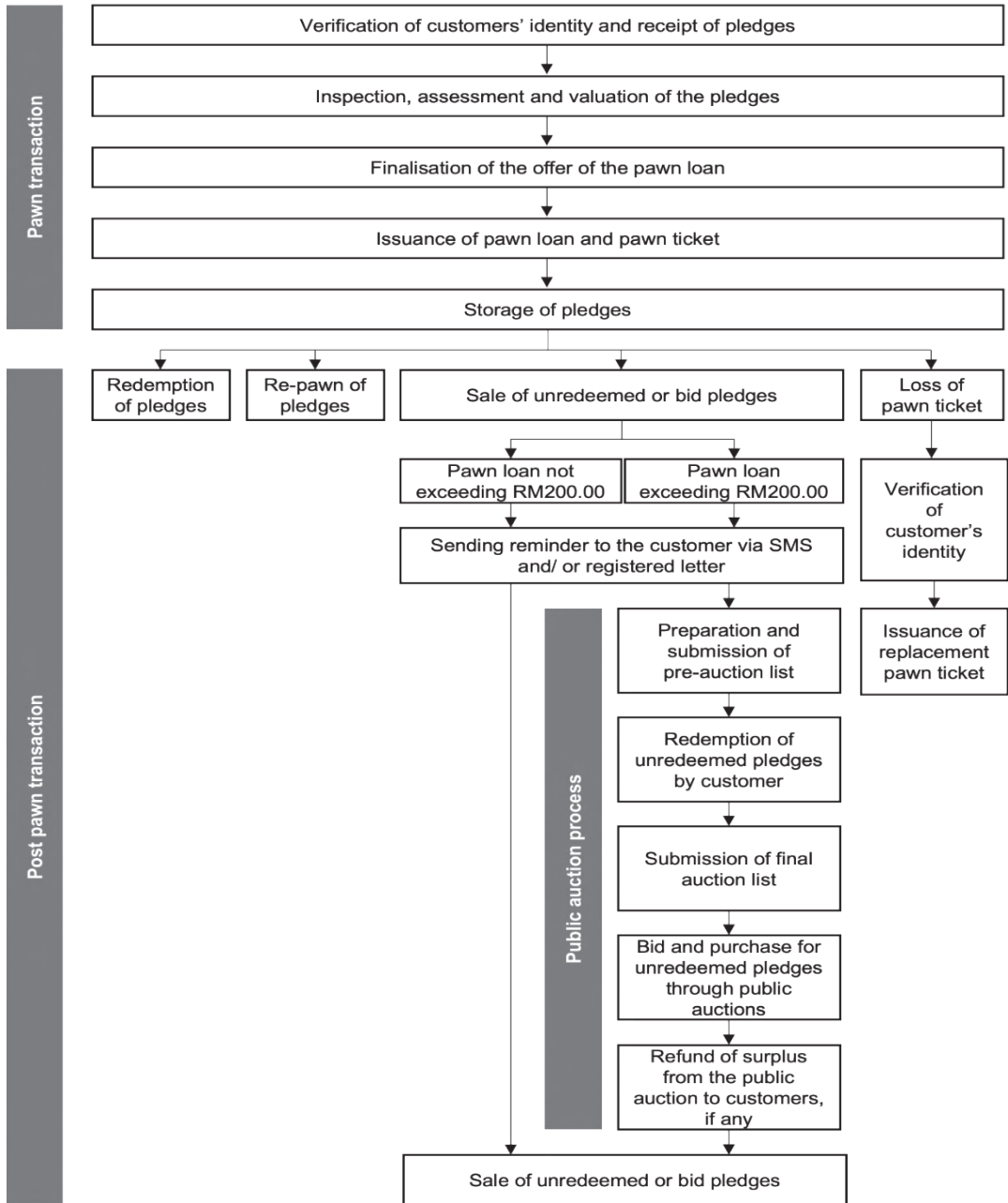
**7. BUSINESS OVERVIEW (Cont'd)**

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

**7.3 BUSINESS PROCESS**

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

**7.3.1 Pawnbroking services**



## 7. BUSINESS OVERVIEW (Cont'd)

### (i) Pawn transaction

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

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

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

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

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

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

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

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

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

## 7. BUSINESS OVERVIEW (Cont'd)

(b) Inspection, assessment and valuation of the pledges

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

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

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

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

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

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

## 7. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

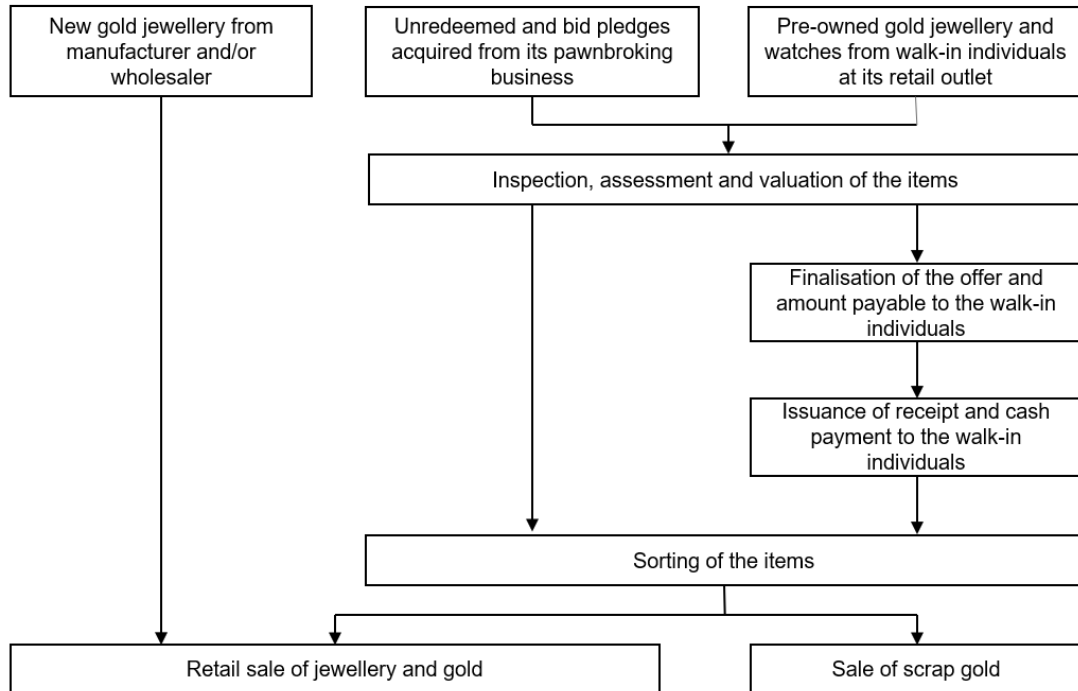


**7. BUSINESS OVERVIEW (Cont'd)**

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 23 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. As at the LPD, 2 of our pawnshops, namely PG Berlian at Taman Sri Orkid, Skudai, Johor, and PG Well Chip (5) at Taman Bukit Kempas, Johor Bahru, Johor, provide drive-thru pawn services. 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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.

### 7.4.4 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 17 years of experience in the pawnbroking industry and in total, over 41 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 17 years of experience in the pawnbroking industry and in total, over 26 years' experience in the jewellery and gold industry.

She is responsible for overseeing and managing the procurement of jewellery and gold products for our 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 19 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 PA 1972;
- (iv) automated SMS reminders to pawnbroking customers;

## 7. BUSINESS OVERVIEW (Cont'd)

- (v) preparation and scheduling of auction items and lists, which will aid in adhering to Section 25 of PA 1972 and Regulations 13 and 14 of the Pawnbroking Regulations; and
- (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       |              | FYE 2023       |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | RM'000         | %            | RM'000         | %            | RM'000         | %            | RM'000         | %            |
| <i>As at end of the relevant financial years:</i> |                |              |                |              |                |              |                |              |
| Bank borrowings                                   | 86,752         | 44.1         | 89,084         | 47.1         | 146,934        | 58.9         | 192,496        | 62.6         |
| Related Parties Loans                             | 73,726         | 37.5         | 85,650         | 45.3         | 95,680         | 38.3         | 75,695         | 24.7         |
| <i>For the relevant financial years:</i>          |                |              |                |              |                |              |                |              |
| Internally generated funds                        | 36,161         | 18.4         | 26,410         | 14.0         | 29,073         | 11.6         | 39,077         | 12.7         |
| <b>Subtotal</b>                                   | <b>196,639</b> | <b>100.0</b> | <b>201,144</b> | <b>106.4</b> | <b>271,687</b> | <b>108.8</b> | <b>307,268</b> | <b>100.0</b> |
| Less:   |                |              |                |              |                |              |                |              |
| Loans provided to Swift Paragon <sup>(1)</sup>    | -              | -            | (12,182)       | (6.4)        | (22,118)       | (8.8)        | -              | -            |
| <b>Total Cash Capital</b>                         | <b>196,639</b> | <b>100.0</b> | <b>188,962</b> | <b>100.0</b> | <b>249,569</b> | <b>100.0</b> | <b>307,268</b> | <b>100.0</b> |

**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 23 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 2023 and the subsequent period from 1 January 2024 up to the LPD are as follows:

|                | Total amount insured |                |                |                | 1 January<br>2024 up to<br>LPD |
|----------------|----------------------|----------------|----------------|----------------|--------------------------------|
|                | FYE 2020             | FYE 2021       | FYE 2022       | FYE 2023       |                                |
|                | RM'000               | RM'000         | RM'000         | RM'000         | RM'000                         |
| Pawnshops      | 284,950              | 331,100        | 396,750        | 499,950        | 521,050                        |
| Retail outlets | 18,200               | 21,900         | 25,700         | 28,500         | 27,700                         |
| <b>Total</b>   | <b>303,150</b>       | <b>353,000</b> | <b>422,450</b> | <b>528,450</b> | <b>548,750</b>                 |

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 23 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 86,528 in the FYE 2023. The breakdown of Malaysian and foreign customers are as follows:

| Type of walk-in individuals | FYE 2020         |              | FYE 2021         |              | FYE 2022         |              | FYE 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         | 78,997           | 91.3         |
| Foreigner <sup>(1)</sup>    | 4,814            | 8.6          | 4,695            | 8.3          | 6,179            | 7.7          | 7,531            | 8.7          |
| <b>Total</b>                | <b>55,835</b>    | <b>100.0</b> | <b>56,524</b>    | <b>100.0</b> | <b>79,830</b>    | <b>100.0</b> | <b>86,528</b>    | <b>100.0</b> |

#### 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 our 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 31 December 2023<br>years | Revenue        |              |
|----------------------|---|-----------------------|--|----------------|--------------|
|                      |   |                       |  | RM'000         | %            |
| 1.                   | TTT Bullion (M) Sdn. Bhd.   | Scrap gold            | 4  | 16,192         | 13.3         |
| 2.                   | Company A <sup>(1)</sup>  | Scrap gold            | 3  | 14,296         | 11.7         |
| 3.                   | Go Capital Growth Sdn. Bhd.<br>(formerly known as Ace Capital Growth Sdn. Bhd.) | Scrap gold            | 7  | 12,897         | 10.6         |
| 4.                   | Company B <sup>(2)</sup>  | Scrap gold            | 6  | 12,967         | 10.6         |
| 5.                   | Pavilion Wee Bullion Sdn. Bhd.  | Scrap gold            | 4  | 3,388          | 2.8          |
| <b>Sub-total</b>     |   |                       |  | <b>59,740</b>  | <b>49.0</b>  |
| <b>Total revenue</b> |   |                       |  | <b>121,840</b> | <b>100.0</b> |



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

| No.                  | Customer  | Type of products sold                    | Length of relationship as at 31 December 2023<br>years | Revenue        |              |
|----------------------|---|--|--|----------------|--------------|
|                      |   |  |  | RM'000         | %            |
| 1.                   | TTT Bullion (M) Sdn. Bhd.   | Scrap gold                               | 4  | 17,658         | 17.3         |
| 2.                   | Go Capital Growth Sdn. Bhd.<br>(formerly known as Ace Capital Growth Sdn. Bhd.) | Scrap gold                               | 7  | 10,797         | 10.6         |
| 3.                   | Pavilion Wee Bullion Sdn. Bhd.  | Scrap gold                               | 4  | 6,217          | 6.1          |
| 4.                   | Company B <sup>(2)</sup>  | Scrap gold                               | 6  | 4,314          | 4.2          |
| 5.                   | Company C <sup>(3)</sup>  | Scrap silver/<br>platinum <sup>(4)</sup> | 4  | 12             | -            |
| <b>Sub-total</b>     |   |  |  | <b>38,998</b>  | <b>38.2</b>  |
| <b>Total revenue</b> |   |  |  | <b>101,881</b> | <b>100.0</b> |

**FYE 2022**

| No.                  | Customer <sup>(5)</sup>   | Type of products sold | Length of relationship as at 31 December 2023<br>years | Revenue        |              |
|----------------------|---|-----------------------|--|----------------|--------------|
|                      |   |                       |  | RM'000         | %            |
| 1.                   | TTT Bullion (M) Sdn. Bhd.   | Scrap gold            | 4  | 40,670         | 25.7         |
| 2.                   | Go Capital Growth Sdn. Bhd.<br>(formerly known as Ace Capital Growth Sdn. Bhd.) | Scrap gold            | 7  | 25,695         | 16.3         |
| 3.                   | Pavilion Wee Bullion Sdn. Bhd.  | Scrap gold            | 4  | 9,548          | 6.0          |
| <b>Sub-total</b>     |   |                       |  | <b>75,913</b>  | <b>48.0</b>  |
| <b>Total revenue</b> |   |                       |  | <b>158,125</b> | <b>100.0</b> |

**FYE 2023**

| No.                  | Customer <sup>(5)</sup>   | Type of products sold | Length of relationship as at 31 December 2023<br>years | Revenue        |              |
|----------------------|---|-----------------------|--|----------------|--------------|
|                      |   |                       |  | RM'000         | %            |
| 1.                   | Pavilion Wee Bullion Sdn. Bhd.  | Scrap gold            | 4  | 57,697         | 28.3         |
| 2.                   | TTT Bullion (M) Sdn. Bhd.   | Scrap gold            | 4  | 44,266         | 21.7         |
| 3.                   | Go Capital Growth Sdn. Bhd.<br>(formerly known as Ace Capital Growth Sdn. Bhd.) | Scrap gold            | 7  | 6,944          | 3.4          |
| <b>Sub-total</b>     |   |                       |  | <b>108,907</b> | <b>53.4</b>  |
| <b>Total revenue</b> |   |                       |  | <b>203,675</b> | <b>100.0</b> |

**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 our Group for FYE 2022 and FYE 2023. The remaining customers are individual customers. Contribution from each individual customer as a percentage of our 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**

| <u>No.</u>                 | <u>Supplier</u> | <u>Type of products and services</u> | <u>Length of relationship as at 31 December 2023</u> | <u>Purchase value</u> |              |
|----------------------------|-----------------|--------------------------------------|--|-----------------------|--------------|
|                            |                 |                                      | <u>years</u>   | <u>RM'000</u>         | <u>%</u>     |
| 1.                         | Company B       | Gold ornament and jewellery products | 6  | 1,386                 | 2.8          |
| <b>Total cost of sales</b> |                 |                                      |  | <b>49,084</b>         | <b>100.0</b> |

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

| <b>No.</b>                 | <b>Supplier</b> | <b>Type of products and services</b> | <b>Length of relationship as at 31 December 2023 years</b> | <b>Purchase value</b> |              |
|----------------------------|-----------------|--------------------------------------|--|-----------------------|--------------|
|                            |                 |                                      |  | <b>RM'000</b>         | <b>%</b>     |
| 1.                         | Company B       | Gold ornament and jewellery products | 6  | 1,951                 | 4.7          |
| <b>Total cost of sales</b> |                 |                                      |  | <b>41,235</b>         | <b>100.0</b> |

**FYE 2022**

| <b>No.</b>                 | <b>Supplier</b>         | <b>Type of products and services</b> | <b>Length of relationship as at 31 December 2023 years</b> | <b>Purchase value</b> |              |
|----------------------------|-------------------------|--------------------------------------|--|-----------------------|--------------|
|                            |                         |                                      |  | <b>RM'000</b>         | <b>%</b>     |
| 1.                         | Company B               | Gold ornament and jewellery products | 6  | 1,558                 | 1.8          |
| 2.                         | Saudi Emas Sdn. Bhd.    | Gold ornament and jewellery products | 2  | 216                   | 0.3          |
| 3.                         | Sky Goldsmith Sdn. Bhd. | Gold ornament and jewellery products | 2  | 80                    | 0.1          |
| <b>Sub-total</b>           |                         |                                      |  | <b>1,854</b>          | <b>2.2</b>   |
| <b>Total cost of sales</b> |                         |                                      |  | <b>85,028</b>         | <b>100.0</b> |

**FYE 2023**

| <b>No.</b>                 | <b>Supplier</b>         | <b>Type of products and services</b> | <b>Length of relationship as at 31 December 2023 years</b> | <b>Purchase value</b> |              |
|----------------------------|-------------------------|--------------------------------------|--|-----------------------|--------------|
|                            |                         |                                      |  | <b>RM'000</b>         | <b>%</b>     |
| 1.                         | Company B               | Gold ornament and jewellery products | 6  | 1,644                 | 1.3          |
| 2.                         | Sky Goldsmith Sdn. Bhd. | Gold ornament and jewellery products | 2  | 731                   | 0.6          |
| 3.                         | Saudi Emas Sdn. Bhd.    | Gold ornament and jewellery products | 2  | 445                   | 0.4          |
| <b>Sub-total</b>           |                         |                                      |  | <b>2,820</b>          | <b>2.2</b>   |
| <b>Total cost of sales</b> |                         |                                      |  | <b>126,243</b>        | <b>100.0</b> |

Save as disclosed above, the other suppliers contributed less than 0.1% of our Group's cost of sales sold for the Period Under Review as almost all of our 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 our Group's total cost of sales sold for the Period Under Review, our 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)**

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### **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 backup 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 and Risk Management 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.

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 193 employees, all of which are Malaysians and permanent employees. The number of employees in our Group according to department are as set out below:

| <b>Department</b>        | <b>As at the LPD</b> |
|--------------------------|----------------------|
| Directors/Key Management | 3                    |
| Marketing                | 2                    |
| Finance                  | 7                    |
| Human Resource           | 5                    |
| Information Technology   | 4                    |
| Operation                | 8                    |
| Pawnshops                | 149                  |
| Retail outlets           | 15                   |
| <b>Total</b>             | <b>193</b>           |

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)**

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**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 |
|---------------------------------|---|---|--|--|--------------------------|----------------------|
| <b>KE Well Chip</b>             |   |   |  |  |                          |                      |
| <b>Business Premise Licence</b> |   |   |  |  |                          |                      |
| 1.                              | Majlis Bandaraya Johor Bahru ("MBJB")     | Licence to –<br>(i) operate a gold shop; and<br>(ii) display a unit of advertising board,<br><br>at the premise located at 10P, Jalan Cenderawasih, Kampung Dato Onn Jaafar, 80350 Johor Bahru, Johor.          | <b>Account no.:</b><br>L2021LI02998        | <b>Validity period:</b><br>Valid until 31 December 2024      | Nil                      | Not applicable       |
| 2.                              | Majlis Bandaraya Iskandar Puteri ("MBIP") | Licence to –<br>(i) operate a gold shop; and<br>(ii) display a unit of advertising board,<br><br>at the premise located at 5, Jalan Medan Nusa Perintis 6, Taman Nusa Perintis 2, 79200 Iskandar Puteri, Johor. | <b>Account no.:</b><br>L0903010703         | <b>Validity period:</b><br>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 –<br><br>(i) operate a gold shop; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at 3, Jalan Kebudayaan 8, 81300 Johor Bahru, Johor.  | <b>Account no.:</b><br>L0403061514/<br>L04040618028 | <b>Validity period:</b><br>1 January 2024 –<br>31 December 2024 | Nil   | Not applicable           |
| 4.                                | MJB                          | Licence to –<br><br>(i) operate a gold and jewellery shop; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at No. 9, Batu 7, Jalan Kota Tinggi, Kawasan Perindustrian Pandan, 81100 Johor Bahru, Johor. | <b>Account no.:</b><br>L2011LI00202                 | <b>Validity period:</b><br>Valid until 31<br>December 2024      | Nil   | Not applicable           |
| <b><u>KP Well Chip</u></b>        |                              |  |   |   |   |                          |
| <b><u>Pawnbroking Licence</u></b> |                              |  |   |   |   |                          |
| 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.  | <b>Licence no.:</b><br>GL1971/01/01-<br>5/300625    | <b>Validity period:</b><br>1 July 2023 –<br>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.<br><br>(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<br><br>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. | <b>Licence no.:</b> GL1325/01/01-10/260325 | <b>Validity period:</b> 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.<br><br>(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<br><br>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.               | <b>Licence no.:</b> GL1325/01/03-6/230425  | <b>Validity period:</b> 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.<br><br>(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<br><br>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 |
|--|-----------------------------------|--|---|---|--------------------------|----------------------|
| <b>Advertising Permit for Pawnbroking Business</b> |                                   |  |   |   |                          |                      |
| 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.                                   | <b>Permit no.:</b><br>GP1325/01/01-9/160125 | <b>Validity period:</b><br>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.   | <b>Permit no.:</b><br>GP1971/01/01-9/200425 | <b>Validity period:</b><br>21 April 2024 – 20 April 2025 <sup>(1)</sup> | 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.   | <b>Permit no.:</b><br>GP1325/01/03-9/050225 | <b>Validity period:</b><br>6 February 2024 – 5 February 2025            | Nil                      | Not applicable       |
| <b>Business Premise Licence</b>                    |                                   |  |   |   |                          |                      |
| 11.  | Majlis Perbandaran Kulai (“MPKu”) | Licence to –<br>(i) carry out pawnbroking business; and<br>(ii) display 4 units of unlit advertising boards,<br><br>at the premise located at No. 23, Jalan Belimbing, Taman Tebrau, 81400 Senai, Johor. | <b>Account no.:</b><br>L0134098             | <b>Validity period:</b><br>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 –<br>(i) carry out pawnbroking business; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor.                           | <b>Account no.:</b><br>L2013LI00434        | <b>Validity period:</b><br>Valid until 31<br>December 2024 | Nil                      | Not applicable       |
| 13. | MBJB                         | Licence to –<br>(i) carry out pawnbroking business; and<br><br>(ii) display 10 units of advertising boards,<br><br>at the premise located at No. 7, Batu 7 Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor.       | <b>Account no.:</b><br>L2009LI01715        | <b>Validity period:</b><br>Valid until 31<br>December 2024 | Nil                      | Not applicable       |
| 14. | MBJB                         | Licence to –<br>(i) carry out business in office; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at No. 23-01 & 23-02, Jalan Harmonium 35/3 Taman Desa Tebrau 81100 Johor Bahru, Johor. | <b>Account no.:</b><br>L2022LI06662        | <b>Validity period:</b><br>Valid until 31<br>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     |
|--|------------------------------|--|--|--|---|--------------------------|
| <b>PG Well Chip (2)</b>                            |                              |  |  |  |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |  |  |  |   |                          |
| 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.   | <b>Licence no.:</b><br>GL2491/01/01-1/250824 | <b>Validity period:</b><br>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.<br><br>(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<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |  |   |                          |
| 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.  | <b>Permit no.:</b><br>GP2491/01/01-2/250824  | <b>Validity period:</b><br>7 November 2023 – 25 August 2024  | Nil   | Not applicable           |
| <b>Business Premise Licence</b>                    |                              |  |  |  |   |                          |
| 17.  | MBIP                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(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. | <b>Account no.:</b><br>L09090809514          | <b>Validity period:</b><br>1 January 2024 – 31 December 2024 | Nil   | Not applicable           |
| <b>PG Well Chip (3)</b>                            |                              |  |  |  |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |  |  |  |   |                          |
| 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.  | <b>Licence no.:</b><br>GL2492/01/01-1/250824 | <b>Validity period:</b><br>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.  | 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 |
|--|------------------------------|---|--|--|--|----------------------|
|  |                              |   |  |  | (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             |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |  |  |                      |
| 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.  | <b>Permit no.:</b><br>GP2492/01/01-2/250824  | <b>Validity period:</b><br>7 November 2023 – 25 August 2024    | Nil  | Not applicable       |
| <b>Business Premise Licence</b>                    |                              |   |  |  |  |                      |
| 20.  | MBPG                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 3 units of advertising boards,<br><br>at the premise located at No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor. | <b>Account no.:</b><br>L0313221              | <b>Validity period:</b><br>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.<br><br>(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<br><br>Noted   |
| <b>PG Berlian Pawnbroking Licence</b>              |                              |   |  |  |  |                      |
| 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.  | <b>Licence no.:</b><br>GL1982/01/01-4/141125 | <b>Validity period:</b><br>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.   | 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 |
|--|------------------------------|---|---|--|---|----------------------|
|  |                              |   |   |  | (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 15 November 2021 to 14 November 2023. | Complied             |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |   |  |   |                      |
| 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.   | <b>Permit no.:</b><br>GP1982/01/01-7/141124 | <b>Validity period:</b><br>15 November 2023 – 14 November 2024 | Nil   | Not applicable       |
| <b>Business Premise Licence</b>                    |                              |   |   |  |   |                      |
| 23.  | MBIP                         | Licence to carry out pawnbroking business at the premise located at 4, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Skudai, Johor.  | <b>Account no.:</b><br>L01012908162         | <b>Validity period:</b><br>1 January 2024 – 31 December 2024   | Nil   | Not applicable       |
| 24.  | MBIP                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 3 units of advertising boards,<br><br>at the premise located at 2, Jalan Seri Orkid 31, Taman Seri Orkid, 81300 Johor Bahru, Johor. | <b>Account no.:</b><br>L0117010470          | <b>Validity period:</b><br>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                     |
|---------------------------------------|------------------------------|---|--|---|--|--|
| <b>PG Bintang Pawnbroking Licence</b> |                              |   |  |   |  |  |
| 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.  | <b>Licence no.:</b> GL1972/01/01-4/150824  | <b>Validity period:</b> 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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| 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. | <b>Licence no.:</b> GL1777/01/01-6/270924  | <b>Validity period:</b> 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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>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 |
|--|------------------------------|--|--|--|--------------------------|----------------------|
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |  |                          |                      |
| 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.   | <b>Permit no.:</b><br>GP1777/01/01-10/110724 | <b>Validity period:</b><br>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.  | <b>Permit no.:</b><br>GP1972/01/01-8/150824  | <b>Validity period:</b><br>16 August 2023 – 15 August 2024   | Nil                      | Not applicable       |
| <b>Business Premise Licence</b>                    |                              |  |  |  |                          |                      |
| 29.  | MBIP                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at 27, Jalan Perisisiran Perling, 81200 Johor Bahru, Johor.                         | <b>Account no.:</b><br>L0115010905           | <b>Validity period:</b><br>1 January 2024 – 31 December 2024 | Nil                      | Not applicable       |
| 30.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 4 units of advertising boards,<br><br>at the premise located at No. 10Q, Jalan Cenderawasih Kampung Dato Onn Jaafar, 80350 Johor Bahru, Johor. | <b>Account no.:</b><br>L2012LI01424          | <b>Validity period:</b><br>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                     |
|--|------------------------------|--|--|--|--|--|
| <b>PG Cahaya Damai<br/>Pawnbroking Licence</b>     |                              |  |  |  |  |  |
| 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.   | <b>Licence no.:</b><br>GL2267/01/01-3/290126 | <b>Validity period:</b><br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |  |  |  |
| 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.  | <b>Permit no.:</b><br>GP2267/01/01-5/290125  | <b>Validity period:</b><br>30 January 2024 – 29 January 2025 | Nil  | Not applicable                           |
| <b>Business Premise Licence</b>                    |                              |  |  |  |  |  |
| 33.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at No. 47, Jalan Beladau 18, Taman Puteri Wangsa, 81800 Ulu Tiram, Johor. | <b>Account no.:</b><br>L2020LI04438          | <b>Validity period:</b><br>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                     |
|--|------------------------------|--|--|--|---|--|
| <b>PG Delima</b>                                   |                              |  |  |  |   |  |
| <b>Pawnbroking Licence</b>                         |                              |  |  |  |   |  |
| 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.  | <b>Licence no.:</b><br>GL2385/01/01-2/120925 | <b>Validity period:</b><br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |  |   |  |
| 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.   | <b>Permit no.:</b><br>GP2385/01/01-3/120924  | <b>Validity period:</b><br>13 September 2023 – 12 September 2024 | Nil   | Not applicable                           |
| <b>Business Premise Licence</b>                    |                              |  |  |  |   |  |
| 36.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display a unit of advertising board,<br><br>at the premise located at No. 25, Jalan Setia 3/8 Taman Setia Indah, 81100 Johor Bahru, Johor. | <b>Account no.:</b><br>L2022LI00237          | <b>Validity period:</b><br>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                     |
|--|------------------------------|---|--|--|--|--|
| <b>PG Fajar Tebrau</b>                             |                              |   |  |  |  |  |
| <b>Pawnbroking Licence</b>                         |                              |   |  |  |  |  |
| 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.   | <b>Licence no.:</b><br>GL2043/01/01-4/150824 | <b>Validity period:</b><br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |  |  |  |
| 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.  | <b>Permit no.:</b><br>GP2043/01/01-6/090724  | <b>Validity period:</b><br>10 July 2023 – 9 July 2024      | Nil  | Not applicable                           |
| <b>Business Premise Licence</b>                    |                              |   |  |  |  |  |
| 39.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 3 units of advertising boards,<br><br>at the premise located at 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor. | <b>Account no.:</b><br>L2023LI05135          | <b>Validity period:</b><br>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                     |
|--|------------------------------|---|--|--|--|--|
| <b>PG Grand Chip Pawnbroking Licence</b>           |                              |   |  |  |  |  |
| 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.   | <b>Licence no.:</b><br>GL1981/01/01-5/311225 | <b>Validity period:</b><br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |  |  |  |
| 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.  | <b>Permit no.:</b><br>GP1981/01/01-9/311224  | <b>Validity period:</b><br>1 January 2024 – 31 December 2024 | Nil  | Not applicable                           |
| <b>Business Premise Licence</b>                    |                              |   |  |  |  |  |
| 42.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 13 units of advertising boards,<br><br>at the premise located at 91, Jalan Rosmerah 2/1, Taman Johor Jaya, 81100 Johor Bahru. | <b>Account no.:</b><br>L2023LI08013          | <b>Validity period:</b><br>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                     |
|--|-----------------------------------|---|--|---|--|--|
| <b>PG Jubli Intan Pawnbroking Licence</b>          |                                   |   |  |   |  |  |
| 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.   | <b>Licence no.:</b> GL2270/01/01-2/010924  | <b>Validity period:</b> 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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                                   |   |  |   |  |  |
| 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.  | <b>Permit no.:</b> GP2270/01/01-4/10924    | <b>Validity period:</b> 2 September 2023 – 1 September 2024 | Nil  | Not applicable                           |
| <b>Business Premise Licence</b>                    |                                   |   |  |   |  |  |
| 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. | <b>Account no.:</b> L06Z2212009989         | <b>Validity period:</b> January 2024 – December 2024        | (i) The licence issued will expire on 31st December and has to be renewed before 28th February.<br><br>(ii) The prior approval from MPK is required for any change in the rights, owner and licence address.<br><br>(iii) The licence has to be displayed at a conspicuous place and be presented if requested by any officer with the authority of MPK.   | Noted<br><br>Noted<br><br>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     |
|--|------------------------------|--|--|---|---|--------------------------|
|  |                              |  |  |   | (iv) The licence holder is required to comply with such other orders or additional orders issued by MPK or any other authorised officer.  | Noted                    |
|  |                              |  |  |   | (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.  | Complied                 |
| <b>PG Mutiara Pesona</b>                           |                              |  |  |   |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |  |  |   |   |                          |
| 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.                | <b>Licence no.:</b> GL2269/01/01-3/061125  | <b>Validity period:</b> 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.<br><br>(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<br><br>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 7 November 2021 to 6 November 2023.   | Complied                 |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |   |   |                          |
| 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. | <b>Permit no.:</b> GP2269/01/01-5/061124   | <b>Validity period:</b> 7 November 2023 – 6 November 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                     |
|--|--|--|--|---|--|--|
| <b>Business Premise Licence</b>                    |  |  |  |   |  |  |
| 48.  | Majlis Bandaraya Pasir Gudang ("MBPG") | Licence to –<br>(i) carry out pawnbroking business; and<br>(ii) display a unit of advertising board,<br><br>at the premise located at No. 21, Jalan Mawar, Kampung Baru Masai, 81750 Masai, Johor. | <b>Account no.:</b><br>L0307654              | <b>Validity period:</b><br>1 January 2024 –<br>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.<br><br>(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<br><br>Noted                       |
| <b>PG Nilam Pawnbroking Licence</b>                |  |  |  |   |  |  |
| 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.  | <b>Licence no.:</b><br>GL2384/01/01-2/180325 | <b>Validity period:</b><br>19 March 2023 –<br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |  |  |  |   |  |  |
| 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.                                       | <b>Permit no.:</b><br>GP2384/01/01-4/180325  | <b>Validity period:</b><br>19 March 2024 –<br>18 March 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                     |
|--|------------------------------|---|--|---|--|--|
| <b>Business Premise Licence</b>                    |                              |   |  |   |  |  |
| 51.  | MPKu                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 3 units of advertising boards,<br><br>at the premise located at No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor. | <b>Account no.:</b><br>LPP087009210<br>6097      | <b>Validity period:</b><br>1 January 2024 –<br>31 December 2024   | Nil  | Not applicable                           |
| <b>PG Rubi Kristal<br/>Pawnbroking Licence</b>     |                              |   |  |   |  |  |
| 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.  | <b>Licence no.:</b><br>GL2271/01/01-<br>2/180225 | <b>Validity period:</b><br>19 February 2023 –<br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |   |  |  |
| 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.   | <b>Permit no.:</b><br>GP2271/01/01-<br>4/180225  | <b>Validity period:</b><br>19 February 2024 –<br>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 |
|--|--|--|--|---|---|----------------------|
| <b>Business Premise Licence</b>                    |  |  |  |   |   |                      |
| 54.  | Majlis Perbandaran Batu Pahat ("MPBP") | Licence to –<br>(i) operate a gold pawn shop or sell gems; and<br><br>(ii) display 3 units of advertising boards, at the premise located at No. 43 (Ground Floor), Jalan Maju Taman Maju, 83000 Batu Pahat, Johor. | <b>Account no.:</b><br>L2021L101862          | <b>Validity period:</b><br>1 January 2024 – 31 December 2024        | Nil   | Not applicable       |
| <b>PG Shinegold Pawnbroking Licence</b>            |  |  |  |   |   |                      |
| 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.  | <b>Licence no.:</b><br>GL1930/01/01-5/310524 | <b>Validity period:</b><br>1 June 2022 – 31 May 2024 <sup>(1)</sup> | (i) All pawnbroking transactions shall be carried out under the name of the licence holder and at the address stipulated in the licence.<br><br>(ii) The licence cannot be transferred or allowed/be caused to allow any other party the rights to use the licence without the prior written consent of the Registrar of Pawnbrokers. | Complied             |
|  |  |  |  |   | (iii) The renewed licence does not preclude the licence holder from any action to be undertaken by the Registrar of Pawnbrokers pursuant to Section 11(1) of the PA 1972 for the period commencing from 1 June 2020 to 31 May 2022.   | Complied             |
| <b>Advertising Permit for Pawnbroking Business</b> |  |  |  |   |   |                      |
| 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.   | <b>Permit no.:</b><br>GP1930/01/01-8/310524  | <b>Validity period:</b><br>1 June 2023 – 31 May 2024 <sup>(2)</sup> | 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                     |
|-----------------------------------|------------------------------|---|--|---|--|--|
| <b>Business Premise Licence</b>   |                              |   |  |   |  |  |
| 57.                               | MBIP                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display a unit of advertising boards, at the premise located at 1 & 1A, Jalan Kebudayaan 8, Taman Universiti, 81300 Johor Bahru, Johor. | <b>Account no.:</b><br>L0403061518           | <b>Validity period:</b><br>1 January 2024 –<br>31 December 2024 | Nil  | Not applicable                           |
| <b><u>Thye Shing Pawnshop</u></b> |                              |   |  |   |  |  |
| <b><u>Pawnbroking Licence</u></b> |                              |   |  |   |  |  |
| 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.   | <b>Licence no.:</b><br>GL1929/01/01-5/150725 | <b>Validity period:</b><br>16 July 2023 –<br>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.<br><br>(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.<br><br>(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 July 2021 to 15 July 2023. | Complied<br><br>Complied<br><br>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.  | <b>Licence no.:</b><br>GL1209/01/01-11/311225 | <b>Validity period:</b><br>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.<br><br>(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.<br><br>(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<br><br>Complied<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |   |  |  |  |
| 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.                                   | <b>Permit no.:</b><br>GP1209/01/01-10/311224  | <b>Validity period:</b><br>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. | <b>Permit no.:</b><br>GP1929/01/01-9/200425   | <b>Validity period:</b><br>21 April 2024 – 20 April 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     |
|---------------------------------|------------------------------|---|--|--|---|--------------------------|
| <b>Business Premise Licence</b> |                              |   |  |  |   |                          |
| 62.                             | MPBP                         | Licence to –<br>(i) operate a pawnshop, gold shop or sell gemstones; and<br>(ii) display 2 units of advertising boards, at the premise located at No. 152, Jalan Rahmat, 83000 Batu, Pahat, Johor.                    | <b>Account no.:</b><br>L10011316             | <b>Validity period:</b><br>1 January 2024 – 31 December 2024 | Nil   | Not applicable           |
| 63.                             | MBIP                         | Licence to –<br>(i) carry out pawnbroking business; and<br>(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. | <b>Account no.:</b><br>L0903010704           | <b>Validity period:</b><br>1 January 2024 – 31 December 2024 | Nil   | Not applicable           |
| <b><u>PG Well Chip (1)</u></b>  |                              |   |  |  |   |                          |
| <b>Pawnbroking Licence</b>      |                              |   |  |  |   |                          |
| 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.   | <b>Licence no.:</b><br>GL2490/01/01-1/090425 | <b>Validity period:</b><br>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.<br><br>(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<br><br>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     |
|--|------------------------------|---|--|--|---|--------------------------|
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |  |   |                          |
| 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.  | <b>Permit no.:</b><br>GP2490/01/01-2/190425  | <b>Validity period:</b><br>20 April 2024 – 9 April 2025            | Nil   | Not applicable           |
| <b>Business Premise Licence</b>                    |                              |   |  |  |   |                          |
| 66.  | MBJB                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 1 unit of advertising boards, at the premise located at 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor. | <b>Account no.:</b><br>L2023LI02783          | <b>Validity period:</b><br>Valid until 30 June 2024 <sup>(3)</sup> | Nil   | Not applicable           |
| <b><u>PG Well Chip (4)</u></b>                     |                              |   |  |  |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |   |  |  |   |                          |
| 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.   | <b>Licence no.:</b><br>GL2526/01/01-1/200725 | <b>Validity period:</b><br>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.<br><br>(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<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |   |  |  |   |                          |
| 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.                              | <b>Permit no.:</b><br>GP2526/01/01-1/070824  | <b>Validity period:</b><br>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     |
|--|------------------------------|--|--|---|---|--------------------------|
| <b>Business Premise Licence</b>                    |                              |  |  |   |   |                          |
| 69.  | MBPG                         | Licence to –<br><br>(i) carry out pawnbroking business; and<br><br>(ii) display 5 units of advertising boards,<br><br>at the premise located at No. 1, Jalan Perdagangan Damai, Taman Nusa Damai, 81700 Pasir Gudang, Johor. | <b>Account no.:</b> L0314141               | <b>Validity period:</b> 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.<br><br>(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<br><br>Complied |
| <b>PG Well Chip (5)</b>                            |                              |  |  |   |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |  |  |   |   |                          |
| 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.  | <b>Licence no.:</b> GL2527/01/01-1/080126  | <b>Validity period:</b> 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.<br><br>(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<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |   |   |                          |
| 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.   | <b>Permit no.:</b> GP2527/01/01-1/140125   | <b>Validity period:</b> 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     |
|--|------------------------------|--|--|---|---|--------------------------|
| <b>Business Premise Licence</b>                    |                              |  |  |   |   |                          |
| 72.  | MJB                          | Licence to –<br>(i) carry out pawnbroking business;<br>and<br>(ii) display 1 unit of advertising board,<br>at the premise located at No. 4 & 6,<br>Jalan Bukit Kempas 1/18, Taman Bukit<br>Kempas, 81200 Johor Bahru, Johor. | <b>Account no.:</b><br>L2024LI02050              | <b>Validity period:</b><br>1 March 2024 –<br>31 August 2024         | Nil   | Not applicable           |
| <b>PG Well Chip (6)</b>                            |                              |  |  |   |   |                          |
| <b>Pawnbroking Licence</b>                         |                              |  |  |   |   |                          |
| 73.  | 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.   | <b>Licence No.:</b><br>GL2528/01/01-<br>1/060925 | <b>Validity period:</b><br>7 September 2023 –<br>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.<br><br>(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<br><br>Complied |
| <b>Advertising Permit for Pawnbroking Business</b> |                              |  |  |   |   |                          |
| 74.  | 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.  | <b>Permit no.:</b><br>GP2528/01/01-<br>1/130924  | <b>Validity period:</b><br>14 September 2023 –<br>13 September 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 |
|---------------------------------|------------------------------|--|--|--|--------------------------|----------------------|
| <b>Business Premise Licence</b> |                              |  |  |  |                          |                      |
| 75.                             | MBIP                         | Licence to –<br>(a) carry out pawnbroking business;<br>and<br>(b) display 4 units of advertising boards,<br>at the premise located at 12, Jalan Ronggeng 12, Taman Skudai Baru, 81300 Skudai, Johor. | <b>Account no.:</b> L01011215892           | <b>Validity period:</b> 5 November 2023 – 31 December 2024 | Nil                      | Not applicable       |

**Notes:**

- (1) The pawnbroking licence for the pawnbroking business of PG Shinegold at the address known as No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor has been renewed and will be valid from 1 June 2024 to 31 May 2026 upon terms and conditions which are similar to those imposed in the existing pawnbroking licence.
- (2) The advertising permit for the pawnbroking business of PG Shinegold at the address known as No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor has been renewed and the advertising permit will be valid from 1 June 2024 to 31 May 2025.
- (3) The business premise licence of PG Well Chip (1) for its pawnbroking business at the address known as No.75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor has been renewed and will be valid until 30 June 2025.

## 7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, there are a total of 12 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.  | KP Well Chip      | No. 7, Batu 7, Jalan Kota Tinggi, Taman Pandan, 81100 Johor Bahru, Johor   | GL1325/01/01-10/260325 | <b>Validity period:</b><br>27 March 2023 – 26 March 2025            |
| 2.  | KP Well Chip      | No. 12, Jalan Sagu 3, Taman Daya, 81100 Johor Bahru, Johor                 | GL1325/01/03-6/230425  | <b>Validity period:</b><br>24 April 2023 – 23 April 2025            |
| 3.  | PG Bintang        | No. 27, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor  | GL1972/01/01-4/150824  | <b>Validity period:</b><br>16 August 2022 – 15 August 2024          |
| 4.  | PG Bintang        | No. 10Q, Jalan Cenderawasih, Larkin Jaya, Larkin, 80350 Johor Bahru, Johor | GL1777/01/01-6/270924  | <b>Validity period:</b><br>28 September 2022 – 27 September 2024    |
| 5.  | PG Fajar Tebrau   | No. 11, Jalan Harmonium 23/12, Taman Desa Tebrau, 81100 Johor Bahru, Johor | GL2043/01/01-4/150824  | <b>Validity period:</b><br>16 August 2022 – 15 August 2024          |
| 6.  | PG Jubli Intan    | No. 2, Jalan Syed Abd Hamid Sagaff, Bandar Kluang, 86000 Kluang, Johor     | GL2270/01/01-2/010924  | <b>Validity period:</b><br>2 September 2022 – 1 September 2024      |
| 7.  | PG Nilam          | No. 1, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor             | GL2384/01/01-2/180325  | <b>Validity period:</b><br>19 March 2023 – 18 March 2025            |
| 8.  | PG Rubi Kristal   | No. 43, Jalan Maju, Taman Maju, 83000 Batu Pahat, Johor                    | GL2271/01/01-2/180225  | <b>Validity period:</b><br>19 February 2023 – 18 February 2025      |
| 9.  | PG Shinegold      | No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor           | GL1930/01/01-5/310524  | <b>Validity period:</b><br>1 June 2022 – 31 May 2024 <sup>(1)</sup> |
| 10. | PG Well Chip (1)  | No. 75, Jalan Hang Tuah, Taman Sri Tiram, 81800 Ulu Tiram, Johor           | GL2490/01/01-1/090425  | <b>Validity period:</b><br>10 April 2023 – 9 April 2025             |
| 11. | PG Well Chip (2)  | No. 185, Jalan NB2 2/2, Taman Nusa Bestari 2, 79150 Nusajaya, Johor        | GL2491/01/01-1/250824  | <b>Validity period:</b><br>26 August 2022 – 25 August 2024          |
| 12. | PG Well Chip (3)  | No. 17, Jalan 9/9, Taman Air Biru, 81700 Pasir Gudang, Johor               | GL2492/01/01-1/250824  | <b>Validity period:</b><br>26 August 2022 – 25 August 2024          |

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

**Note:**


- (1) The pawnbroking licence of PG Shinegold for its pawnbroking business at the address known as No. 1, Jalan Kebudayaan 8, Taman Universiti, 81300 Skudai, Johor has been renewed and will be valid from 1 June 2024 to 31 May 2026 upon terms and conditions which are similar to those imposed in the existing pawnbroking licence.

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 /<br>Trademark no. /<br>Application no. | Issuing authority | Class / Description  | Status / Validity period  |
|-----|---|---|-------------------|--|---|
| 1.  |  | KP Well Chip /<br>Application no.:<br>TM2022033386        | MyIPO             | Class 14 / Precious metals and their alloys and goods in precious metals or coated therewith; jewellery, precious stones<br><br>Class 36 / Pawnbroking | Application for registration has been filed on 9 December 2022 <sup>(1)</sup> |

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


**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.


**7.19.2 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]. | Registered / 10 years commencing from 27 October 2021 |

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

| No. | Licensed trademark(s)   | Name of proprietor /<br>Trademark no. /<br>Application no.          | Issuing authority | Class / Description   | Status / Validity period                      |
|-----|---|---|-------------------|---|---|
| 2.  |  | ValueMax Group Limited /<br><b>Application no.:</b><br>TM2022033386 | MyIPO             | 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.<br><br>Class 14 / Precious metals and their alloys and goods in precious metals or coated therewith; jewellery, precious stones.<br><br>Class 36 / Pawnbroking. | Provisional refusal (objected) <sup>(1)</sup> |

**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 and 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 /<br>Beneficial<br>owner | Title / Postal address  | Description /<br>Existing use  | Date of<br>CFO / CCC<br>or<br>equivalent | Land<br>area /<br>Built-up<br>area<br>sq.m.                                   | Tenure  | Express conditions / Category<br>of land use   | Restrictions in interest /<br>Encumbrances / Endorsement   |
|-----|-------------------------------------|---|--|--|---|---|--|--|
| 1.  | PG Jubli<br>Intan                   | <p><b>Title:</b><br/>PN 53073, Lot 11958<br/>Bandar Kluang<br/>District of Kluang<br/>State of Johor</p> <p><b>Postal address:</b><br/>No. 2<br/>Jalan Syed Abd Hamid<br/>Sagaff<br/>Bandar Kluang<br/>86000 Kluang<br/>Johor</p> | <p><b>Description:</b><br/>A 4-storey<br/>corner shop<br/>house</p> <p><b>Existing use:</b><br/>Pawnshop</p> | 11 July<br>2018                          | <p><b>Land<br/>area:</b><br/>136</p> <p><b>Built-up<br/>area:</b><br/>140</p> | Leasehold<br>expiring 10<br>December<br>2108<br>(remaining<br>tenure 85<br>years) | <p><b>Express condition:</b></p> <p>(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.</p> <p>(2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority.</p> <p>(3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with.</p> <p><b>Category of land use:</b><br/>Building</p> | <p><b>Restrictions in interest:</b></p> <p>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.</p> <p><b>Encumbrances / Endorsement:</b></p> <p>(1) Private caveat registered on 23 December 2021 vide presentation no. 38537/2021, entered by Public Bank Berhad.</p> <p>(2) Charge registered on 9 March 2022 vide presentation no. 16402/2022, by PG Jubli Intan in favour of Public Bank Berhad.</p> |

## 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<br>sq.m.                                    | Tenure   | Express conditions / Category of land use   | Restrictions in interest / Encumbrances / Endorsement   |
|-----|-------------------------------|--|---|---------------------------------|---|----------|---|---|
| 2.  | PG Bintang                    | <p><b>Title:</b><br/>Geran 41493<br/>Lot 27531<br/>Mukim Pulau<br/>District of Johor Bahru<br/>State of Johor</p> <p><b>Postal address:</b><br/>No. 27, 27A &amp; 27B<br/>Jalan Persisiran<br/>Perling<br/>Taman Perling<br/>81200 Johor Bahru<br/>Johor</p> | <p><b>Description:</b><br/>A 3-storey end-lot shop house</p> <p><b>Existing use:</b><br/>Pawnshop</p> | 7<br>September<br>1986          | <p><b>Land area:</b><br/>156</p> <p><b>Built-up area:</b><br/>173</p> | Freehold | <p><b>Express condition:</b></p> <p>(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.</p> <p>(2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority.</p> <p>(3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with.</p> <p><b>Category of land use:</b><br/>Building</p> | <p><b>Restrictions in interest:</b><br/>Nil</p> <p><b>Encumbrances / Endorsement:</b></p> <p>(1) Private caveat registered on 8 December 2014 vide presentation no. 41132/2014, entered by Public Bank Berhad.</p> <p>(2) Charge registered on 24 December 2014 vide presentation no. 109935/2014, by PG Bintang in favour of Public Bank Berhad.</p> |



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<br>sq.m.                                    | Tenure  | Express conditions / Category of land use   | Restrictions in interest / Encumbrances / Endorsement   |
|-----|-------------------------------|---|---|---------------------------------|---|---|---|---|
| 3.  | PG Well Chip (3)              | <p><b>Title:</b><br/>HSD 238459<br/>PTD 115898<br/>Mukim Plentong<br/>District of Johor Bahru<br/>State of Johor</p> <p><b>Postal address:</b><br/>No. 17<br/>Jalan 9/9 Taman Air<br/>Biru, 81700 Pasir<br/>Gudang, Johor</p> | <p><b>Description:</b><br/>A double-storey corner shop house</p> <p><b>Existing use:</b><br/>Pawnshop</p> | 25 February 1998                | <p><b>Land area:</b><br/>230</p> <p><b>Built-up area:</b><br/>266</p> | Leasehold expiring 10 December 2094 (remaining tenure 71 years) | <p><b>Express condition:</b></p> <p>(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.</p> <p>(2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority.</p> <p>(3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with.</p> <p><b>Category of land use:</b><br/>Building</p> | <p><b>Restrictions in interest:</b></p> <p>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.</p> <p>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.</p> <p>Prior to pledging or mortgaging the land for the second and subsequent times, the owner must first procure the consent of the state authority.</p> <p><b>Encumbrances / Endorsement:</b></p> <p>(1) Order issued by the High Court of Malaya in <i>relation</i> to a charge</p> |

**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<br>sq.m.                                    | Tenure  | Express conditions / Category of land use   | Restrictions in interest / Encumbrances / Endorsement   |
|-----|-------------------------------|--|---|---------------------------------|---|---|---|---|
| 4.  | KE Well Chip                  | <p><b>Title:</b><br/>PN 53072 Lot 11957<br/>Bandar Kluang<br/>District of Kluang<br/>State of Johor</p> <p><b>Postal address:</b><br/>No. 4<br/>Jalan Syed Abd<br/>Hamid Sagaff<br/>Bandar Kluang<br/>86000 Kluang<br/>Johor</p> | <p><b>Description:</b><br/>A 4-storey<br/>intermediate<br/>shop house</p> <p><b>Intended use:</b><br/>Retail outlet</p> | 25 May<br>2005                  | <p><b>Land area:</b><br/>124</p> <p><b>Built-up area:</b><br/>120</p> | Leasehold<br>expiring 10<br>December<br>2108<br>(remaining<br>tenure 85<br>years) | <p><b>Express condition:</b></p> <p>(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.</p> <p>(2) All debris and pollution resulting from the activity must be channelled to the areas designated by the relevant authority.</p> <p>(3) All policies and conditions set and enforced from time to time by the relevant authorities must be complied with.</p> <p><b>Category of land use:</b><br/>Building</p> | <p><b>Restrictions in interest:</b></p> <p>(2) Private caveat registered on 16 December 2021 vide presentation no. 37547/2021, entered by Public Bank Berhad</p> <p>(3) Charge registered on 10 March 2022 vide presentation no. 16981/2022, by Well Chip (3) in favour of Public Bank Berhad.</p> <p>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.</p> <p><b>Encumbrances / Endorsement:</b></p> <p>(1) Private caveat registered on 16 October 2023 vide presentation no. 46555/2023, entered by Public Bank Berhad.</p> <p>(2) Charge registered on 3 January 2024 vide presentation no. 537/2024 by KE Well Chip in favour of Public Bank Berhad.</p> |

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.20.2 Rented Properties

(i) The following table sets out the details of the properties that we rent from independent third parties:

| <u>No.</u> | <u>Landlord(s)</u>           | <u>Tenant</u> | <u>Postal address</u>   | <u>Description / Existing use</u>  | <u>Date of CFO / CCC or equivalent</u>    | <u>Built-up area sq.m.</u> | <u>Tenure</u>                                   | <u>Rental per annum RM'000</u> |
|------------|------------------------------|---------------|---|--|---|----------------------------|---|--------------------------------|
| 1.         | Landlords A <sup>(1)</sup>   | PG Berlian    | No. 2 (Ground floor)<br>Jalan Sri Orkid 31<br>Taman Seri Orkid<br>81300 Skudai<br>Johor       | <b>Description:</b><br>Ground floor of a 3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop     | 5 August 2014                             | 152                        | 3 years<br>(15 April 2023 to 14 April 2026)     | 101.64                         |
| 2.         | Landlords B <sup>(1)</sup>   | PG Berlian    | No. 4<br>Jalan Sri Orkid 31<br>Taman Seri Orkid<br>81300 Skudai<br>Johor <sup>(5)</sup>       | <b>Description:</b><br>A 3-storey intermediate shop office<br><br><b>Existing use:</b><br>Pawnshop               | 5 August 2014                             | 152                        | 3 years<br>(1 November 2021 to 31 October 2024) | 54.00                          |
| 3.         | Fahidah Azah Binti Abu Bakar | PG Bintang    | No. 10Q & 10Q1<br>Jalan Cenderawasih<br>Kampung Dato Onn Jaafar<br>80350 Johor Bahru<br>Johor | <b>Description:</b><br>A 2-storey intermediate shop office<br><br><b>Existing use:</b><br>Pawnshop               | Occupation Certificate dated 12 June 1974 | 151                        | 3 years<br>(1 July 2021 to 30 June 2024)        | 71.87                          |
| 4.         | Landlord C <sup>(2)</sup>    | KE Well Chip  | 10P<br>Jalan Chenderawasih<br>Kampung Dato Onn Jaafar<br>80350 Johor Bahru<br>Johor           | <b>Description:</b><br>Ground floor of a 2-storey intermediate shop<br><br><b>Existing use:</b><br>Retail outlet | 30 August 1977                            | 135                        | 3 years<br>(1 April 2024 to 31 March 2027)      | 51.00                          |

## 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<br>Jalan Kebudayaan 8<br>Taman Universiti<br>81300 Skudai<br>Johor <sup>(3)</sup>                              | <b>Description:</b><br>A 2-storey corner shop and a 2-storey intermediate shop<br><br><b>Existing use:</b><br>Retail outlet and pawnshop | 22 January 1997                 | 141                 | 3 years<br>(1 November 2021 to 31 October 2024)  | 188.76                  |
| 6.  | Yeo Kian Lee                             | KE Well Chip      | No. 9, 9A & 9B<br>Jalan Kota Tinggi, Batu 7<br>Kawasan Perindustrian Pandan<br>81100 Johor Bahru<br>Johor <sup>(4)</sup> | <b>Description:</b><br>A 3-storey intermediate shophouse<br><br><b>Existing use:</b><br>Retail outlet                                    | 30 August 1981                  | 143                 | 3 years<br>(1 December 2021 to 30 November 2024) | 83.10                   |
| 7.  | Chong Soon Fak                           | PG Fajar Tebrau   | No. 11<br>Jalan Harmonium 23/12<br>Taman Desa Tebrau<br>81100 Johor Bahru<br>Johor                                       | <b>Description:</b><br>A 2½-storey intermediate shop office<br><br><b>Existing use:</b><br>Pawnshop                                      | 3 July 2006                     | 186                 | 3 years<br>(1 March 2022 to 28 February 2025)    | 33.60                   |
| 8.  | Hock & Company Rubber Products Sdn. Bhd. | PG Grand Chip     | No. 91, 91-01<br>Jalan Rosmerah 2/1<br>Taman Johor Jaya<br>81100 Johor Bahru<br>Johor                                    | <b>Description:</b><br>A 2-storey corner shophouse<br><br><b>Existing use:</b><br>Pawnshop   | 9 March 1995                    | 188                 | 3 years<br>(1 December 2023 to 30 November 2026) | 117.60                  |
| 9.  | Landlord D <sup>(1)</sup>                | PG Mutiara Pesona | No. 21, Jalan Mawar<br>Kampung Baru Masai<br>81750 Masai<br>Johor  | <b>Description:</b><br>A 3-storey corner shophouse<br><br><b>Existing use:</b><br>Pawnshop   | 5 September 1997                | 228                 | 3 years<br>(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)<br>Jalan Maju<br>Taman Maju<br>83000 Batu Pahat<br>Johor          | <b>Description:</b><br>A 3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop                                     | 14 October 1996                 | 174                 | 3 years<br>(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<br>Taman Setia Indah<br>81100 Johor Bahru<br>Johor              | <b>Description:</b> Ground floor of a 3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop                        | 18 October 2006                 | 213                 | 3 years<br>(1 November 2023 to 31 October 2026) | 100.80                  |
| 12. | Landlords E <sup>(1)</sup>                 | PG Nilam            | No. 1, Jalan Anggerik 1<br>Taman Kulai Utama<br>81000 Kulai<br>Johor                    | <b>Description:</b><br>Ground floor of a 3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop                     | 27 July 2002                    | 226                 | 3 years<br>(1 June 2023 to 31 May 2026)         | 105.60                  |
| 13. | Chin Khee Kong & Sons Sdn. Bhd.            | Thye Shing Pawnshop | No. 151 – 152<br>Jalan Rahmat<br>83000 Batu Pahat<br>Johor                              | <b>Description:</b><br>A 3-storey corner shophouse and a 3-storey intermediate shophouse<br><br><b>Existing use:</b><br>Pawnshop | Not applicable <sup>(6)</sup>   | 151                 | 3 years<br>(1 March 2023 to 28 February 2026)   | 96.00                   |
| 14. | Landlord F <sup>(2)</sup>                  | PG Well Chip (1)    | No. 75 (Ground Floor)<br>Jalan Hang Tuah<br>Taman Sri Tiram<br>81800 Ulu Tiram<br>Johor | <b>Description:</b><br>Ground floor of double-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop                  | 15 February 1988                | 130                 | 3 years<br>(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 G <sup>(1)</sup> | PG Well Chip (2) | No. 185, Jalan NB2 2/2 Taman Nusa Bestari 2 79150 Iskandar Puteri Johor   | <b>Description:</b><br>A 3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop                                | 31 December 2002                | 216                 | 3 years<br>(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                    | <b>Description:</b><br>Ground floor of a 4-storey corner shop house<br><br><b>Existing use:</b><br>Pawnshop                 | 21 May 1987                     | 315                 | 3 years<br>(1 May 2023 to 30 April 2026)         | 103.20                  |
| 17. | Landlords H <sup>(1)</sup> | KP Well Chip     | No. 7 & 7A, Batu 7 Jalan Kota Tinggi Taman Pandan 81100 Johor Bahru Johor | <b>Description:</b><br>Ground floor and first floor of a 3-storey corner shop house<br><br><b>Existing use:</b><br>Pawnshop | 30 August 1981                  | 146                 | 3 years<br>(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  | <b>Description:</b><br>First floor of a 3-storey corner shop office<br><br><b>Existing use:</b><br>Administration office    | 17 January 2011                 | 176                 | 3 years<br>(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  | <b>Description:</b><br>Second floor of a 3-storey corner shop office<br><br><b>Existing use:</b><br>Administration office   | 17 January 2011                 | 176                 | 3 years<br>(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 | Well Chip (7) | No. 171, SH-10 Jalan Besar 81500 Pekan Nenas Johor | <b>Description:</b><br>3 storey corner shop house<br><br><b>Intended use:</b><br>Pawnshop            | 10 January 1995                 | 152                 | 3 years (1 April 2023 to 31 March 2026) | 54.00                   |
|     | (ii) Lau Lian @ Lau Chin Lian    |               |  |  |                                 |                     |   |                         |
| 21. | Koh Git Hwa                      | KE Well Chip  | No. 172, SH-9 Jalan Besar 81500 Pekan Nenas Johor  | <b>Description:</b><br>3 storey intermediate shop house<br><br><b>Intended use:</b><br>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  | PG Cahaya Damai | No. 47 Jalan Beladai 18 Taman Puteri Wangsa 81800 Ulu Tiram Johor                      | <b>Description:</b><br>A 3-storey intermediate shop house<br><br><b>Existing use:</b><br>Pawnshop            | 2 May 1997                      | 143                 | 3 years (1 July 2022 to 30 June 2025)        | 48.84                   |
|     | (ii) Poon Foo Wha |                 |  |  |                                 |                     |  |                         |
| 2.  | Great Prompt      | KE Well Chip    | No. 5/5A Jalan Medan Nusa Perintis 6 Taman Nusa Perintis 2 79200 Iskandar Puteri Johor | <b>Description:</b><br>A double storey intermediate shop office<br><br><b>Existing use:</b><br>Retail outlet | 2 October 2000                  | 135                 | 3 years (1 January 2024 to 31 December 2026) | 94.38                   |

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<br>Jalan Medan Nusa Perintis 6<br>Taman Nusa Perintis 2<br>79200 Iskandar Puteri<br>Johor | <b>Description:</b><br>A double-storey intermediate shop office<br><br><b>Existing use:</b><br>Pawnshop | 2 October 2000                  | 135                 | 3 years<br>(1 January 2024 to 31 December 2026)  | 94.38                   |
| 4.  | (i) Yeow Chun Huat<br>(ii) Tang Soo Yen<br>(iii) Yeow En Min<br>(iv) Yeow Shun Kang | PG Well Chip (4)    | No. 1/1A/1B<br>Jalan Perdagangan Damai<br>Taman Nusa Damai<br>81700 Pasir Gudang<br>Johor          | <b>Description:</b><br>3-storey corner shop office<br><br><b>Existing use:</b><br>Pawnshop              | December 1999                   | 279                 | 3 years<br>(1 November 2022 to 31 October 2025)  | 87.60                   |
| 5.  | Ng Hooi Hwang   | PG Well Chip (6)    | No. 12,<br>Jalan Ronggeng 12<br>Taman Skudai Baru<br>81300 Skudai<br>Johor                         | <b>Description:</b><br>3-storey intermediate shop office<br><br><b>Existing use:</b><br>Pawnshop        | 8 June 1986                     | 143                 | 3 years<br>(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<br>(ii) Ng Hooi Lang<br>(iii) Poon Chun Meng<br>(iv) Poon Chun Hoeh<br>(v) Poon Pooi Mern | PG Well Chip (5) | No. 4 & 4A<br>Jalan Bukit Kempas 1/18<br>Taman Bukit Kempas<br>81200 Johor Bahru<br>Johor | <b>Description:</b><br>2-storey intermediate shop house<br><br><b>Existing use:</b><br>Pawnshop | 3 November 1992                 | 298                 | 3 years<br>(1 July 2023 to 30 June 2026)                     | 74.40                   |
| 7.  | Yeo Mooi Huang   | PG Well Chip (5) | No. 6 & 6A<br>Jalan Bukit Kempas 1/18<br>Taman Bukit Kempas<br>81200 Johor Bahru<br>Johor | <b>Description:</b><br>2-storey intermediate shop house<br><br><b>Existing use:</b><br>Pawnshop | Not applicable <sup>(7)</sup>   | 298                 | 3 years<br>(1 July 2023 to 30 June 2026)                     | 74.40                   |
| 8.  | VYN Holdings   | KP Well Chip     | No. 12 & 12A<br>Jalan Sagu 3<br>Taman Daya<br>81100 Johor Bahru<br>Johor                  | <b>Description:</b><br>A double-storey corner shop<br><br><b>Existing use:</b><br>Pawnshop      | 30 September 1992               | 200                 | 3 years and 2 months<br>(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 D, Landlords E, Landlords G and Landlords H 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)**

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- (2) Pursuant to a confidentiality clause(s) contained in the tenancy agreements entered between Landlord C and Landlord F 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, 1A, 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 our 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 our Group.

For the avoidance of doubt, Landlords A – H, 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.

## 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 Personal Data Protection Act 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 23 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<sup>(1)</sup>;
- (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 and further to BNM's AML/CFT Newsletter (Issue 2/2023) issued in September 2023, no DCR will be issued by BNM for the year 2023 to designated non-financial businesses and professions ("**DNFBP**") reporting institutions and as such, no submissions are required to be made by DNFBP reporting institutions.

### (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 CFO/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 CFO/CCC shall be liable on conviction to a fine not exceeding RM250,000 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 CFO/CCC, a partial CFO/CCC or a temporary CFO/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 CFO/CCC or occupation permit (as the case may be), where the requirement of CFO/CCC is applicable. There has been no non-compliance of our Group in relation to the SDBA or the Building By-laws that may have a material adverse impact on our business operations.

### 7.21.2 Pawnbroking services

#### (i) PA 1972 and its regulations

The PA 1972 together with its relevant regulations, including the Pawnbroking Regulations and Pawnbrokers (Compounding of Offences) Regulations 2018, are the principal legislations that govern pawnbroking services in Malaysia.

Section 7(1) of the PA 1972 stipulates that no person can carry on the business as a pawnbroker unless such person is licenced by the 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 the 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 the KPKT may stipulate conditions in the licence that has to be adhered to. Additionally, the 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 the KPKT in relation to our Group's pawnbroking licences.

Section 13A of the PA 1972 provides that every licenced pawnbroker must submit to the 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 the KPKT. Pursuant to Regulation 7 of the Pawnbroking Regulations, such advertising permit is subject to the 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 23 operating pawnshops holds a valid pawnbroking licence and advertising permit as required under the PA 1972. Please refer to **Section 7.18** of this Prospectus for details of our pawnbroking 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 pawnbroking 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 Act 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 pawnbroking 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 10 May 2024 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 actions 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 7 new pawnshops in Johor and Melaka

As at the LPD, we operate a total of 23 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 5 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 7 companies required for the application of the pawnbroking licences for the respective 7 new pawnshops. The new pawnshops' location together with status of the pawnbroking licence applications are as follows:

| No. | Licence holding company | Pawnshop address <sup>(1)</sup>   | Status of pawnbroking licence application | In-principal approval | Renovation | Status of pawnbroking licence |
|-----|-------------------------|---|---|-----------------------|------------|-------------------------------|
| 1.  | Well Chip (7)           | No. 171, SH-10<br>Jalan Besar<br>81500 Pekan Nenas<br>Johor   | Submitted                                 | Not obtained          | -          | -                             |
| 2.  | Well Chip (8)           | (i) No. 297<br>Jalan Alsagoff<br>82000 Pontian<br>Johor <sup>(2)</sup><br>(ii) No. 325<br>Jalan Alsagoff<br>82000 Pontian<br>Johor <sup>(2)</sup> | Submitted                                 | Not obtained          | -          | -                             |
| 3.  | Well Chip (9)           | -   | Submitted                                 | Not obtained          | -          | -                             |
| 4.  | Well Chip (10)          | -   | Submitted                                 | Not obtained          | -          | -                             |
| 5.  | Well Chip (11)          | -   | Submitted                                 | Not obtained          | -          | -                             |
| 6.  | Well Chip (12)          | -   | Submitted                                 | Not obtained          | -          | -                             |
| 7.  | Well Chip (13)          | -   | Submitted                                 | Not obtained          | -          | -                             |

## 7. BUSINESS OVERVIEW (Cont'd)

### Notes:

- (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.
- (2) Well Chip (8) (as tenant) has entered into 2 tenancy agreements in respect of the premises known as: (i) No. 297, Jalan Alsagoff, 82000 Pontian, Johor with Sinam Resources Sdn. Bhd. ("**SRSB**") (commencing from 1 January 2024 to 31 December 2026); and (ii) No. 325, Jalan Alsagoff, 82000 Pontian, Johor with Wong Soon Chyi ("**WSC**") (commencing from 1 November 2023 to 31 October 2026) respectively, which are adjacent to one another.

Pursuant to the tenancy agreement dated 25 September 2023 and 1 November 2023 entered into between SRSB and Well Chip (8) and between WSC and Well Chip (8) respectively (collectively "**Tenancies**"), SRSB and WSC shall each at their own cost and expense procure and obtain the CCC(s) for the entire premises, and such CCC(s) shall be obtained on or before 1 June 2024 or any other date as may be mutually agreed in writing between each SRSB and WSC with Well Chip (8) ("**Conditional Period**"). In the event that the CCC is not obtained within the Conditional Period not attributed to the fault of any party, and Well Chip (8) is not agreeable to any further extension to the Conditional Period, then Well Chip (8) may terminate the Tenancies by notice in writing to SRSB and/or WSC and all deposits paid shall be refunded in full to Well Chip (8). Well Chip (8) has agreed with each SRSB and WSC that the Conditional Period shall be extended for a further period of 3 months from 1 June 2024 up to 31 August 2024.

For avoidance of doubt, as at the LPD, Well Chip (8) is not occupying, and has not commenced any renovations within the premises. As at the LPD, an architect has been appointed for purposes of applications for the CCC(s) of the abovementioned premises, and the architect is in the midst of preparing the necessary documents, such as the building plans for the submission of the application.

As at the LPD, the exact locations of the new pawnshops are subject to the approval by KPKT.

The total costs for the expansion of 7 new pawnshops in Johor and Melaka are estimated to be RM40.65 million, comprising:

- (i) Total estimated initial set up costs of RM4.55 million. The initial set up costs for each of the new pawnshops are estimated to be RM0.65 million. Save for the initial set up costs for Well Chip (7) of RM0.65 million which will be funded via internally generated funds of our Group, the initial set up costs of RM3.90 million for the remaining 6 new pawnshops will be funded via proceeds from the Public Issue; and
- (ii) Total Cash Capital of RM36.10 million. The Cash Capital to be allocated for each new pawnshop is between RM4.00 million and RM5.35 million. 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 7 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. BUSINESS OVERVIEW (Cont'd)**

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### **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 23 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.

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.

**8. INDUSTRY OVERVIEW**

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**Protégé**  
 ASSOCIATES

BRAND | FINANCE | MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Well Chip Group Berhad for the purpose of the IPO.

Date: 05 June 2024

The Board of Directors  
 Well Chip Group Berhad,  
 No. 23-01 & 23-02,  
 Jalan Harmonium 35/3,  
 Taman Desa Tebrau,  
 81100 Johor Bahru

Dear Sirs/Madams,

**Independent Market Research Report on the Pawnbroking Industry in Malaysia and an Overview of the Gold and Jewellery Market ("IMR Report")**

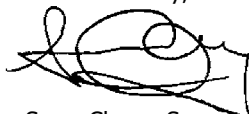
Protégé Associates Sdn. Bhd. ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of Well Chip Group Berhad ("**Well Chip**" or the "**Company**") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

We have been engaged to provide an independent market research of the abovementioned industry in which Well Chip and its subsidiaries ("**Well Chip Group**", or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.

Yours sincerely,



Seow Cheow Seng  
 Managing Director

***About Protégé Associates Sdn. Bhd.***

*Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.*

***Profile of signing partner, Seow Cheow Seng***

*Seow Cheow Seng is the Managing Director of Protégé Associates. He has 24 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.*

**8. INDUSTRY OVERVIEW (Cont'd)**

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The research for this IMR Report was completed in May 2024.

For further information, please contact:

**Protégé Associates Sdn. Bhd.**

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2 Jalan Kiara, Mont' Kiara,  
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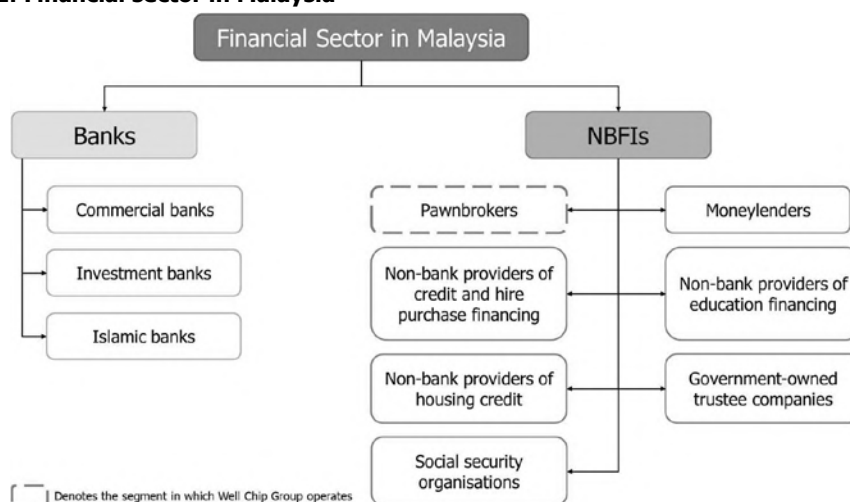
## 8. INDUSTRY OVERVIEW (Cont'd)



### 1.0 Overview of the Pawnbroking Industry in Malaysia

The financial sector in Malaysia comprises banks and non-bank financial institutions (“**NBFIs**”) that provide a variety of financial services, which include, amongst others, management of money and assets as well as provision of loans and investment products to the public. Banks comprise commercial banks, investment banks, and Islamic banks while NBFIs comprise, amongst others, pawnbrokers, moneylenders, non-bank providers of credit and hire purchase financing, non-bank providers of education financing, non-bank providers of housing credit, government-owned trustee companies, and social security organisations.

**Figure 1: Financial sector in Malaysia**



Source: Bank Negara Malaysia (“**BNM**”)

Banks are regulated by BNM while NBFIs are regulated by other authorities such as government ministries, the Malaysia Co-operative Societies Commission, the Securities Commission Malaysia, and the Ministry of Local Government Development otherwise known as the *Kementerian Perumahan dan Kerajaan Tempatan* (“**KPKT**”).

Pawnbroking service is a form of micro-financing extended by pawnbrokers in the form of pawn loans, which are short-term collateralised loans. Pawnbroking service in Malaysia is governed by KPKT and regulated under the Pawnbrokers Act 1972 (“**PA 1972**”). Customers of pawnbrokers are individuals seeking loans that are part of the financially unserved or underserved population or are unable to obtain loans from banks or other NBFIs. Customers seeking pawnbroking services must be aged 18 and above. Customers generally pledge valuable goods such as gold jewellery, minted gold bars, or luxury items such as branded watches and gems as collateral for their pawn loans.

The PA 1972 sets out the regulations for all licensed pawnbrokers operating in Malaysia, which include amongst others, the prescribed interest rate, administrative fees chargeable to pawnbroking customers, and the administrative procedures related to unredeemed pledged items. According to the PA 1972 and Pawnbrokers (Control and Licensing) Regulations 2004, a pawnbroker may offer:

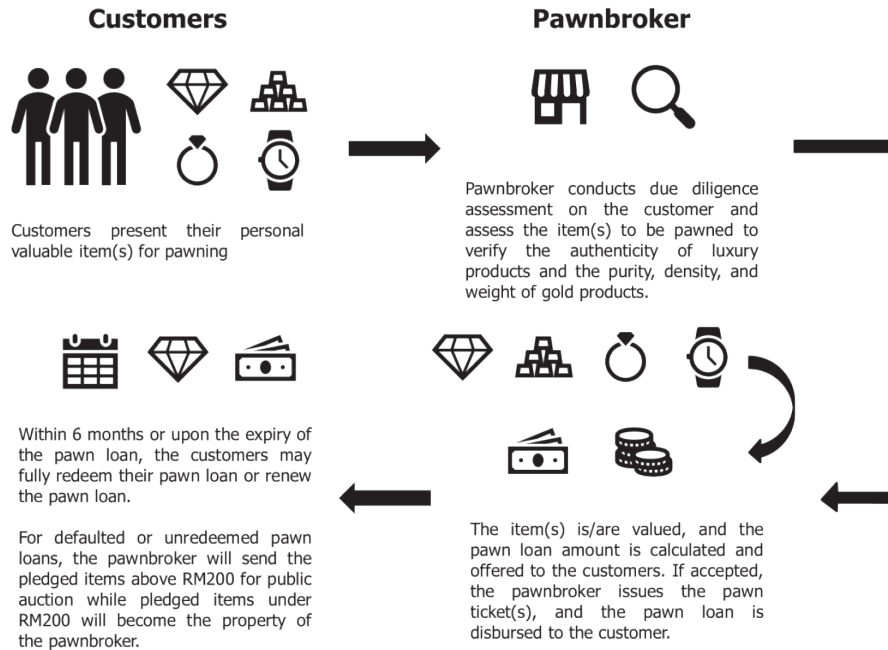
- (i) a maximum pawn loan amount of RM10,000 for each pawn ticket issued, and each pawn loan offered can comprise one or more pledges. Nevertheless, as clarified by the notice issued by the KPKT dated 22 November 2023, a pawnbroker may offer a maximum pawn loan amount of RM500,000 for each pawn ticket issued, and each pawn loan offered may comprise one or more pledges;
- (ii) maximum monthly interest of 2.0% on the pawn loan amount over a pawn loan period of 6 months; and
- (iii) maximum one-off administrative fee of RM0.50 for issuance of pawn tickets for pawn loans amounting to more than RM10.00.

8. INDUSTRY OVERVIEW (Cont'd)



The figure below depicts the general steps involved in a pawn loan transaction:

**Figure 2: Illustration of a pawn loan transaction**



In addition to conventional pawnbroking services, Ar-Rahnu services (Islamic pawnbroking services that comply with Shariah principles) are also provided in Malaysia. Like conventional pawnbroking services, an individual is provided with a loan in exchange for pledging valuable item(s). However, individuals are only allowed to pawn gold jewellery (without precious stones), gold coins, and gold wafers. Instead of charging interest on the loan, Ar-Rahnu service providers will charge the individuals either a service fee or a profit fee for the safekeeping of the valuable item(s). If the loan amount is not repaid within the agreed period, the Ar-Rahnu service providers have the right to seize and auction the pledged valuable item(s). In Malaysia, Ar-Rahnu services are provided by banks and NBFIs such as state-linked companies and cooperatives. Banks offering Ar-Rahnu services are governed by BNM under the Islamic Financial Services Act 2013. State-linked companies are governed by their respective state governments while cooperatives are governed by the Malaysia Co-operative Societies Commission under the Co-operative Societies Act 1993. As Ar-Rahnu services do not use the principle of interest (*riba*), Ar-Rahnu is Shariah-compliant. Thus, Ar-Rahnu services represent an alternative option to conventional pawnbroking for Muslim individuals who prefer to use financial services that are structured in accordance with Shariah principles.

**2.0 Historical Market Performance and Growth Forecast**

Protégé Associates has provided the historical performance and growth forecast of the pawnbroking industry in Malaysia based on a combination of resources, including the data from the KPKT and the annual reports of public listed pawnbroking companies. Data is also gathered from further secondary and primary research works conducted. Searches on private pawnbroking companies are also conducted with the Companies Commission of Malaysia to gather more disclosures on their business performance. Primary research works are conducted with stakeholders in the local pawnbroking industry to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the pawnbroking industry in Malaysia.

**Figure 3: Historical Size (Revenue) and Growth Forecast for the Pawnbroking Industry in Malaysia, 2020-2028**

| Year | Size (RM billion) | Growth Rate (%) |
|------|-------------------|-----------------|
| 2020 | 1.82              | -               |
| 2021 | 2.22              | 21.3            |
| 2022 | 2.47              | 21.9            |



**8. INDUSTRY OVERVIEW (Cont'd)**

| Year  | Size (RM billion) | Growth Rate (%) |
|-------|-------------------|-----------------|
| 2023  | 3.09              | 25.0            |
| 2024f | 3.55              | 15.0            |
| 2025f | 3.98              | 12.0            |
| 2026f | 4.41              | 11.0            |
| 2027f | 4.86              | 10.0            |
| 2028f | 5.29              | 9.0             |

Notes:

f denotes forecast

Compound annual growth rate ("CAGR") (2024-2028) (base year of 2023) = 11.4%

Source: Protégé Associates

Due to the COVID-19 pandemic and subsequent lockdown measures implemented by the Malaysian government, non-essential businesses were required to temporarily close and suspend their operations. As a result, Malaysia's average household income decreased, as businesses responded to the pandemic's uncertainties by implementing cost-saving measures such as retrenchments and salary reductions. The adverse impact on individuals' incomes may have prompted them to utilise pawnbroking services to access funds in a time-efficient manner to support their financial needs. As a result, the pawnbroking industry in Malaysia continued to perform positively between 2020 and 2022. The Malaysian pawnbroking industry again registered strong growth in 2023 amidst uncertain economic conditions caused by weaker global economic growth and geopolitical tensions, as well as an increasing trend in gold prices.

Moving forward, the Malaysian pawnbroking industry is forecasted to expand at a CAGR of 11.4% from RM3.55 billion in 2024 to RM5.29 billion in 2028. Growth of the industry is expected to be driven by demand from individuals that need immediate financing and from the unserved population who do not have a bank account; uncertain economic conditions caused by weaker global economic growth, geopolitical conflict, higher inflation rate, and tightening of financial conditions; and growing number of active licenced pawnbrokers, which improves the availability and accessibility to pawnbroking services.

On the other hand, growth of the Malaysian pawnbroking industry may be affected by factors such as the availability of alternate financing services, the regulations governing the industry, and the capital requirements required for pawnbroking business.

### **3.0 Competitive Analysis**

#### **3.1 Competitive Landscape**

According to the KPKT, there were 728 active licenced pawnbrokers in Malaysia in 2021. The number of active licenced pawnbrokers in Malaysia has increased at a CAGR of 7.1% from 516 active licenced pawnbrokers in 2017 to 728 active licenced pawnbrokers in 2021. With 212 active licenced pawnbrokers, Selangor had the highest number of active licenced pawnbrokers in 2021. This was followed by Johor (103) and Kuala Lumpur (77) with the second and third highest number of active licenced pawnbrokers respectively. The number of active licenced pawnbrokers in Malaysia further increased to 805 active licenced pawnbrokers in 2022. The states with the top three highest number of active licenced pawnbrokers in 2022 were Selangor (234), Johor (130), and Kuala Lumpur (82).

#### **3.2 Industry Players Analysis**

For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with Well Chip Group:

- own and/or operate 3 or more licensed pawnbroking outlets in Johor; and/or
- industry players that are publicly listed in Malaysia or are wholly-owned subsidiaries of public listed companies in Singapore.

It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. The list of industry players only serves as a reference for readers.

## 8. INDUSTRY OVERVIEW (Cont'd)



Figure 4: Comparison between Well Chip Group and Selected Industry Players

| Company  | Information from FYE | Revenue (RM'000)       | Gross Profit/(Loss) (RM'000) | Profit/(Loss) before Tax (RM'000) | Profit/(Loss) after Tax (RM'000) | Gross Profit/(Loss) Margin <sup>1</sup> (%) | Profit/(Loss) before Tax Margin <sup>2</sup> (%) | Profit/(Loss) after Tax Margin <sup>3</sup> (%) | Gearing ratio <sup>(7)</sup> |
|--|----------------------|------------------------|------------------------------|-----------------------------------|----------------------------------|---|--|---|------------------------------|
| Well Chip Group  | 31 December 2023     | 203,675 <sup>(a)</sup> | 77,432                       | 49,993                            | 35,321                           | 38.0  | 24.5   | 17.3  | 1.32                         |
| Evergreen Max Cash Capital Berhad("EMCC Berhad") <sup>4</sup>  | 31 December 2023     | 97,524 <sup>(b)</sup>  | 32,523                       | 22,055                            | 15,819                           | 33.3  | 22.6   | 16.2  | 0.22                         |
| Pappajack Berhad <sup>4</sup>                                  | 31 December 2023     | 109,419 <sup>(c)</sup> | 37,427                       | 28,356                            | 20,007                           | 34.2  | 25.9   | 18.3  | 0.12                         |
| <b>Aspial Lifestyle Limited Group of Companies<sup>5</sup></b> |                      |                        |                              |                                   |                                  |   |  |   |                              |
| Maxi Cash (S1) Sdn. Bhd.                                       | 31 December 2022     | 1,894 <sup>(d)</sup>   | 1,011                        | 52                                | 42                               | 53.4  | 2.8  | 2.2   | 1.78                         |
| Maxi Cash (S2) Sdn. Bhd.                                       | 31 December 2022     | 1,841 <sup>(d)</sup>   | 1,063                        | 277                               | 193                              | 57.7  | 15.1   | 10.5  | 1.15                         |
| Maxi Cash (S3) Sdn. Bhd.                                       | 31 December 2022     | 1,368 <sup>(d)</sup>   | 651                          | -187                              | -189                             | 47.6  | -13.6  | -13.8   | 1.08                         |
| <b>MoneyMax Group of Companies<sup>6</sup></b>                 |                      |                        |                              |                                   |                                  |   |  |   |                              |
| Pajak Gadai MoneyMax (Bandar Baru Uda) Sdn. Bhd.               | 31 December 2022     | 376 <sup>(e)</sup>     | N/A                          | 76                                | 76                               | N/A   | 20.2   | 20.2  | 2.06                         |
| Pajak Gadai MoneyMax (Batu Pahat) Sdn. Bhd.                    | 31 December 2022     | 9 <sup>(f)</sup>       | N/A                          | -60                               | -60                              | N/A   | -689.9   | -689.9  | 0.19                         |
| Pajak Gadai MoneyMax (Kluang) Sdn. Bhd.                        | 31 December 2022     | 13 <sup>(f)</sup>      | N/A                          | -80                               | -80                              | N/A   | -597.8   | -597.8  | 0.22                         |
| Pajak Gadai MoneyMax (Kulai) Sdn. Bhd.                         | 31 December 2022     | 40 <sup>(f)</sup>      | N/A                          | -62                               | -62                              | N/A   | -153.5   | -153.5  | 0.43                         |
| Pajak Gadai MoneyMax (Larkin) Sdn. Bhd.                        | 31 December 2022     | 207 <sup>(e)</sup>     | N/A                          | -58                               | -58                              | N/A   | -27.9  | -27.9   | 1.28                         |
| Pajak Gadai MoneyMax (Masai) Sdn. Bhd.                         | 31 December 2022     | 204 <sup>(f)</sup>     | N/A                          | -61                               | -61                              | N/A   | -29.8  | -29.8   | 1.13                         |
| Pajak Gadai MoneyMax (Pandan1) Sdn. Bhd.                       | 31 December 2022     | - <sup>(g)</sup>       | N/A                          | -18                               | -18                              | N/A   | N/A  | N/A   | N/A                          |
| Pajak Gadai MoneyMax (Senai) Sdn. Bhd.                         | 31 December 2022     | 10 <sup>(f)</sup>      | N/A                          | -72                               | -72                              | N/A   | -693.5   | -693.5  | 0.25                         |
| Pajak Gadai MoneyMax (Seri Orkid) Sdn. Bhd.                    | 31 December 2022     | - <sup>(g)</sup>       | N/A                          | -49                               | -49                              | N/A   | N/A  | N/A   | N/A                          |
| Pajak Gadai MoneyMax (Skudai) Sdn. Bhd.                        | 31 December 2022     | - <sup>(g)</sup>       | N/A                          | -35                               | -35                              | N/A   | N/A  | N/A   | N/A                          |
| Pajak Gadai MoneyMax (Taman Daya Sagu) Sdn. Bhd.               | 31 December 2022     | 100 <sup>(f)</sup>     | N/A                          | -94                               | -94                              | N/A   | -93.5  | -93.5   | 0.61                         |
| Pajak Gadai MoneyMax (Taman Daya) Sdn. Bhd.                    | 31 December 2022     | 199 <sup>(f)</sup>     | N/A                          | -158                              | -158                             | N/A   | -79.5  | -79.5   | 4.78                         |
| Pajak Gadai MoneyMax (Tun Aminah) Sdn. Bhd.                    | 31 December 2022     | - <sup>(g)</sup>       | N/A                          | -109                              | -109                             | N/A   | N/A  | N/A   | N/A                          |
| <b>Maxwynn Group of Companies</b>                              |                      |                        |                              |                                   |                                  |   |  |   |                              |
| Pajak Gadai Max Wynn Holdings Sdn. Bhd.                        | 31 December 2022     | 52,448 <sup>(h)</sup>  | 4,772                        | 2,776                             | 2,081                            | 9.1   | 5.3  | 4.0   | 1.64                         |
| Pajak Gadai MGS Sdn. Bhd. <sup>(8)</sup>                       | 30 June 2022         | 8,600 <sup>(h)</sup>   | 597                          | 143                               | 116                              | 6.9   | 1.7  | 1.3   | 0.25                         |
| Pajak Gadai GWS Sdn. Bhd.                                      | 30 June 2023         | 9,934 <sup>(h)</sup>   | 881                          | 324                               | 223                              | 8.9   | 3.3  | 2.2   | 0.40                         |
| Pajak Gadai Thye Long Hup Kee Sdn. Bhd.                        | 31 December 2022     | 40,649                 | 3,227                        | 1,615                             | 1,238                            | 7.9   | 4.0  | 3.0   | 4.15                         |
| Pajak Gadai Maxwynn (B.Indah) Sdn. Bhd.                        | 31 December 2022     | 2,009                  | 127                          | -249                              | -262                             | 6.3   | -12.4  | -13.0   | 0.24                         |

## 8. INDUSTRY OVERVIEW (Cont'd)



| Company                                   | Information from FYE | Revenue (RM'000)     | Gross Profit/(Loss) (RM'000) | Profit/(Loss) before Tax (RM'000) | Profit/(Loss) after Tax (RM'000) | Gross Profit/(Loss) Margin <sup>1</sup> (%) | Profit/(Loss) before Tax Margin <sup>2</sup> (%) | Profit/(Loss) after Tax Margin <sup>3</sup> (%) | Gearing ratio <sup>(7)</sup> |
|---|----------------------|----------------------|------------------------------|-----------------------------------|----------------------------------|---|--|---|------------------------------|
| Pajak Gadai Maxwynn (T.Daya) Sdn. Bhd.    | 31 December 2022     | -(g)                 | N/A                          | -403                              | -409                             | N/A   | N/A  | N/A   | 0.16                         |
| Pajak Gadai Maxwynn (P. Gudang) Sdn. Bhd. | 31 December 2022     | 2,084 <sup>(i)</sup> | 190                          | -130                              | -135                             | 9.1   | -6.2   | -6.5  | N/A                          |
| Pajak Gadai Maxwynn (Kluang) Sdn. Bhd.    | 31 December 2022     | -(g)                 | -145                         | -159                              | -14                              | N/A   | N/A  | N/A   | N/A                          |
| Pajak Gadai Maxwynn (BP) Sdn. Bhd.        | 31 December 2022     | 524 <sup>(i)</sup>   | 51                           | -262                              | -262                             | 9.7   | -50.0  | -50.0   | N/A                          |

## Notes:

- Gross Profit/(Loss) Margin = Gross Profit/(Loss) / Revenue
  - Profit/(Loss) before Tax Margin = Profit/(Loss) before Tax / Revenue
  - Profit/(Loss) after Tax Margin = Profit/(Loss) after Tax / Revenue
  - EMCC Berhad and Pappajack Berhad are listed on the ACE Market of Bursa Malaysia Securities Berhad.
  - Aspial Lifestyle Limited (formerly known as Maxi Cash Financial Services Corporation Ltd), a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited with a total turnover revenue of 471.6 million Singapore Dollars ("SGD") in 2023, of which SGD21.0 million (approximately RM75.1 million, based on the average exchange rate of SGD1 = RM3.3982 as published by BNM from 3 January 2023 to 29 December 2023) was contributed by revenue from subsidiaries in Malaysia (12 subsidiaries), Hong Kong (3 subsidiaries), and Australia (3 subsidiaries). Presented are wholly-owned subsidiaries of Aspial Lifestyle Limited (formerly known as Maxi Cash Financial Services Corporation Ltd) that are operating in Johor Bahru only.
  - MoneyMax Financial Services Ltd, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited, with a total turnover revenue of SGD285.7 million in 2023, of which SGD31.8 million (approximately RM108.1 million, based on the average exchange rate of SGD1 = RM3.3982 as published by BNM from 3 January 2023 to 29 December 2023) was contributed by revenue from subsidiaries in Malaysia (72 subsidiaries). Presented are wholly-owned subsidiaries of MoneyMax Financial Services Ltd, that are operating in Johor Bahru only.
  - Computed as total loans and borrowings (including other payables such as amount due to related parties, directors, and holding companies) divided by total equity.
  - An exempt private company in 2023 and its financial information for the FYE 31 December 2023 was not available with the Companies Commission of Malaysia. An exempt private company may lodge for each financial year a certificate relating to its status as an exempt private company to the Companies Commission of Malaysia in lieu of its financial statements.
- (a) Revenue comprises interest income and administrative fees for pawnbroking services as well as retail sales of jewellery and gold, and sales of scrap gold.
- (b) Revenue comprises interest income and administrative fees for pawnbroking services as well as retail sales of unredeemed pledges, pre-owned gold products, and new gold products.
- (c) Revenue comprises interest income and administrative fees for pawnbroking services as well as sale of unredeemed or bid pledges.
- (d) Revenue comprises sale of jewellery and interest income from pawnbroking services.
- (e) Revenue comprises interest income.
- (f) Revenue comprises revenue from contracts with customers.
- (g) The company has not commenced business operations during the financial period.
- (h) Revenue comprises revenue from and interest earned on redeemed pledges, sales of and interest accrued on unredeemed pledges, as well as pledge redemption fee.
- (i) Revenue comprises revenue from and interest earned on redeemed pledges, interest accrued on unredeemed pledges, as well as pledge redemption fee.

Source: Well Chip, Companies Commission of Malaysia, annual reports of Pappajack Berhad, Maxi Cash Financial Services Corporation Ltd, and MoneyMax Financial Services Ltd, Prospectus of Evergreen Max Cash Capital Berhad, and Protégé Associates

## 3.3 Estimated Market Share

Based on the total estimated market size (computed based on the revenues of pawnbroking players in the country) of the pawnbroking industry in Malaysia of RM3.09 billion in 2023 (Source: Protégé Associates), Well Chip Group's revenue of RM203.68 million for FYE 31 December 2023 represents a 6.6% market share of the pawnbroking industry in Malaysia in 2023.

Protégé Associates estimated the size of the pawnbroking industry in Johor in 2023 based on the industry players' revenue to be RM564.8 million. Accordingly, Well Chip Group's revenue of RM203.68 million for FYE 31 December 2023 represents a 36.1% market share of the pawnbroking industry in Johor in 2023.

8. **INDUSTRY OVERVIEW (Cont'd)****4.0 Demand Conditions****Figure 8: Demand Conditions Affecting the Pawnbroking Industry in Malaysia, 2024-2028**

| Impact | Demand Conditions   | Short-Term | Medium-Term | Long-Term |
|--------|---|------------|-------------|-----------|
|        |   | 2024-2025  | 2026-2027   | 2028      |
| +      | Pawnbroking services provide immediate access to funds                                    | High       | High        | High      |
| +      | Pawnbroking services provide financing services to the unserved or underserved population | High       | High        | High      |
| +      | Uncertain economic conditions   | High       | Medium      | Medium    |
| -      | Availability of alternative financing services  | Medium     | Medium      | Medium    |

Source: Protégé Associates

**Pawnbroking services provide immediate access to funds**

Demand for pawnbroking services in Malaysia is likely to arise from the ability of pawnbrokers to provide customers with immediate access to funds. Conventional financial institutions like banks offer financing to customers but approval of financing is subject to time-consuming stringent checks and a thorough application process which is dependent on factors such as the customer's credit score rating, income information, and background checks. Customers who are unable to meet the requisite requirements may only be offered a part of the financing or none. Thus, customers with poor credit score ratings or without proof of income would find it difficult to obtain timely financing from conventional financial institutions such as banks. In general, pawnbrokers' due diligence on customers are not as stringent compared to conventional financial institutions. Additionally, pawn loans can be processed and disbursed on immediate basis upon verification or within the same day. As such, loans provided by pawnbroking services are alternative source of immediate financing solutions to borrowers.

**Pawnbroking services provide financing services to the unserved population**

The pawnbroking industry in Malaysia is also expected to be driven by demand from the country's unserved population. The unserved population refers to the adult population that do not have a bank account to deposit or withdraw money. The BNM estimates that 5% of the adult population was unserved in 2020. The World Bank estimates that 11.6% of Malaysian individuals aged 15 years and above were unserved in 2021. Without a bank account, an individual would have difficulty in showing track record of their income or be able to obtain a credit score rating, which would make it difficult to meet the stringent requirements to obtain financing from conventional financial institutions. Pawnbrokers provide an alternative financing method for such customers to obtain financing as they only need to provide proof of identity and the valuable item(s) to be pawned.

**Uncertain Economic Conditions**

Uncertain economic conditions are likely to drive the demand for pawnbroking services. The onset of the COVID-19 pandemic and subsequent slowdown in global economic activities had led to a contraction of world output by 3.1% in 2020 before rebounding to register a growth of 6.3% in 2021. The recovery trend continued in 2022, with global output growing by 3.5% during the year. Global output moderated and registered a growth of 3.1% in 2023. Global output is projected to continue expanding, albeit at a modest pace, at 3.2% in 2024 and 2025. In Malaysia, the gross domestic product ("GDP") contracted by 5.6% in 2020 before rebounding to register growth of 3.1% in 2021 and a growth of 8.7% in 2022. Malaysia's GDP expanded by 3.7% in 2023, moderating from the previous year. While BNM expects the Malaysian economy to continue growing at a rate of 4.0% - 5.0% in 2024, growth of the Malaysian economy in short-term is likely to be affected by downside risks such as weaker global growth, escalating geopolitical conflict, higher inflation rate, and tightening of financial conditions. Weaker economic growth and a high inflation environment may lead to a decrease in income and a decrease in consumer spending power. Individuals who have experienced a negative impact on their income and require additional funds may then utilise pawnbroking services to obtain immediate funds to sustain themselves.

**Availability of alternative financing services**

Demand for pawnbroking services in Malaysia may be affected by the availability of alternative sources of financing. As discussed above, customers may opt for loans from conventional financial institutions like banks if they have a good credit score rating, proof of steady income, or do not require funds on an immediate basis. Although these sources of financing may not be a like-for-like substitute for the immediate secured financing obtained through pawn loans, they represent an alternative to pawn loans that may lead to a decrease in demand for pawnbroking services. Additionally, Muslim individuals may opt

## 8. INDUSTRY OVERVIEW (Cont'd)



for Ar-Rahnu services, a Shariah-compliant form of pawnbroking, which may also affect demand for conventional pawnbroking services.

### 5.0 Supply Conditions

**Figure 5: Supply Conditions Affecting the Pawnbroking Industry in Malaysia, 2024-2028**

| Impact | Supply Conditions   | Short-Term | Medium-Term | Long-Term |
|--------|---|------------|-------------|-----------|
|        |   | 2024-2025  | 2026-2027   | 2028      |
| +      | Increasing number of active licenced pawnbrokers            | High       | High        | High      |
| -      | Regulations that govern the pawnbroking industry            | Low        | Low         | Low       |
| -      | High capital requirements to carry out pawnbroking services | Low        | Low         | Low       |

Source: Protégé Associates

#### **Increasing number of active licenced pawnbrokers**

The pawnbroking industry in Malaysia is expected to be supported by the number of active licenced pawnbrokers in the country. As seen in Section 4.1, the number of active licenced pawnbrokers in Malaysia has increased at a CAGR of 7.1% from 516 active licenced pawnbrokers in 2017 to 728 active licenced pawnbrokers in 2021. The number of active licenced pawnbrokers in Malaysia further increased to 805 active licenced pawnbrokers in 2022. The availability of pawnbrokers in Malaysia will enable the public to access pawnbroking services easily. There is also potential for new pawnbroking outlets to be established in states where there are fewer active licenced pawnbrokers.

#### **Regulations that govern the pawnbroking industry**

Pawnbrokers are regulated under the PA 1972 which sets out, amongst others, the maximum prescribed interest rate, administrative fees chargeable to pawnbroking customers, and the administrative procedures related to unredeemed pledged items. In the event that changes to the regulations result in a lower maximum prescribed interest rate, pawnbrokers may experience an adverse effect on their profitability which may result in pawnbrokers ceasing operations or reconsidering their expansion plans to establish new pawnshops or may dissuade new entrants from entering the industry. Furthermore, in the event that changes to the regulations result in additional compliance requirements or stricter standards, incumbent industry players may not be able to comply with the new requirements, leading to a decrease in number of pawnbrokers in the country.

Nevertheless, larger industry players with greater capital resources may not be affected by the aforementioned changes in regulations governing the pawnbroking industry. Larger industry players with greater capital resources may be able to adjust to lower maximum interest rates by adjusting their business model to remain profitable. Similarly, they may be able to invest in the necessary infrastructure or to comply with the additional compliance requirements or stricter standards due to changes in the PA 1972. Whilst changes in the PA 1972 may increase the barrier to entry to the pawnbroking industry, it may provide opportunities for incumbent industry players to solidify their position in the market and expand their operations, thus leading to a growth in the local pawnbroking industry.

#### **High capital requirements to carry out pawnbroking services**

The growth of Malaysian pawnbroking industry may be constrained by the high capital requirements to undertake pawnbroking services. Pawnbrokers are required to have high cash capital in order to disburse pawn loans to their customers in exchange for valuable items such as gold jewellery, minted gold bars, or luxury items such as branded watches and gems. Limited cash capital will affect the pawnbroker's ability to scale up its operations and may adversely affect the growth of the industry. Additionally, high cash capital requirements may deter new entrants into the industry which would also negatively affect the potential for the industry to expand. On the other hand, the high capital requirements deterring new entrants into the industry may be advantageous for incumbent industry players who are then able to strengthen their position in the market and further expand their operations.

### **6.0 Prospect and Outlook of the Pawnbroking Industry in Malaysia**

The outlook of the pawnbroking industry in Malaysia is expected to be positive during the forecast period. Growth is expected to be supported by continued demand for pawnbroking services and a trend of growing number of active licenced pawnbrokers. Pawnbrokers are able to offer individuals financing without the checks on their credit score rating, or income information, which are usually required by banks when

**8. INDUSTRY OVERVIEW (Cont'd)**



applying for loans. Pawn loans can also be disbursed on immediate basis upon verification or within the same day, making pawnbrokers a swift financing option. As such, pawnbroking services will likely continue to be in demand as a source of immediate financing. Additionally, demand is expected to also be driven by the unserved population. Without a bank account and proof of income or a credit score, the unserved are unlikely to be able to obtain a loan from banks, which may encourage them to approach pawnbrokers for their financing needs. The pawnbroking industry in Malaysia is also likely to benefit from the uncertain economic conditions caused by the COVID-19 pandemic, geopolitical conflict, weaker global economic growth, and inflationary environment. As a weaker economic growth and inflationary environment may lead to lower income and spending power, individuals may choose to utilise pawnbroking services to finance their needs. The local pawnbroking industry is also expected to be supported by a growing number of active licenced pawnbrokers in the country as a larger number of pawnbrokers will likely improve the availability and accessibility to pawnbroking services.

Conversely, the local pawnbroking industry may be affected by the availability of other forms of financing such as financing from banks or through unsecured loans. While such options do not represent a like-for-like alternative to pawnbroking services, they are considered alternative financing options that may reduce the demand for pawnbroking services. Muslim individuals who prefer to use financial services that are structured in accordance with Shariah principles may opt for Ar-Rahnu services rather than conventional pawnbroking. The industry may also be constrained by the regulations that govern the industry. Adverse changes to regulations may see incumbent industry players leaving the industry or new entrants deterred from joining the industry. The high capital requirements may also deter new entrants from joining the industry, thus affecting the industry's ability to expand. While changes to the regulations and high capital requirements may deter new entrants from joining the industry and limiting growth of the industry in the future, the aforementioned factors may allow incumbent industry players with sufficient capital resources and experience to strengthen their position in the industry. This may lead to expansion of their operations and a general growth in the local pawnbroking industry.

Overall, the Malaysian pawnbroking industry is expected to be resilient during the forecast period. The industry is forecast to expand at a CAGR of 11.4% from RM3.09 billion in 2023 to RM5.29 billion in 2028.

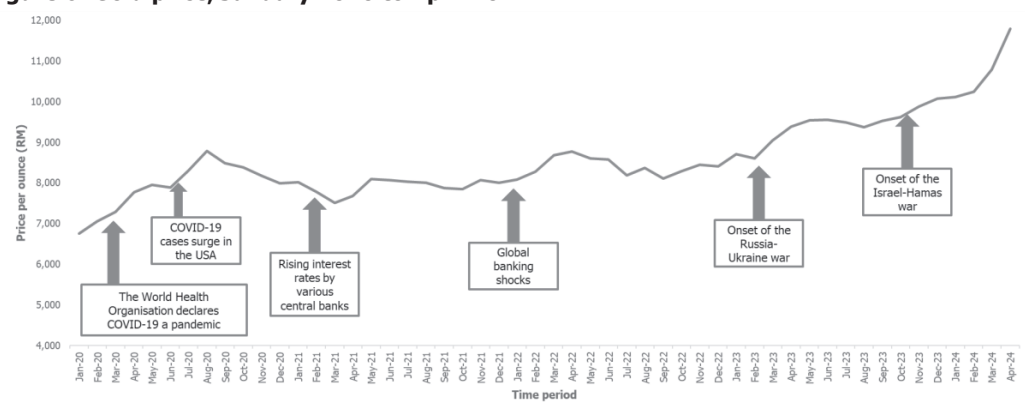
**7.0 Overview of the Gold and Jewellery Market**

Gold is a rare and precious metal that has a range of properties such as good electrical conductivity, resistance to corrosion, does not tarnish easily, and a brilliant lustre. As such, gold is widely used, including as a raw material for manufacturing electronics and industrial products, jewellery or for investment.

**7.1 Gold Price Trend**

Gold can be a type of investment, generally in the form of gold coins, gold bullions, gold bars, or minted gold bars. Gold is a commodity and as such is subject to fluctuations in global prices as a result of supply and demand conditions, inflation, and the global economic situation. The figure below shows the price of gold per ounce from January 2020 to April 2024. Gold price had increased from approximately RM6,748 per ounce in January 2020 to approximately RM11,790 per ounce in April 2024.

**Figure 6: Gold price, January 2020 to April 2024**



Source: BNM



## 8. INDUSTRY OVERVIEW (Cont'd)



*Note: Gold prices were taken from the selling price of 1 ounce of Kijang Emas, which is the Malaysian gold bullion coin*

The onset of the COVID-19 pandemic in early 2020 led to economic uncertainty and governments around the world responded by establishing decisive fiscal and monetary policies to support their economies. The uncertainty in the economy saw the United States Dollar (“USD”) and stock markets around the world weaken, leading to investors investing into gold. According to the World Gold Council, demand for gold from investments surged by 39.7% from 1,269.2 tonnes in 2019 to 1,773.2 tonnes in 2020. The significant rise in demand for gold from investments together with the weakness of the USD and ongoing trade tensions between the United States of America (“USA”) and the People’s Republic of China (“PRC”) contributed further to the rising price of gold especially in the first half of 2020.

In the second half of 2020, gold prices fell from its mid-year high. Countries began to control the spread of COVID-19 more effectively, global stock markets had begun to recover and perform well, and the news of COVID-19 vaccines prompted positive views for the global economy, which all contributed to the decrease in gold prices in the second half of 2020. In 2021, gold prices dipped slightly in the early months of the year before rising and remaining around the RM8,000 per ounce mark throughout the year. The slight decline came considering vaccine rollout and shifts from investment in gold to more high-risk forms of investment. The increase in gold prices throughout the remainder of 2021 was due to increasing inflation and growing demand for gold jewellery as economies continued to recover from COVID-19 induced slowdown. Investment in gold from retail investors also supported the price of gold for the remainder of 2021.

Gold prices rose again in beginning of 2022 and remained above RM8,000 per ounce despite a rising interest rate environment and a strong USD due to continued demand for gold as an investment and rising inflation, as well as the Russia-Ukraine war. Thereafter the gold price decreased in the middle of 2022 in response to the balance between rising interest rates announced by federal banks around the world and factors such as persistently high inflation and the Russia-Ukraine war. In the second half of 2022, gold prices initially fell as a result of the strong USD and lower investment in gold before rising again due to lower yields from other forms of investment.

Gold prices further increased in 2023 resulting from fears of a global financial crisis due to global banking turmoil arising from the collapse of Silicon Valley Bank in the USA and the stressed sale of Swiss bank Credit Suisse to a fellow Swiss bank UBS. Strengthening of the USD led to gold prices moderating slightly in early second half of 2023. The Israel-Hamas war which began in October 2023 has sparked concerns of further geopolitical tensions and induced purchases of gold as safe-haven. Gold price continued its rise in first quarter of 2024, which was driven by the ongoing geopolitical tensions and purchases by central banks, as well as the Federal Reserve of USA hinting an interest rate cut throughout 2024.

### **7.2 Gold Production and Usage**

Gold supply comes from mine production and recycled gold production. According to the World Gold Council, there was 4,898.8 tonnes of gold supply in 2023, an increase of 3.1% from 4,751.9 tonnes in 2022. Of the 4,898.8 tonnes supplied in 2023, mine production accounted for 3,644.4 tonnes, recycled gold accounted for 1,237.3 tonnes, and the remaining gold supply of approximately 17.0 tonnes was contributed by de-hedging activities by producers, whereby producers reversed future sales commitments (i.e. hedging) thereby freeing up the supply of gold for the year. Major gold producing (mine production) countries are China, Russia, and Australia.

According to the World Gold Council, global gold demand was 4,448.4 tonnes in 2023, a decrease of 5.3% from 4,699.0 tonnes in 2022. The largest demand came from use in jewellery, which made up 2,168.0 tonnes or 48.7% of the total demand in 2023. This was followed by demand from central banks and other institutions (1,037.4 tonnes, 23.3%), demand for gold as investment (945.1 tonnes, 21.25%), and demand from technology (in which gold is used in the fabrication of electronics, dental, medical, decorative and other technological applications) (297.8 tonnes, 6.7%).

In Malaysia, 1,828kg of gold was mined in 2022, representing a slight increase from 1,781kg of gold mined in 2021. According to the World Gold Council, Malaysia recorded demand for gold for jewellery of 11.3 tonnes in 2023, a decrease from 13.0 tonnes in 2022. The demand for investment (in terms of bar and coin) also decreased slightly from 5.5 tonnes in 2022 to 5.3 tonnes in 2023.

As mentioned above, there is strong demand for gold to be used in jewellery. Jewellery refers to ornamental piece such as rings, necklaces, earrings, and bracelets made of materials which may or may

## 8. INDUSTRY OVERVIEW (Cont'd)



not be precious such as gold, silver, glass, and plastic and are often set with genuine or imitation gems. Jewellery can be segmented into fine jewellery and costume jewellery. Fine jewellery refers to jewellery that is mainly made from precious metals such as gold, silver, or platinum and gemstones such as diamonds, jade, pearls, and sapphires. Costume jewellery on the other hand refers to jewellery that is made of base metals such as brass and copper and imitation gems such as cubic zirconia and plastic stones. In Malaysia, the sales value of manufactured jewellery products (including bijouterie and other related articles) amounted to RM5.6 billion in 2023, a slight decrease of 1.4% from RM5.7 billion in 2022.

### **7.4 Demand and Supply Conditions**

Demand for gold and jewellery products is expected to be driven by growing consumer disposable income. The growth of the Malaysian economy over the years has resulted in greater affluence of the population. The per capita income of Malaysia rebounded from RM42,598 in 2020 to RM46,051 in 2021. More recently, the per capita income stood at RM53,021 in 2023. As the population grows more affluent and their disposable income increases, it is likely to lead to an increase in the population purchasing gold products.

The value of gold products as a stable and reliable form of investment is also likely to support the local market. Gold has a history of maintaining its value and people view gold as something that can be used to preserve their wealth. Gold can be used to hedge against inflation when prices rise and the purchasing power of paper currency declines. Gold is a more stable asset compared to stock, whose prices may decline during periods of market downturn. Accordingly, people may choose to purchase gold products such as gold coins, minted gold bars, and gold jewellery as a way to preserve their wealth. Although the Malaysian and global economy are on a recovery trend after the COVID-19 induced economic slowdown, there are still downside risks to the economy including escalating geopolitical conflict and continued disruption to supply chains. With such volatility, it is likely that people will invest in gold due to its reliability and strong value.

The demand for gold and jewellery is also expected to arise from affinity for fine jewellery (including gold jewellery). In various Asian cultures, gold and jewellery are prized and often given as gifts during special occasions such as weddings and the birth of a new baby. Together with the growing affluence of the Malaysian population, the preciousness of gold jewellery is expected to continue driving the growth of the gold jewellery market in Malaysia. However, the rising gold price may adversely affect the demand for gold and jewellery.

On the supply side, the gold jewellery market may be affected by the availability and price of gold. While there are gold mines in Malaysia, Malaysia only mines a small amount of gold. In 2022, 1,828kg of gold was mined in Malaysia, a slight increase from 1,781kg of gold mined in 2021. The lack of raw materials may adversely affect the ability of local gold jewellery manufacturers to manufacture their wares. Nevertheless, gold used to manufacture gold jewellery may be obtained through imports. Malaysia imported 67.0 tonnes of gold valued at RM17.0 billion in 2022 (2021: approximately 73.4 tonnes valued at RM17.4 billion).

Overall, the gold and jewellery market in Malaysia is expected to be resilient in the next 5 years from 2024 to 2028 despite the limited local raw material supply. The growth of the Malaysian economy has resulted in growing affluence of the population which is expected to drive demand for gold and jewellery products as more people can afford such items. Additionally, gold and jewellery products are viewed as reliable forms of investment that can be used to preserve wealth which makes it attractive as investments against economic uncertainty. Furthermore, affinity for gold jewellery as gifts for special occasions will also likely support the local market in future.



## 9. RISK FACTORS

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**YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND FUTURE PERFORMANCE, TOGETHER WITH INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

### 9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 9.1.1 Our business is exposed to unlawful and suspicious pawn transactions

We are subject to the risk of people using our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes. Accordingly, we are required by the law to undertake preventive measures and are obligated to conduct customer due diligence, keep proper records of our customers and transactions as well as report suspicious transactions under the AMLA 2001.

For the Period Under Review and up to the LPD, while there has been no incidence of breaches against the AMLA 2001, there can be no assurance that the measures taken by us to prevent the use of our pawnbroking services and retail trading of jewellery and gold for money laundering or terrorists financing purposes are sufficient to fully eliminate unlawful and suspicious transactions. In the event that our pawnbroking services and retail trading of jewellery and gold are used for unlawful and suspicious transactions such as money laundering or terrorist financing purposes, we may be subject to fines, penalties and/or imprisonment for breaches under the AMLA 2001, and our reputation and business may be adversely affected.

Further, there is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold, jewellery or watches in our pawnshops and retail outlets. In the event of transactions involving stolen gold, jewellery or watches, we are exposed to the risk of losing the pledges or items purchased if such items are subsequently confiscated by the police. As a result, we may not be able to recover the pawn loans disbursed for such confiscated pledges.

Since incorporation up to the LPD, there were a total of 301 occurrences across different pawnshops of our Group where our pledges were confiscated by the police. Any loss arising from confiscation of pledges are not covered under our jeweller's block insurance policy. We have, in FYE 2022, assessed the recoverability of the confiscated pledges and have determined that the recoverable amount of the pledges, which were confiscated prior to FYE 2022, is not feasible. Pursuant thereto, for the FYE 2022, we have written off pledge receivables of RM0.90 million (representing approximately 0.28% of the pledge receivables as at 31 December 2022) for pledges that were confiscated by police for investigations accumulated since we commenced our pawnbroking business. In FYE 2023, we have written off pledge receivables of RM0.05 million that were confiscated by police for investigations. In the event that our pawnbroking services and retail trading of jewellery and gold are used for unlawful and suspicious transactions or we are involved in transactions of stolen items, we may be subject to fines, penalties, imprisonment and/or losing the pledges or items purchased if such items are subsequently confiscated by the police and loss of licence.

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

Our pawnbroking business requires Cash Capital for the disbursement of pawn loans to our pawnbroking customers. Such Cash Capital requirements will increase as we grow our number of pawnshops and/or disburse more pawn loans.

As such, our growth as well as our profitability, in large part, is dependent upon our access to, and the costs associated with, securing additional funding for our Cash Capital.

**9. RISK FACTORS (Cont'd)**

Under paragraph 4.2 of the 'Garis Panduan Urusan Pelesenan Pemegang Pajak Gadai' issued by KPKT, a minimum paid-up capital of RM4.00 million is required to obtain a pawnbroker's licence for each pawnshop. This initial capital will be used as Cash Capital for disbursement of pawn loans of the pawnshops.

Since we commenced our pawnbroking business, we have been relying on bank borrowings, Related Parties Loans and internally generated funds to expand our business, for both expansion of pawnshops and disbursement of new pawn loans.

During the Period Under Review, we have funded our Cash Capital requirements from the following sources:

| Source of Cash Capital                           | FYE 2020       |              | FYE 2021       |              | FYE 2022       |              | FYE 2023       |              |
|--|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|  | RM'000         | %            | RM'000         | %            | RM'000         | %            | RM'000         | %            |
| <u>As at end of the relevant financial years</u> |                |              |                |              |                |              |                |              |
| Bank borrowings                                  | 86,752         | 44.1         | 89,084         | 47.1         | 146,934        | 58.9         | 192,496        | 62.6         |
| Related Parties Loans                            | 73,726         | 37.5         | 85,650         | 45.3         | 95,680         | 38.3         | 75,695         | 24.7         |
| <u>For the relevant financial years</u>          |                |              |                |              |                |              |                |              |
| Internally generated funds                       | 36,161         | 18.4         | 26,410         | 14.0         | 29,073         | 11.6         | 39,077         | 12.7         |
| <b>Subtotal</b>                                  | <b>196,639</b> | <b>100.0</b> | <b>201,144</b> | <b>106.4</b> | <b>271,687</b> | <b>108.8</b> | <b>307,268</b> | <b>100.0</b> |
| Less:  |                |              |                |              |                |              |                |              |
| Loans provided to Swift Paragon <sup>(1)</sup>   | -              | -            | (12,182)       | (6.4)        | (22,118)       | (8.8)        | -              | -            |
| <b>Total cash capital</b>                        | <b>196,639</b> | <b>100.0</b> | <b>188,962</b> | <b>100.0</b> | <b>249,569</b> | <b>100.0</b> | <b>307,268</b> | <b>100.0</b> |

**Note:**

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

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

As at the LPD, the outstanding amount of bank borrowings is RM197.20 million whilst the outstanding amount of Related Parties Loans is RM72.04 million. Our gearing ratios for the Period Under Review are as set out below:

|                                      | As at 31 December |      |      |      |
|--------------------------------------|-------------------|------|------|------|
|                                      | 2020              | 2021 | 2022 | 2023 |
| Gearing ratio (times) <sup>(1)</sup> | 1.22              | 1.16 | 1.41 | 1.32 |

**Note:**

- (1) Computed based on total bank borrowings and Related Parties Loans over total equity.

Please refer to **Sections 10.2.1 and 11.2** of this Prospectus for the details on the Related Parties Loans, **Section 12.4.3** of this Prospectus for the details of our borrowings as at 31 December 2023 and **Section 12.4.9(iv)** of this Prospectus for the details of our gearing ratio.

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

## 9. RISK FACTORS (Cont'd)

As such, in our Group's pawnbroking business operations, the continuous disbursement of pawn loans at an increasing rate would result in higher negative cash flows from operating activities for our Group.

Nevertheless, our Group recorded positive operating profit before changes in working capital during the Period Under Review. This indicates that our Group is able to generate sufficient profit from the operations of our core business after fulfilling all related operating expenses.

The changes in working capital which attributed to the negative cash flow from operating activities for the FYE 2021, FYE 2022 and FYE 2023 were mainly due to:

- (i) increase in trade and other receivables mainly attributed to more pawn loans disbursed; and
- (ii) increase in loan receivables pursuant to Swift Paragon's money lending business.

Please refer to **Section 12.4.2** of this Prospectus for the details of our cash flows for the Period Under Review.

Since February 2023, our Group no longer relies on additional Related Parties Loans. Following the supplemental loan agreements entered into by our Group on 22 September 2023, we will pare down the principal amount of the outstanding Related Parties Loans together with the applicable interests on a fixed repayment term of 4 quarterly instalments each year within a period of 120 months ("**Repayment Term**"), which shall commence from the date of our Listing. The Repayment Term was agreed after taking into consideration the internal budgeting process of our Group which is being prepared on a quarterly basis. Please refer to **Section 10.2.1** – Note (4) of this Prospectus for salient terms of the supplemental loan agreements.

Within 24 months from the date of our Listing, we intend to utilise RM160.40 million of the proceeds from Public Issue to fund our Cash Capital for our existing pawnshops and new pawnshops. Thereafter, as and when required, we may raise funds from the capital market and/or bank borrowings to finance our Cash Capital requirements.

As at the LPD, our total unutilised banking facilities is approximately RM31.72 million, consisting of bank overdrafts. Based on our pro forma statements of financial position as at 27 May 2024 and after the Pre-IPO Restructuring, Public Issue and utilisation of proceeds, our pro forma gearing ratio is expected to be 0.79 times.

For the Period Under Review and up to the LPD, we have been able to raise sufficient funds as Cash Capital to deploy pawn loans to our customers. However, there is no assurance that we will be able to continue to obtain and maintain our Cash Capital to fund and/or grow our pawnbroking business.

Further, in the event we issue new shares/securities as part of our fund raising exercise, the issuance of additional shares may result in dilution to the shareholdings of our shareholders. If we obtain bank borrowings to finance our Cash Capital requirements, our borrowing cost is subject to interest rates imposed by the banks. As the maximum interest rate chargeable by us to our customers in our pawnbroking business is regulated by the PA 1972 (currently a maximum rate of 2.0% per month), any increase in the borrowing cost will adversely affect our GP margin.

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

## 9. RISK FACTORS (Cont'd)

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### 9.1.3 We are subject to regulatory requirements for our pawnbroking business

Our pawnbroking business is governed under the PA 1972 which sets out, amongst others, the maximum monthly interest rate, pawn loan period and administrative fee that are chargeable to our pawnbroking customers as well as the administrative procedures for unredeemed pledges. Under the PA 1972, each pawnshop is required to hold a valid pawnbroking licence issued by KPKT in order to operate, whereby such licence is valid for 2 years and is subject to renewal provided that the pawnshop adheres to the regulations enforced by KPKT. Please refer to **Section 7.18** of this Prospectus for information on our pawnbroking licences.

Our ability to maintain and renew our pawnbroking licenses is subject to our continued compliance with the PA 1972. In the event of non-compliance with the PA 1972, the affected pawnshop's pawnbroking licences may be suspended, revoked or may not be renewed upon expiry. As a result, the affected pawnshop would not be allowed to process new pawn transactions until the validity of the pawnbroking licence is extended following a successful appeal with KPKT pursuant to the PA 1972. In such circumstance, our pawnbroking business would be adversely affected as we would lose the revenue contribution from the affected pawnshop. Even though we have not experienced any instances of failure in obtaining, maintaining or renewing our pawnbroking licences in the past up to the LPD, there is no assurance that we will be able to continue to successfully obtain, maintain or renew all our pawnbroking licences moving forward.

Further, if there are any changes in the PA 1972 which result in stricter operating standards and/or compliance requirements, our pawnbroking business may need to incur additional operating costs to comply with the new standards/requirements. In the event that such increased operating costs cannot be passed on to our pawnbroking customers, we will have to absorb the additional cost incurred, which may adversely impact the profitability of our pawnbroking business.

### 9.1.4 We are exposed to risk in meeting our daily cash requirements

It is crucial for our Group to meet the daily cash requirements of our pawnbroking business which includes cash to fulfill our customers' demand for pawn loans as well as to defray other operating costs and expenses such as staff costs, utilities and rental payments. Hence, our ability to meet the daily cash requirements of our pawnbroking business is dependent on our ability to secure funding in a timely manner to fulfill our daily cash needs.

The risk in meeting the daily cash requirements of our pawnbroking business increases when there is a mismatch in timing for our Group to secure sufficient funding for our day-to-day operations of our individual pawnshops. In the event we experience an increase in demand for pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges, our funds available to meet our daily cash requirements may be adversely affected. In such event, it is crucial for our Group to secure sufficient funding, which may include short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops, in a timely manner to finance our daily cash requirement and/or other operating expense requirements.

For the Period Under Review and up to the LPD, we have been able to maintain sufficient funds to meet our daily cash needs via short-term bank borrowings and/or transfer of unutilised cash balances from other pawnshops and we have not experienced any instances whereby we are not able to maintain sufficient funds to meet our daily cash needs.

**9. RISK FACTORS (Cont'd)**

As at the LPD, the total amount of bank facilities granted to our Group is RM225.00 million, consist of bank overdrafts and revolving credits, while our total unutilised banking facilities is RM31.72 million, consisting of bank overdrafts. Our cash and cash equivalents (after taking into consideration of bank overdrafts) for the Period Under Review as follows:

|  | <b>Audited</b>  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FYE 2023</b> |
|  | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Cash and bank balance                  | 14,551          | 14,369          | 8,606           | 12,466          |
| Less: Bank overdrafts                  | (15,021)        | (14,402)        | (43,440)        | (21,944)        |
| <b>Total cash and cash equivalents</b> | <b>(470)</b>    | <b>(33)</b>     | <b>(34,834)</b> | <b>(9,478)</b>  |

Our Group had recorded negative cash and cash equivalents as at 31 December 2020, 2021, 2022 and 2023. This is due to the draw down of bank overdrafts, for which was provided by the banks for disbursement of pawn loans, while some of the pawnbroking customers had not redeemed their pledges as at the respective financial year 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 31 December 2023 is RM90.10 million. Our pawn loan outstanding for the respective financial year ends are as follows:

|                                 | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FYE 2023</b> |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Pawn loans outstanding (RM'000) | 241,669         | 249,366         | 325,893         | 399,296         |

Our trade receivables turnover period for pawnbroking business for the Period Under Review are as follows:

|  | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FYE 2023</b> |
|--|-----------------|-----------------|-----------------|-----------------|
| Trade receivables turnover period (days) | 160             | 161             | 142             | 130             |

As at the LPD, out of the RM415.59 million of outstanding trade receivables as at 31 December 2023, RM322.31 million, or approximately 77.6% of the outstanding trade receivables as at 31 December 2023, has been collected and/or recovered via pawn loan redemption, public auctions and sales of the unredeemed pledged items while the balance of RM93.28 million, representing 22.4% of the outstanding trade receivables as at 31 December 2023, have yet to be collected as these pawn loans are within the pawn loan period of 6 months and grace period provided of not exceeding 3 months.

Please refer to **Section 12.4.9** of this Prospectus for the details on the trade receivables turnover period and inventory turnover period.

In the event any of our pawnshops requires urgent funding for its daily cash requirements, we will draw down on short-term bank borrowings and/or transfer unutilised cash balances from other pawnshops to the pawnshop concerned.

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

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

We believe that one of the key factors for the continuous growth and success of our business is the extensive knowledge and experience of our skilled pawnshop and outlet personnel in providing pawnbroking services and retail and trading of jewellery and gold to our customers, particularly their skills in assessing the value and authenticity of the pledges/pre-owned jewellery brought in by walk-in individuals.

## 9. RISK FACTORS (Cont'd)

If our pawnshop personnel are unable to accurately assess the value and/or authenticity of the pledges, and our pawnbroking customers do not repay the pawn loans, we may not be able to fully recover the loan amount through sales of such pledges. In such event, the financial performance of our pawnbroking business may be adversely affected.

In addition, we also rely on our pawnshop and outlet personnel to assess the value and authenticity of pre-owned jewellery and watches purchased from walk-in individuals. Failure to accurately assess the value and/or authenticity of such pre-owned gold products may adversely affect the business and financial performance of our retail and trading of jewellery and gold business.

Further, our ability to provide quality customer service is also largely dependent on the performance of our pawnshop and outlet personnel. In the event our pawnshop and outlet personnel are not able to execute their responsibilities in a satisfactory manner to our customers or if our Group is unable to retain and maintain our team of capable pawnshop and outlet personnel or replace any possible loss of such skilled personnel, our customer satisfaction levels may decline, and adversely affect our business operations.

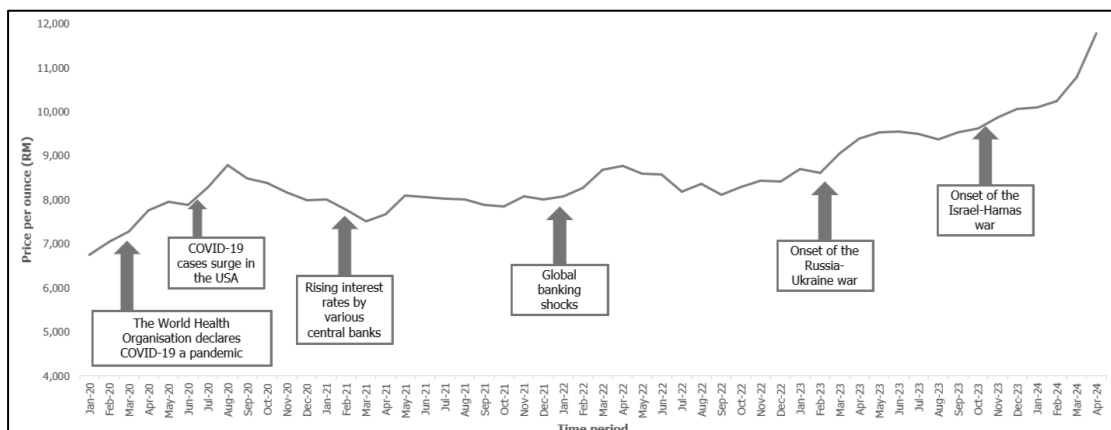
Further, due to the nature of our business which involves cash and valuable items, we are dependent on reliable and trustworthy personnel for our operations. Failure to employ reliable and trustworthy pawnshop and outlet personnel may expose us to the risks of fraud, mismanagement or mishandling of cash and valuable items, and we may be subject to loss and damages, which may adversely affect our reputation and profitability.

During the Period Under Review and up to the LPD, we have not accepted any counterfeit pledges, or gold or gold jewellery which are of low gold purity arising from our pawnshop and outlet personnel having insufficient experience nor have we experienced any occurrences of fraud, mismanagement or mishandling of cash, gold, gold jewellery and valuable items (including pledges) in any of our pawnshops. However, there is no assurance that acceptance of counterfeit pledges, fraud, mismanagement or mishandling of cash and/or pledges by pawnshop and outlet personnel will not occur in the course of our business operations.

### 9.1.6 We are subject to gold price volatility

Our Group's pawnbroking business involves sales of unredeemed pledges of gold and gold jewellery as part of our cash recovery process. In addition, we also sell new and pre-owned jewellery and gold through our retail outlets.

Gold is a globally traded commodity and hence, its market price fluctuates and is affected by various factors, including amongst others, interest rates, fluctuation in USD exchange rate, global or regional economic or political circumstances, market speculation as well as market supply of and demand for gold. The chart below depicts the market prices of gold (based on the selling prices of Kijang Emas (1oz) i.e., Malaysian gold bullion coin) from January 2020 up to April 2024:



(Source: IMR Report)



## 9. RISK FACTORS *(Cont'd)*

Whilst the gold price has generally been on an uptrend, there is no assurance that this uptrend will continue in the future. In the event there is a sudden and/or prolonged downward movements, the value of our unredeemed pledges (i.e., gold and gold jewellery) from our pawnbroking business and/or gold and gold jewellery purchased from public auctions and walk-in customers will decline accordingly. If we do not have any immediate need for cash, we may hold the unredeemed pledges and/or purchased items for a longer period of time (i.e. up to an additional month) as the gold price may stabilise during this period.

If we need to sell these unredeemed pledges (i.e., gold and gold jewellery) and/or purchased items for cash requirement during a period of significant decline in the gold prices, we would incur a loss upon the sales of these unredeemed pledges and/or purchased items, and this may adversely affect our profitability and financial performance.

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

Our growth and success depend on the experience, expertise and industry know-how of our Executive Directors and Key Management. Our Group is led by our Executive Directors who are assisted by our Key Management who have extensive knowledge and experience in our industry. Our Executive Directors are responsible for providing strategic direction and oversight over our Group's business growth. Our Key Management are responsible for day-to-day operations as well as executing and implementing our Group's business strategies and plans to drive future growth. See **Sections 5.1.2 and 5.4.2** of this Prospectus for the profiles of our Executive Directors and Key Management.

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

While there has been no departure on any of our Executive Directors and Key Management which has adversely affected our business operations for the Period Under Review and up to the LPD, there can be no assurance that any such incident will not occur going forward.

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

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

As at the LPD, we maintain jeweller's block insurance policy from third party insurance providers for all our pawnshops and retail outlets with a total insured sum of RM548.75 million. Notwithstanding this, we are aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect our business operations and financial performance.

Under our jeweller's block insurance policy, the pledges, inventories and cash used in the conduct of our pawnbroking business as well retail and trading business are insured against loss or damage by, amongst others, fire, natural disasters, explosion, burglary or theft, but subject to terms, conditions and limitation of the jeweller's block insurance policy. Further, our jeweller's block insurance policy also covers the unredeemed pledges and cash which are removed from our pawnshops and are in transit by our employees for the purpose of public auctions.

## 9. RISK FACTORS (Cont'd)

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Nevertheless, as with any insurance policy, the insurance policy is subject to limitations and exclusions, for example, our insurance policy does not cover any loss arising from war, act of terrorism, confiscation of pledges or counterfeit pledges, or pledges with low gold purity. Thus, there is no assurance that we will be able to fully recover the losses from confiscations due to unlawful and suspicious pawn transactions.

Pursuant to the above, while we believe that our insurance coverage is commensurate with our business nature and risk profile, there can be no assurance that our insurance coverage will be adequate to cover all risks or losses or liabilities that might arise in the course of our business operations and that our insurance coverage will sufficiently protect against all potential claims and liabilities.

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

During the Period Under Review and up to the LPD, we have not encountered any events or incidences that have resulted in any insurance claims of a material nature. Nevertheless, there can be no assurance that we will not encounter any events or incidences that may result in any insurance claims of a material nature.

### 9.1.9 We are exposed to physical security risks

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

In order to prevent physical security risks, we have established a cash and pledge management policy as well as security and loss prevention measures at all of our pawnshops and retail outlets. Please refer to **Sections 7.13.1 and 7.13.2** of this Prospectus for further information in relation to the security of our gold products and pledges as well as cash control respectively. For the Period Under Review and up to the LPD, we have not experienced any burglary, theft or robbery incidents at all of our pawnshops or retail outlets. Notwithstanding the above security and preventive measures, there is no assurance that we will not be exposed to losses and damages which may lead to a material adverse effect on our financial performance and businesses.

### 9.1.10 Our pawnbroking system is subject to security breaches and system breakdowns

We utilise our ValueMax Pawnbroking System to facilitate the operations of our pawnbroking business, whereby we record our pawnbroking customers' details and pawn transactions electronically. As such, we are subject to risks relating to external security threats such as malware attacks, hacking and cyber threats as well as internal security breaches arising from unauthorised access to restricted information.

In the event that such security breaches occur, customers' information may be left vulnerable and may be obtained by unauthorised third parties. As a result, we may be subject to penalties and/or imprisonments under the Personal Data Protection Act 2010 and the reputation of our pawnshops may be adversely affected.



## 9. RISK FACTORS (Cont'd)

Further, our pawnbroking system may potentially be subjected to system breakdowns and prolonged breakdowns which may disrupt our pawnbroking operations and affect our business operations negatively. While we have not experienced any security breaches or system disruptions or breakdown during the Period Under Review and up to the LPD, there can be no assurance that any such incidences will not occur moving forward.

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

Our pawnshops and retail outlets are strategically located at convenient locations in close proximity to residential housing or commercial areas. As at the LPD, majority of our existing and new pawnshops and retail outlets are tenanted from independent third parties and our related parties. While there have not been any instances of failure to renew our tenancies for the existing and new pawnshops and retail outlets, there is no assurance that we are able to renew each of our tenancies for existing and new pawnshops and retail outlets upon expiry or, if renewed, on similar favourable terms and conditions moving forward.

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

Any significant increase in rental costs for existing and new pawnshops and retail outlets in the future may have adverse and material impact on our financial position as well as to our business operations. For the Period Under Review and up to the LPD, there has not been any significant increase in rental rates for our existing outlets. Nevertheless, there can be no assurance that there will be no significant increase in rental costs for existing and new pawnshops and retail outlets in the future may have adverse and material impact on our financial position as well as to our business operations.

## 9.2 RISKS RELATING TO OUR INDUSTRY

### 9.2.1 Competition risk

According to the IMR Report, there were 805 active licenced pawnbrokers in Malaysia in 2022. Thus, we face competition from existing industry players, including individual pawnshops, pawnshops with a larger establishment and/or a retail chain, as well as new players in the pawnbroking industry. In addition, we also face indirect competition from licensed moneylenders who are involved in the provision of short-term micro loans as well as Islamic pawnbrokers (Ar-Rahnu). Further, the jewellery and gold market is a fragmented and competitive market which comprise both large and small scale retailers and traders of gold products.

Whilst we strive to remain competitive, there can be no assurance that our efforts will allow us to remain competitive in the pawnbroking industry and jewellery and gold market. If we are unable to remain competitive and adapt to changes in the industry, our business operations and financial performance will be adversely affected.

### 9.2.2 We are subject to political, economic and regulatory changes in Malaysia

All of our business activities are conducted in Malaysia. Thus, any political, economic and regulatory changes such as changes in political landscape, fiscal and/or monetary policies as well as laws and regulations may materially and adversely affect our business, financial performance and expansion strategies.

## 9. RISK FACTORS *(Cont'd)*

In addition, as we fund our Cash Capital through, amongst others, loans and borrowings, any adverse changes to the credit conditions in Malaysia, such as stricter credit requirements, may adversely impact our ability to raise additional Cash Capital for our pawnbroking business. Further, any upward revision in overnight policy rates may also have a material adverse impact on our finance costs and financial performance.

### 9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

#### 9.3.1 Our Listing may not result in an active liquid market for our Shares

There can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such liquidity can be sustained. There can be no assurance that our IPO Price will correspond to the price in which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

In addition, there can be no assurance that the market price of our Shares will reflect our financial performance or growth prospects of the industry in which we operate.

#### 9.3.2 Our Share price and trading volume may be volatile

The market price and trading volume of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in market valuations of listed shares in general or shares of comparable companies to ours;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. If we are not able to declare or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share price of many companies where the share price of many companies have experienced wide fluctuations which were not always related to the operating performance of these companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

**9. RISK FACTORS** *(Cont'd)*

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**9.3.3 There can be no assurance that we will declare and pay dividends in the future**

Our ability to declare dividends will depend on, amongst others, our future financial performance, distributable reserves and cash flows, and is subject to compliance to the provisions of the Act. This, in turn, is dependent on our results of operations, capital requirements, our ability to implement our business strategies and plans, demand for pawn loans, prevalent gold prices, general economic conditions, and other factors specific to our industry, many of which are beyond our control. As such, there can be no assurance that we will be able to declare and pay dividends to our shareholders.

The payment of our dividends and the receipt of dividends from our subsidiaries may also be affected by the passing of new laws, adoption of new regulations, restrictive covenants relating to declaration of dividends which are applicable to loans obtained by our subsidiaries and other events outside our control, and we or our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect our ability to pay dividends.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. For a description of our dividend policy, see **Section 12.8** of this Prospectus.

**9.3.4 The interest of our Promoters and substantial shareholders who control our Group may not be aligned with the interest of our shareholders**

As disclosed in **Section 5.1.1** of this Prospectus, our Promoters and substantial shareholders will collectively hold in aggregate approximately 67.2% of our enlarged issued Shares upon Listing. As a result, they will be able to control the business direction and management of our Group. This includes the election of Directors, the timing and payment of dividends as well as having voting control over our Group. As such, our Promoters and substantial shareholders will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters and substantial shareholders will be aligned with those of our other shareholders.

## 9. RISK FACTORS *(Cont'd)*

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### 9.3.5 Delay in or termination of our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of our Listing:

- (i) our Joint Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations under such agreement;
- (ii) our inability to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, the Applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the date of service of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares and the proceeds from the Public Issue form part of our share capital:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either:
  - (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
  - (b) a solvency statement from our Directors.

**10. RELATED PARTY TRANSACTIONS**

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**10.1 RELATED PARTY TRANSACTIONS**

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiary, which involves the interest, whether direct or indirect, of a related party. A “related party” of a listed corporation is –

- (i) A director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) A major shareholder, including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiaries or holding company, having an interest or interests in one or more voting shares in a corporation, and the number and aggregate number of those shares is –
  - (a) 10% or more of the total number of voting shares in the corporation; or
  - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) A person connected with such director or major shareholder.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**
**10.2 MATERIAL RELATED PARTY TRANSACTIONS**
**10.2.1 Related party transactions relating to our Group**

Save for the Pre-IPO Restructuring and as disclosed below, there are no other existing and/or proposed related party transactions entered into or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Period Under Review and up to the LPD:

| No. | Transacting parties  | Nature of relationship  | Nature of transaction  | Transaction value  |                    |                    |                    | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|---|--|--------------------|--------------------|--------------------|--------------------|--|
|     |  |   |  | FYE 2020<br>RM'000 | FYE 2021<br>RM'000 | FYE 2022<br>RM'000 | FYE 2023<br>RM'000 |  |
| 1.  | Certain subsidiaries of our Company with ValueMax Corporate Services Pte. Ltd. ("VM Corporate Services") | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup><br><br><u>Person connected</u><br>• Yeah Lee Ching <sup>(10)</sup> | Provision of general operation and marketing services, and carrying out any other activities supplemental or additional to the aforementioned services by VM Corporate Services to the relevant subsidiaries of our Company <sup>(1)</sup> | 207                | 222                | 564                | -                  | -  |
| 2.  | Certain subsidiaries of our Company with ValueMax Group Limited  | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup><br><br><u>Person connected</u><br>• Yeah Lee Ching <sup>(10)</sup> | Provision of human resource and payroll services, and carrying out any other activities supplemental or additional to the aforementioned services by ValueMax Group Limited to the relevant subsidiaries of our Company <sup>(1)</sup>     | 119                | 190                | -                  | -                  | -  |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties  | Nature of relationship   | Nature of transaction  | Transaction value  |                    |                    |                    | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|--|--|--------------------|--------------------|--------------------|--------------------|--|
|     |  |  |  | FYE 2020<br>RM'000 | FYE 2021<br>RM'000 | FYE 2022<br>RM'000 | FYE 2023<br>RM'000 |  |
| 3.  | Certain subsidiaries of our Company with ValueMax Properties Pte. Ltd. ("VM Properties") | <u>Interested Director and/or substantial shareholder</u><br><ul style="list-style-type: none"> <li>• Yeah Hiang Nam<sup>(7)</sup></li> </ul> <u>Interested Director</u><br><ul style="list-style-type: none"> <li>• Yeah Chia Kai<sup>(8)</sup></li> </ul> <u>Interested substantial shareholder</u><br><ul style="list-style-type: none"> <li>• Tan Hong Yee<sup>(9)</sup></li> </ul> <u>Person connected</u><br><ul style="list-style-type: none"> <li>• Yeah Lee Ching<sup>(10)</sup></li> </ul> | Provision of maintenance by qualified persons of all computers, equipment and peripherals, development of suitable enhancement to the ValueMax Pawnbroking System, and carrying out any other activities supplemental or additional to the aforementioned services by VM Properties to the relevant subsidiaries of our Company <sup>(1)</sup> | 706                | 1,118              | 1,068              | 513                | -  |
| 4.  | SYT Pavilion with VM Properties  | <u>Interested Director and/or substantial shareholder</u><br><ul style="list-style-type: none"> <li>• Yeah Hiang Nam<sup>(7)</sup></li> </ul> <u>Interested Director</u><br><ul style="list-style-type: none"> <li>• Yeah Chia Kai<sup>(8)</sup></li> </ul> <u>Interested substantial shareholder</u><br><ul style="list-style-type: none"> <li>• Tan Hong Yee<sup>(9)</sup></li> </ul> <u>Person connected</u><br><ul style="list-style-type: none"> <li>• Yeah Lee Ching<sup>(10)</sup></li> </ul> | Development and provision of maintenance and support of suitably qualified persons of software for client's business by SYT Pavilion to VM Properties, in relation to the ValueMax Pawnbroking System <sup>(1)</sup>   | 473                | 1,151              | 1,103              | -                  | -  |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties  | Nature of relationship  | Nature of transaction  | Transaction value  |                    |                    |                    | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|---|--|--------------------|--------------------|--------------------|--------------------|--|
|     |  |   |  | FYE 2020<br>RM'000 | FYE 2021<br>RM'000 | FYE 2022<br>RM'000 | FYE 2023<br>RM'000 |  |
| 5.  | Certain subsidiaries of our Company with ValueMax Management Pte. Ltd. ("VM Management") | <p><u>Interested Director and/or substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul> <p><u>Interested Director</u></p> <ul style="list-style-type: none"> <li>Yeah Chia Kai<sup>(8)</sup></li> </ul> <p><u>Interested substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul> <p><u>Person connected</u></p> <ul style="list-style-type: none"> <li>Yeah Lee Ching<sup>(10)</sup></li> </ul>  | Provision of general accounting and IT services, and carrying out any other activities supplemental or additional to the aforementioned services by VM Management to the relevant subsidiaries of our Company <sup>(1)</sup> | 557                | 489                | 423                | -                  | -  |
| 6.  | SYT Pavilion with VMM Holdings   | <p><u>Interested Director and/or substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul> <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> <li>Yeah Chia Kai<sup>(8)</sup></li> <li>Ng Hooi Lang<sup>(11)</sup></li> <li>Tang Soo Yen<sup>(14)</sup></li> </ul> <p><u>Interested substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul> <p><u>Person connected</u></p> <ul style="list-style-type: none"> <li>Yeow Chun Huat<sup>(14)</sup></li> </ul> | Provision of IT services and support by VMM Holdings to SYT Pavilion and its related companies, in relation to the ValueMax Pawnbroking System <sup>(2)</sup>  | -                  | -                  | -                  | 53                 | 46   |



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties                                       | Nature of relationship  | Nature of transaction   | Transaction value |          |          |          | From<br>1 January<br>2024 up to the<br>LPD |
|-----|---|---|---|-------------------|----------|----------|----------|--|
|     |   |   |   | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 |  |
|     |   |   |   | RM'000            | RM'000   | RM'000   | RM'000   |  |
| 7.  | KE Well Chip with Swift Paragon                           | <u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul><br><u>Interested Director</u> <ul style="list-style-type: none"> <li>Ng Hooi Lang<sup>(11)</sup></li> </ul><br><u>Interested substantial shareholder</u> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul><br><u>Person connected</u> <ul style="list-style-type: none"> <li>Poon Foo Wha<sup>(11)</sup></li> </ul>   | Rental of property by KE Well Chip to Swift Paragon from 1 January 2020 to 31 August 2021 at a monthly rate of RM1,500 and renewal of tenancy period from 1 September 2021 to 31 August 2024 at a monthly rate of RM1,800 <sup>(3)</sup>  | 18                | 19       | 22       | 22       | 9  |
| 8.  | KE Well Chip with Great Prompt Sdn. Bhd. ("Great Prompt") | <u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul><br><u>Interested Director</u> <ul style="list-style-type: none"> <li>Yeow Choong Kuan<sup>(12)</sup></li> <li>Tang Soo Yen<sup>(14)</sup></li> </ul><br><u>Interested substantial shareholder</u> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul><br><u>Persons connected</u> <ul style="list-style-type: none"> <li>Yeah Chia Wei<sup>(13)</sup></li> <li>Yeow Chun Huat<sup>(14)</sup></li> </ul> | Rental of property by KE Well Chip from Great Prompt for use as retail outlet from 1 January 2020 to 31 December 2020 at a monthly rate of RM6,500 and renewal of tenancy period from 1 January 2021 to 31 December 2023 at a monthly rate of RM7,150 and from 1 January 2024 to 31 December 2026 at monthly rate of RM7,865 <sup>(3)</sup> | 78                | 86       | 86       | 86       | 39   |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties  | Nature of relationship   | Nature of transaction   | Transaction value |          |          |          |  |
|-----|--|--|---|-------------------|----------|----------|----------|--|
|     |  |  |   | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 | From<br>1 January<br>2024 up to the<br>LPD |
|     |  |  |   | RM'000            | RM'000   | RM'000   | RM'000   | RM'000                                     |
| 9.  | Thye Shing Pawnshop with Great Prompt  | <p><u>Interested Director and/or substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul> <p><u>Interested Director</u></p> <ul style="list-style-type: none"> <li>Yeow Choong Kuan<sup>(12)</sup></li> <li>Tang Soo Yen<sup>(14)</sup></li> </ul> <p><u>Interested substantial shareholder</u></p> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul> <p><u>Persons connected</u></p> <ul style="list-style-type: none"> <li>Yeah Chia Wei<sup>(13)</sup></li> <li>Yeow Chun Huat<sup>(14)</sup></li> </ul> | Rental of property by Thye Shing Pawnshop from Great Prompt for use as pawnshop from 1 January 2020 to 31 December 2020 at a monthly rate of RM6,500 and renewal of tenancy period from 1 January 2021 to 31 December 2023 at a monthly rate of RM7,150 and from 1 January 2024 to 31 December 2026 at monthly rate of RM7,865 <sup>(3)</sup> | 78                | 86       | 86       | 86       | 39   |
| 10. | PG Cahaya Damai with the following: <ul style="list-style-type: none"> <li>Ng Hooi Lang</li> <li>Poon Foo Wha</li> </ul>   | <p><u>Interested Director</u></p> <ul style="list-style-type: none"> <li>Ng Hooi Lang<sup>(11)</sup></li> </ul> <p><u>Person connected</u></p> <ul style="list-style-type: none"> <li>Poon Foo Wha<sup>(11)</sup></li> </ul>   | Rental of property by PG Cahaya Damai from Ng Hooi Lang and Poon Foo Wha for use as pawnshop from 1 January 2020 to 30 June 2022 at a monthly rate of RM3,700 and renewal of tenancy period 1 July 2022 to 30 June 2025 at a monthly rate of RM4,070 <sup>(3)</sup>   | 44                | 44       | 47       | 49       | 20   |
| 11. | PG Well Chip (4) with the following: <ul style="list-style-type: none"> <li>Yeow Chun Huat</li> <li>Tang Soo Yen</li> <li>Yeow En Min</li> <li>Yeow Shun Kang</li> </ul> | <p><u>Interested Director</u></p> <ul style="list-style-type: none"> <li>Tang Soo Yen<sup>(14)</sup></li> </ul> <p><u>Persons connected</u></p> <ul style="list-style-type: none"> <li>Yeow Chun Huat<sup>(14)</sup></li> <li>Yeow En Min<sup>(14)</sup></li> <li>Yeow Shun Kang<sup>(14)</sup></li> </ul>   | Rental of property by PG Well Chip (4) from Tang Soo Yen, Yeow Chun Huat, Yeow En Min and Yeow Chun Kang for use as pawnshop from 1 November 2022 to 31 October 2025 at a monthly rate of RM7,300 <sup>(3)</sup>  | -                 | -        | 15       | 88       | 37   |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties  | Nature of relationship   | Nature of transaction  | Transaction value |          |          |          | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|--|--|-------------------|----------|----------|----------|--|
|     |  |  |  | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 |  |
|     |  |  |  | RM'000            | RM'000   | RM'000   | RM'000   |  |
| 12. | PG Well Chip (5) with:<br>• Poon Foo Wha<br>• Ng Hooi Lang<br>• Poon Chun Meng<br>• Poon Chun Hoeh<br>• Poon Pooi Mern | <u>Interested Director</u><br>• Ng Hooi Lang <sup>(11)</sup><br><br><u>Persons connected</u><br>• Poon Foo Wha <sup>(11)</sup><br>• Poon Chun Meng <sup>(11)</sup><br>• Poon Chun Hoeh <sup>(11)</sup><br>• Poon Pooi Mern <sup>(11)</sup>         | Rental of property by PG Well Chip (5) from Ng Hooi Lang, Poon Foo Wha, Poon Chun Meng, Poon Chun Hoeh and Poon Pooi Mern for use as pawnshop from 1 July 2023 to 30 June 2026 at a monthly rate of RM6,200 <sup>(3)</sup> | -                 | -        | -        | 37       | 31   |
| 13. | PG Well Chip (5) with<br>Yeo Mooi Huang  | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Person connected</u><br>• Yeo Mooi Huang <sup>(7)</sup>   | Rental of property of PG Well Chip (5) from Yeo Mooi Huang for use as pawnshop from 1 July 2023 to 30 June 2026 at a monthly rate of RM6,200 <sup>(3)</sup>  | -                 | -        | -        | 37       | 31   |
| 14. | KP Well Chip with VYN Holdings   | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested Director</u><br>• Ng Hooi Lang <sup>(11)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup> | Rental of property by KP Well Chip from VYN Holdings for use as pawnshop from 1 August 2023 to 30 September 2026 at a monthly rate of RM8,100 <sup>(3)</sup>   | -                 | -        | -        | 41       | 41   |
| 15. | PG Well Chip (6) with<br>Ng Hooi Hwang   | <u>Interested Director</u><br>• Ng Hooi Lang <sup>(11)</sup><br><br><u>Person connected</u><br>• Ng Hooi Hwang <sup>(11)</sup>   | Rental of property of PG Well Chip (6) from Ng Hooi Hwang for use as pawnshop from 10 February 2023 to 9 February 2026 at a monthly rate of RM4,500 <sup>(3)</sup>   | -                 | -        | -        | 50       | 23   |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties                             | Nature of relationship  | Nature of transaction   | Transaction value  |                    |                    |                    | From<br>1 January<br>2024 up to the<br>LPD |
|-----|---|---|---|--------------------|--------------------|--------------------|--------------------|--|
|     |   |   |   | FYE 2020<br>RM'000 | FYE 2021<br>RM'000 | FYE 2022<br>RM'000 | FYE 2023<br>RM'000 |  |
| 16. | SYT Pavilion with ValueMax Group Limited        | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>    | (i) Provision of loans by ValueMax Group Limited <sup>(4)</sup>   | -                  | 6,080              | 3,352              | 6,000              | -  |
|     |   |   | (ii) Repayment of loans to ValueMax Group Limited <sup>(4)</sup>  | 9,300              | -                  | -                  | 29,773             | 186  |
|     |   |   | (iii) Interests payable at an interest rate of 6% per annum to ValueMax Group Limited in relation to the loans from ValueMax Group Limited <sup>(4)</sup> | 1,996              | 1,562              | 2,055              | 1,859              | 419  |
|     |   | <u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup>                                    |   |                    |                    |                    |                    |  |
|     |   | <u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup>                      |   |                    |                    |                    |                    |  |
|     |   | <u>Persons connected</u><br>• Yeah Lee Ching <sup>(10)</sup>                                    |   |                    |                    |                    |                    |  |
| 17. | KP Well Chip with Goldjew Sdn. Bhd. ("Goldjew") | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>    | (i) Provision of loans by Goldjew <sup>(4)</sup>  | -                  | -                  | -                  | -                  | -  |
|     |   |   | (ii) Repayment of loans to Goldjew <sup>(4)</sup>   | -                  | -                  | -                  | -                  | -  |
|     |   |   | (iii) Interests payable at an interest rate of 7% per annum to Goldjew in relation to the loans from Goldjew <sup>(4)</sup>                               | 851                | 749                | 802                | 860                | 366  |
|     |   | <u>Interested Director</u><br>• Tang Soo Yen <sup>(14)</sup>                                    |   |                    |                    |                    |                    |  |
|     |   | <u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup>                      |   |                    |                    |                    |                    |  |
|     |   | <u>Persons connected</u><br>• Yeo Mooi Huang <sup>(7)</sup><br>• Yeow Chun Huat <sup>(14)</sup> |   |                    |                    |                    |                    |  |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties                      | Nature of relationship   | Nature of transaction   | Transaction value  |                    |                    |                    | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|--|---|--------------------|--------------------|--------------------|--------------------|--|
|     |  |  |   | FYE 2020<br>RM'000 | FYE 2021<br>RM'000 | FYE 2022<br>RM'000 | FYE 2023<br>RM'000 |  |
| 18. | KP Well Chip with<br>Great Prompt        | <u>Interested Director and/or<br/>substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>   | (i) Provision of loans by Great<br>Prompt <sup>(4)</sup>  | -                  | -                  | -                  | -                  | -  |
|     |  |  | (ii) Repayment of loans to Great<br>Prompt <sup>(4)</sup>   | -                  | -                  | -                  | -                  | -  |
|     |  |  | (iii) Interests payable at an<br>interest rate of 7% per<br>annum to Great Prompt in<br>relation to the loans from<br>Great Prompt <sup>(4)</sup> | 15                 | 13                 | 14                 | 15                 | 7  |
|     |  | <u>Interested Director</u><br>• Yeow Choong Kuan <sup>(12)</sup><br>• Tang Soo Yen <sup>(14)</sup> |   |                    |                    |                    |                    |  |
|     |  | <u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup>                         |   |                    |                    |                    |                    |  |
|     |  | <u>Persons connected</u><br>• Yeah Chia Wei <sup>(13)</sup><br>• Yeow Chun Huat <sup>(14)</sup>    |   |                    |                    |                    |                    |  |
| 19. | Thye Shing Pawnshop<br>with Great Prompt | <u>Interested Director and/or<br/>substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>   | (i) Provision of loans by Great<br>Prompt <sup>(4)</sup>  | -                  | -                  | -                  | -                  | -  |
|     |  |  | (ii) Repayment of loans to Great<br>Prompt <sup>(4)</sup>   | -                  | -                  | -                  | -                  | -  |
|     |  |  | (iii) Interests payable at an<br>interest rate of 7% per<br>annum to Great Prompt in<br>relation to the loans from<br>Great Prompt <sup>(4)</sup> | 225                | 198                | 212                | 227                | 97   |
|     |  | <u>Interested Director</u><br>• Yeow Choong Kuan <sup>(12)</sup><br>• Tang Soo Yen <sup>(14)</sup> |   |                    |                    |                    |                    |  |
|     |  | <u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup>                         |   |                    |                    |                    |                    |  |
|     |  | <u>Persons connected</u><br>• Yeah Chia Wei <sup>(13)</sup><br>• Yeow Chun Huat <sup>(14)</sup>    |   |                    |                    |                    |                    |  |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties  | Nature of relationship  | Nature of transaction  | Transaction value |          |          |          | From<br>1 January<br>2024 up to the<br>LPD |
|-----|--|---|--|-------------------|----------|----------|----------|--|
|     |  |   |  | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 |  |
|     |  |   |  | RM'000            | RM'000   | RM'000   | RM'000   |  |
| 20. | Thye Shing Pawnshop with Goldjew                                   | <u>Interested Director and/or substantial shareholder</u> <ul style="list-style-type: none"> <li>Yeah Hiang Nam<sup>(7)</sup></li> </ul> <u>Interested Director</u> <ul style="list-style-type: none"> <li>Tang Soo Yen<sup>(14)</sup></li> </ul> <u>Interested substantial shareholder</u> <ul style="list-style-type: none"> <li>Tan Hong Yee<sup>(9)</sup></li> </ul> <u>Persons connected</u> <ul style="list-style-type: none"> <li>Yeo Mooi Huang<sup>(7)</sup></li> <li>Yeow Chun Huat<sup>(14)</sup></li> </ul> | (i) Provision of loans by Goldjew <sup>(4)</sup><br><br>(ii) Repayment of loans to Goldjew <sup>(4)</sup><br><br>(iii) Interests payable at an interest rate of 7% per annum to Goldjew in relation to the loans from Goldjew <sup>(4)</sup>   | -                 | -        | -        | -        | -  |
| 21. | KP Well Chip with individual minority shareholders of KP Well Chip | Individual minority shareholders of KP Well Chip <sup>(15)</sup>  | (i) Provision of loans by individual minority shareholders of KP Well Chip <sup>(4)</sup><br><br>(ii) Repayment of loans to individual minority shareholders of KP Well Chip <sup>(4)</sup><br><br>(iii) Interests payable at an interest rate of 7% per annum to individual minority shareholders of KP Well Chip in relation to the respective loans provided by them <sup>(4)</sup> | 2,670             | 3,977    | 919      | 1,799    | -  |
|     |  |   |  | 1,137             | 3,172    | 1,968    | 2,820    | 5,444                                      |
|     |  |   |  | 1,361             | 1,240    | 1,381    | 1,474    | 540  |

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties   | Nature of relationship   | Nature of transaction  | Transaction value |          |          |          |                                   |
|-----|---|--|--|-------------------|----------|----------|----------|-----------------------------------|
|     |   |  |  | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 | From 1 January 2024 up to the LPD |
|     |   |  |  | RM'000            | RM'000   | RM'000   | RM'000   | RM'000                            |
| 22. | KP Well Chip with Yeah Hiang Nam  | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>   | (i) Provision of loans by Yeah Hiang Nam <sup>(4)</sup>  | -                 | -        | -        | -        | -                                 |
|     |   |  | (ii) Repayment of loans to Yeah Hiang Nam <sup>(4)</sup>   | 354               | 43       | 50       | 48       | 25                                |
|     |   |  | (iii) Interests payable at an interest rate of 7% per annum to Yeah Hiang Nam in relation to the loans provided by him <sup>(4)</sup>  | 516               | 434      | 462      | 491      | 208                               |
| 23. | Thye Shing Pawnshop with Yeah Hiang Nam   | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup>   | (i) Provision of loans by Yeah Hiang Nam <sup>(4)</sup>  | -                 | -        | -        | -        | -                                 |
|     |   |  | (ii) Repayment of loans to Yeah Hiang Nam <sup>(4)</sup>   | 36                | 27       | 28       | 30       | 16                                |
|     |   |  | (iii) Interests payable at an interest rate of 7% per annum to Yeah Hiang Nam in relation to the loans provided by him <sup>(4)</sup>  | 309               | 270      | 287      | 305      | 129                               |
| 24. | Certain subsidiaries of our Company with the ValueMax Group Limited and Yeah Holdings | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup><br><br><u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup> | Annual fees payable in relation to corporate guarantees provided by ValueMax Group Limited and Yeah Holdings in favour of the respective financiers at the rate of 0.75% on the amount guaranteed <sup>(5)</sup> | 941               | 1,016    | 1,062    | 1,514    | 685                               |

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties   | Nature of relationship  | Nature of transaction   | Transaction value |          |          |          | From<br>1 January<br>2024 up to the<br>LPD |
|-----|---|---|---|-------------------|----------|----------|----------|--|
|     |   |   |   | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 |  |
|     |   |   |   | RM'000            | RM'000   | RM'000   | RM'000   |  |
| 25. | KE Well Chip with the following:<br>• Ng Hooi Lang<br>• Ng Kooi Eng<br>• Poon Foo Wha | <u>Interested Director</u><br>• Ng Hooi Lang <sup>(11)</sup><br><br><u>Person connected</u><br>• Ng Kooi Eng <sup>(11)</sup><br>• Poon Foo Wha <sup>(11)</sup>            | Sales of gold jewellery and watches to related parties <sup>(6)</sup> | 2                 | 4        | 13       | 18       | 1  |
| 26. | KE Well Chip with the following:<br>• Tang Soo Yen<br>• Yeow Chun Huat                | <u>Interested Director</u><br>• Tang Soo Yen <sup>(14)</sup><br><br><u>Person connected</u><br>• Yeow Chun Huat <sup>(14)</sup>   | Sales of gold jewellery and watches to related parties <sup>(6)</sup> | 116               | 208      | 90       | 1        | 5  |
| 27. | KE Well Chip with the following:<br>• Fang Kui Chin<br>• Yeow Choong Meng             | <u>Interested Director</u><br>• Yeow Choong Kuan <sup>(14)</sup><br><br><u>Persons connected</u><br>• Fang Kui Chin <sup>(12)</sup><br>• Yeow Choong Meng <sup>(12)</sup> | Sales of gold jewellery and watches to related parties <sup>(6)</sup> | 77                | 191      | 60       | 30       | 1  |
| 28. | KE Well Chip with Yeo Mooi Huang  | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Person connected</u><br>• Yeo Mooi Huang <sup>(7)</sup>            | Sales of gold jewellery and watches to related parties <sup>(6)</sup> | 7                 | -        | -        | -        | -  |



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| No. | Transacting parties                      | Nature of relationship   | Nature of transaction  | Transaction value |          |          |          |                                   |
|-----|--|--|--|-------------------|----------|----------|----------|-----------------------------------|
|     |  |  |  | FYE 2020          | FYE 2021 | FYE 2022 | FYE 2023 | From 1 January 2024 up to the LPD |
|     |  |  |  | RM'000            | RM'000   | RM'000   | RM'000   | RM'000                            |
| 29. | SYT Pavilion with ValueMax Group Limited | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup><br><br><u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup> | One-off payment in respect of the software licence granted to SYT Pavilion by ValueMax Group Limited in respect of the ValueMax Pawnbroking System as set out in <b>Section 7.19.3</b> of this Prospectus <sup>(16)</sup>                    | -                 | -        | -        | *        | -                                 |
| 30. | Well Chip with ValueMax Group Limited    | <u>Interested Director and/or substantial shareholder</u><br>• Yeah Hiang Nam <sup>(7)</sup><br><br><u>Interested substantial shareholder</u><br>• Tan Hong Yee <sup>(9)</sup><br><br><u>Interested Director</u><br>• Yeah Chia Kai <sup>(8)</sup> | One-off payment in respect of the sole and exclusive perpetual licence granted to Well Chip by ValueMax Group Limited in respect of the "Three Coins Marks" trademark as set out in <b>Section 7.19.2</b> of this Prospectus <sup>(16)</sup> | -                 | -        | -        | 35       | -                                 |

**Notes:**

\* RM10.00

(1) We are unable to determine whether it has been carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders. It is a shared management/administrative service provided by ValueMax Group to its subsidiaries and/or associate companies.

As at the LPD, the transaction has been terminated and ceased. All such payments in relation to the transaction has been fully settled by our Group. Our Group has established distinctive management/administrative functions, including accounting functions, separate from the ValueMax Group and is no longer dependent on ValueMax Group.

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

(2) The transaction has commenced since 1 July 2023 and will be continued at a service fee calculated based on:

- (i) a fixed rate of RM350 per month for each business outlet of our Group; and
- (ii) reimbursement of all costs, disbursements and out-of-pocket expenses in connection with rendering the IT services,

which is on arms-length basis and on normal commercial terms which is not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders in view that the rate is comparable to a quotation provided by a third-party pawnbroking system vendor for similar services.

The IT services provided to SYT Pavilion are in relation to maintenance services, including any software maintenance and upgrades for all computers, computer-related equipment and peripherals and professional equipment used by our Group for our business, as well as development and sourcing of suitable software, which are exclusive to SYT Pavilion and its related group of companies, and the ValueMax Group.

(3) Based on available information on comparable properties within the respective vicinity of the tenanted properties, the rental rates of such tenanted properties are comparable to the market rental rates of such comparable properties, and are entered into on an arm's length basis taking into consideration the following:

- (i) the shop lots are strategically located and have high foot traffic which is advantageous to our Group's business; and
- (ii) the transaction was entered into on an arm's length basis at the time of entry and/or renewal of tenancy agreements and was in accordance with the market rates applicable then.

Our Audit and Risk Management Committee is of the opinion that the salient terms of the existing tenancy agreements with our related parties that will subsist after our Listing are not unfavourable to our Group. Moving forward, prior to the renewal of each of the tenancies, our Audit and Risk Management Committee shall review the rental rates and the salient terms of each tenancy to ensure they remain on arm's length and in accordance with the prevailing market rates.

(4) The Related Parties Loans are not on arm's length basis and not on normal commercial terms during the Period Under Review up to the date of our Listing as the loans by or amount owing to the related parties are unsecured, and repayable on demand together with interests incurred therein.

On 22 September 2023, our Group has entered into supplemental loan agreements where such terms of the Related Parties Loans have been revised as follows:

- (i) the applicable interest rates are fixed between 6% to 7% per annum, which is within the range of interest rates incurred by our Group's existing secured bank borrowings utilised to finance our pawnbroking operations;
- (ii) the principal amount of the Related Parties Loans are repayable on a fixed repayment term in 4 quarterly instalments each year within a period of 120 months ("**Repayment Term**"), which shall commence from the date of the successful implementation of our Listing. The Repayment Term was agreed after taking into consideration the internal budgeting process of our Group which is being prepared on a quarterly basis; and

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (iii) the interest rates will be calculated on the principal amount outstanding on the respective loans, and on a daily basis and payable on the last day of each calendar year during the Repayment Term.

(collectively, the "**Revised Loan Terms**").

Salient terms of the supplemental loan agreements are as follows:

- Principal repayment : (a) the principal amount of the Related Parties Loan shall be repayable in full by our Group (as the borrower) to the lender in 4 quarterly instalments each calendar year ("**Quarterly Instalment**") within a period of 120 months ("**Repayment Term**") from the date of the successful implementation of our Listing ("**Listing Date**").
- (b) Each Quarterly Instalment shall become due and payable and be paid by the borrower to the lender on 31 March, 30 June, 30 September and 31 December respectively (each a "**Due Date**") in each of the calendar year within the Repayment Term. For avoidance of doubt, the repayment of the first Quarterly Instalment shall commence on the first Due Date following the Listing Date or such other date as may be mutually agreed by the parties.
- (c) The lender and the borrower may mutually agree on the amount of each Quarterly Instalment payable on the respective Due Date, taking into consideration the principal sum outstanding of the Related Parties Loan and such interest chargeable or accrued, so as to ensure that the Related Parties Loan together with any interest chargeable or accrued thereon shall be progressively repaid in full in compliance with the provisions under the supplemental loan agreements. In the absence of any such agreement, each Quarterly Instalment shall be repaid in equal instalment amounts.
- (d) The borrower may at any time repay the whole or any part of the Related Parties Loan together with accrued interest up to the date of the repayment by giving 30 days' notice to the lender.
- Interest repayment : The borrower shall pay to the lender an interest rate of 6% or 7% per annum (as the case may be) on the principal amount outstanding on the Related Parties Loan. The interest shall be calculated on a daily basis and payable on the last day of each calendar year. Any overdue interest shall be capitalised and added to the principal sum of the Related Parties Loan then owing and shall bear the aforementioned interest rates of 6% or 7% (as the case may be) and be subject to all such terms and conditions contained in the supplemental loan agreement. An interest shall be also applied to such capitalised interest.
- Default interest : In the event that the borrower fails to repay any of the Quarterly Instalment on the respective Due Date, the lender shall be entitled to impose on the borrower, an interest at the rate of 5% per annum calculated on a daily basis on that outstanding Quarterly Instalment from the relevant Due Date of the said Quarterly Instalment up to the date of actual payment.

Our Board is of the view that the Revised Loan Terms, which shall take effect after our Listing, are carried out on arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to non-interested shareholders as the Revised Loan Terms (i) maintains the fixed interest rates provided for under the existing loan agreements, which are comparable to interest rates incurred by our Group's existing secured bank borrowings utilised to finance our pawnbroking operations; and (ii) further provides for fixed repayment periods in substitution for the repayment on demand provision.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (5) The annual fee of 0.75% on the amount guaranteed under such banking facilities paid by such subsidiaries of our Company to ValueMax Group Limited and Yeah Holdings are on arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties in view that the rate of 0.75% is comparable to the rate charged by banks. Such corporate guarantees will be uplifted prior to the Listing and the annual fees will no longer be payable after upliftment of such corporate guarantees.

The transaction value is an estimation by the management of our Group for a period of 5 months (since 1 January 2024 up to the LPD). As at the LPD, our Group has not received the statements as they will be issued on an annual basis.

- (6) There are no restrictions imposed on related parties, including our Directors, Key Management or staffs, to prevent them from purchasing gold jewellery and watches from our Group. However, the sale of gold jewellery and watches by our Group to any related parties is subject to our Group's internal guidelines which stipulates that such gold jewellery and watches may be sold at a discount to the quoted price but in any case shall not be sold by our Group at a price which is lower than the current spot/market price for sale of gold jewellery and watches to customers or our Group's inventory value, whichever is higher, and upon similar terms and conditions upon which such items are purchased by the customers.

In view of the foregoing, the gold jewellery and watches sold by our Group to the related parties were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to the non-interested shareholders. Accordingly, the gold jewellery and watches sold by our Group to any related parties do not give rise to any existing and potential conflict of interest situation as such transactions do not impact the pecuniary interests of our Group.

- (7) Yeah Hiang Nam

- our Promoter, substantial shareholder and Non-Independent Non-Executive Director
- spouse of Tan Hong Yee as well as the father of Yeah Chia Kai, Yeah Lee Ching and Yeah Chia Wei
- a sibling of Yeo Mooi Huang and Yeo Mooi Huang is a director of Goldjew and holds 0.1% equity interest in Goldjew
- his interests in the transacting parties are as set out below:

| <u>Companies</u>  | <u>Interests</u>   |
|---|--|
| <ul style="list-style-type: none"> <li>• VM Corporate Services</li> <li>• VM Management</li> <li>• VM Properties</li> </ul> | Deemed interested in these companies by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in these companies pursuant to Section 7 of the Companies Act, 1967 of Singapore                   |
| <ul style="list-style-type: none"> <li>• ValueMax Group Limited</li> </ul>  | Deemed interested in ValueMax Group Limited by virtue of his shareholdings in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited pursuant to and Section 7 of the Companies Act, 1967 of Singapore. He is also the Executive Chairman of ValueMax Group Limited                 |
| <ul style="list-style-type: none"> <li>• Swift Paragon</li> </ul>   | Deemed interested in Swift Paragon by virtue of his shareholding in Yeah Holdings, which holds 65.0% direct equity interest in ValueMax Group Limited, which in turn holds 100.0% direct equity interest in VMM Holdings and 100.0% indirect equity interest in Swift Paragon pursuant to Section 8 of the Act |