ValueMax 方圓
GROUP

NURTURING CAPABILITIES
GROWING VALUE

ANNUAL REPORT 2016

CONTENTS

AWARDS & ACHIEVEMENTS

CORPORATE PROFILE

ValueMax Group Limited and its subsidiaries ("ValueMax" or the "Group") provides pawnbroking and moneylending services, as well as the retail and trading of pre-owned jewellery and gold. With the Group's first pawnbroking outlet established in 1988, ValueMax is one of the most established and trusted pawnbroking chains and gold traders in Singapore. Drawing on its strong track record and in-depth industry knowledge, ValueMax has expanded to 26 outlets in Singapore at strategic locations island-wide and has two other pawnshops operated by associated and investee companies. In Malaysia, ValueMax also operates 10 outlets through its associated companies.

An award-winning company, ValueMax and its subsidiaries have received various awards and certification which include (i) 15th SIAS Investors' Choice Award – Most Transparent Company Award 2014, runner up position for New Issues (ii) 2014 Singapore SME 1000 Awards in Net Profit Excellence (iii) 2014 Singapore SME 1000 Awards in Sales Growth Excellence (iv) Prestige Brand Award – Established Brands 2010; (v) Enterprise 50 Award 2010; and (vi) Entrepreneur of the Year Award 2010 by its Managing Director and CEO Mr Yeah Hiang Nam. ValueMax was also the first pawnbroker to be accredited with CaseTrust certification in 2004.

VISION

To be the most trusted alternative financial services provider, lending strength to communities.

MISSION

To provide excellent value to our customers through professionalism, reliability and fair pricing.

VALUES

C – Competence; providing professional services

R – Reliable; delivering value consistently

E – Empathetic; understanding the needs of customers

D – Dedicated to improvements; challenging status quo to improve

I – Integrity; upholding our trustworthiness

T – Teamwork; treating one another like family

MESSAGE FROM THE NON-EXECUTIVE CHAIRMAN AND THE MANAGING DIRECTOR/CEO

From Left To Right :

Yeah Hiang Nam
Managing Director & CEO

Phua Tin How
Non-Executive Chairman

ValueMax Group Limited (the "Group") continued to make steady progress in improving its diversified revenue sources and growing its profitability during the year. For the financial year ended 31 December 2016, the Group's profit before tax increased by about 53% to $17.8 million. This was achieved against a backdrop of challenging economic conditions overall

Dear Shareholders,

ValueMax Group Limited (the "Group") continued to make steady progress in improving its diversified revenue sources and growing its profitability during the year. For the financial year ended 31 December 2016, the Group's profit before tax increased by about 53% to $17.8 million. This was achieved against a backdrop of challenging economic conditions.

In 2016, while Singapore reported modest economic growth, the Group forged ahead against headwinds in a demanding operating environment and capitalized on opportunities to expand and develop its business along the way. On the whole, the underlying performance of the Group demonstrated significant resilience, largely underscored by the diversity of its customer base and growing core service offerings.

The Group will continue to consider sustainability issues as part of its strategic formulation, in relation to material economic, social and governance (ESG) factors.

Business Development in FY2016

During the year, the Group adopted the strategies of deepening and broadening our business scope to create value for our respective stakeholders. Building on our strong foundation, we duplicated our systems and service standard as we expanded our network locally and in Malaysia.

As part of our expansion plans, we opened two new pawnbroking and retail outlet in Singapore and two in Malaysia. We also acquired Teck Chong Pawnshop as well as Ban Lian Pawnshop in Singapore. We are well-poised to act on opportunities that may present themselves so as to enable us to further expand our pawnbroking network.

For greater efficiency, we moved our headquarters to Waterloo Centre in 2016. The new location at Waterloo Centre has facilities for customers to transact in privacy and comfort as well as to cater to transactions of high values.

Our licensed moneylending business continued to grow healthily. The business provides term loans collateralised by residential or commercial properties in Singapore. Our target customers include businessmen and corporates with urgent cash needs for general working capital or investments.

We believe that there is a growing demand for pre-owned jewellery in the retail market. As such, our subsidiary ValueMax Retail, which sells pre-owned jewellery and operates within the premises of our pawnbroking outlets, has expanded its business as we acquire and open new pawnbroking outlets.

Business volume for the Group's gold trading business in scrap gold had declined in 2016 compared to the previous year. However, the impact on the Group's bottom line was not significant. Demand for GST-exempt investment precious metal bars (IPM bars) had maintained around the same level.

Regulatory Changes

The revised Pawnbrokers Act which came into effect in 2015 abolished the monthly public auction of unredeemed pledged articles from pawnshops. Our pawnbroking business had benefited from greater manpower efficiency and savings in administrative costs, security costs and auction fees. In addition, the Group gets to ride on the upside of gold price recovery from unredeemed pledged articles.

The abolishment of auction has also lowered the average cost of inventory acquired from the pawnbroking unredeemed pledged articles for retail sales, allowing for lower retail prices. More pre-owned watches and jewellery merchandise have become available for the retail business.

MESSAGE FROM THE NON-EXECUTIVE CHAIRMAN AND THE MANAGING DIRECTOR/CEO

Furthermore, there was a regulatory change in the conditions for operation last year to allow for the retail of new jewellery within pawnshop premises. This will generate added additional income for the jewellery retail business.

The Moneylenders Act also saw a revision in 2015 capping the interest rate for loans. This may generate greater interest and demand for our moneylending business.

Future Outlook

With the challenging economic outlook and tightening bank credit, we expect more people with urgent cash needs to turn to pawnbroking and moneylending services to meet their requirements.

We will continue to seek expansion opportunities through opening new pawnbroking and retail outlets at suitable locations as well as through acquisitions.

More emphasis will also be placed on the development and growth of our moneylending business by offering primarily secured loans. While we aim to expand our jewellery retail business, our gold trading business is expected to remain stable. We remain focused on our strategic priorities to generate growth.

Looking ahead, we are excited by the various opportunities across our diverse business segments and strong loyalty from our customers upon which we will capitalize to build sustainable long term growth.

Rewarding Shareholders

The Board of Directors has recommended a one-tier tax exempt cash dividend of 1.08 Singapore cents per ordinary share for the financial year ended 31 December 2016. Subject to the approval of shareholders at the Annual General Meeting to be held on 25 April 2017, the proposed dividend will be paid on 31 May 2017.

To reward our shareholders, the Board has decided that annual dividends for the three years till 2018 shall not be less than 35% of our profit after tax.

Appreciation

We would like to thank our fellow Directors for their counsel and guidance and management and staff for their tireless efforts, hard work and commitment towards the Group.

To all our customers and suppliers, it has been ValueMax's immense privilege to serve you. Thank you for the opportunities and your confidence in ValueMax.

We would like to express our appreciation to our business associates who have been instrumental in the many accomplishments of the Group during the year.

Finally, we would like to thank all our valued shareholders for their continual and ardent support. Thank you for staying invested in ValueMax.

Phua Tin How
(Non-Executive Chairman)

Yeah Hiang Nam
(Managing Director and CEO)

OPERATIONS REVIEW

Financial Review

Despite being a challenging year for the pawnbroking industry with intense competition and rising operation costs, the Group has achieved a 55% growth in net profit.

During the year, the Group's revenue declined from $269.9 million in FY2015 to $253.3 million in FY2016. Revenue from retail and trading of pre-owned jewellery and gold business decreased by $23.6 million while revenue from pawnbroking increased by $1.9 million. Revenue contribution from the moneylending business increased by $5.0 million in FY2016.

Consequently, the Group's overall gross profit increased by $8.2 million in FY2016 compared with the same period in FY2015. Gross profit margin improved from 10.3% in FY2015 to 14.2% in FY2016 due to the higher revenue mix from the pawnbroking and moneylending business.

Administrative expenses increased from $16.7 million in FY2015 to $18.9 million in FY2016 mainly due to the increase in employee benefits expense of $1.3 million, rental expenses of $0.1 million, depreciation expenses of $0.3 million and legal and professional fees of $0.1 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments.

Other operating expense decreased from $2.3 million in FY2015 to $1.7 million in FY2016 mainly due to the decrease in allowance for doubtful trade receivables of $1.6 million. This was partially offset by an increase in allowance for write-down of inventories of $0.7 million, loss on remeasuring previously held equity interest of $0.1 million and write-off of excess of consideration over fair value of interest acquired in subsidiaries of $0.2 million.

The Group's share of results of associates increased from $1.6 million in FY2015 to $2.1 million in FY2016, due to increased contribution from the Malaysian associated companies.

As a result of the above, profit before tax increased by $6.1 million to $17.8 million in FY2016.

Balance Sheet and Cash Flow Highlights

Non-current assets increased by $45.8 million from $53.7 million as at 31 December 2015 to $99.5 million as at 31 December 2016. The addition stems from increases in trade receivables from the Group's moneylending business of $30.6 million, rental deposit of $0.5 million, property, plant and equipment of $14.3 million, as well as investment in associates of $0.4 million.

Current assets increased by $75.0 million from $219.4 million as at 31 December 2015 to $294.4 million as at 31 December 2016. This was due to increases in trade and other receivables of $68.6 million, prepaid operating expenses of $0.4 million and inventories of $10.9 million, of which were partially funded by a decrease in cash and bank balances of $4.9 million.

Meanwhile, current liabilities increased by $49.2 million from $111.6 million as at 31 December 2015 to $160.8 million as at 31 December 2016 as a result of increases in interest-bearing loans and borrowings of $48.9 million, other liabilities of $0.3 million and income tax payable of $0.7 million. These were partially offset by a decrease in trade and other payables of $0.7 million.

Non-current liabilities increased by $60.1 million as a result of the issuance of $50 million bonds and a property loan on the Waterloo premises taken up in 2016.

Equity comprises share capital, retained earnings, capital reserve, foreign currency translation reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from $155.5 million as at 31 December 2015 to $165.8 million as at 31 December 2016 mainly due to the increase in retained earnings.

OPERATIONS REVIEW

During the year, net cash used in operating activities was $87.6 million. This comprises operating cash flows before working capital adjustments of $22.8 million, adjusted by net working capital outflow of $105.2 million. In FY2016, the Group received interest income of $0.4 million, with net income tax paid of $1.0 million and interest expense paid of $4.6 million respectively. The net working capital outflow was a result of the increase in trade and other receivables of $90.1 million, the increase in inventories of $10.3 million, the increase in prepaid operating expenses of $0.5 million and the decrease in trade and other payables of $4.6 million. These were partially offset by the increase in other liabilities of $0.3 million.

Net cash used in investing activities amounted to $18.8 million arising from net cash outflow on acquisition of a subsidiary of $6.0 million and the purchase of property, plant and equipment of $13.0 million, partially offset by dividend income of $0.2 million.

Net cash generated from financing activities in FY2016 amounted to $101.4 million comprising the proceeds from interest-bearing loans and borrowings of $78.1 million and the net proceeds from issuance of bonds of $49.5 million, which was partially offset the repayment of interest-bearing loans and borrowings borrowings of $19.9 million, the payment of dividends of $5.5 million and return of investment to non-controlling shareholders of $0.8 million.

Operations Review

The Group completed the purchase of the Aljunied property and has commenced its pawnbroking and retail business at the premises in the first quarter of 2016. In the second half of the year, the Group relocated its corporate headquarter as well as the operation of its moneylending and gold trading businesses to Waterloo Centre where it also opened its new pawnbroking outlet and a flagship jewellery retail outlet targeted at high net worth customers. Together with the acquisition of Teck Chong Pawnshop in Ang Mo Kio, the Group currently has 26 outlets in Singapore. During the year, the Group also added another two outlets in Malaysia.

GROUP BUSINESSES

Pawnbroking

The main business of the Group is pawnbroking service. Pawnbroking is a regulated and licensed form of collateralised micro-financing. Pawners will pledge articles as collaterals for the loans extended. Typical pledges include jewellery in yellow or white gold, diamond jewellery and branded time pieces. Gold, platinum or silver bars and coins are also pawned.

Moneylending

The Group's moneylending business grants term loans secured by mortgages of private residential and commercial properties. The target market for the moneylending business includes businessmen and corporates that have urgent cash needs. The Group also provides unsecured moneylending services targeted at individuals with high annual income and/or high net worth. In addition, the Group also provides financing to the automotive industry.

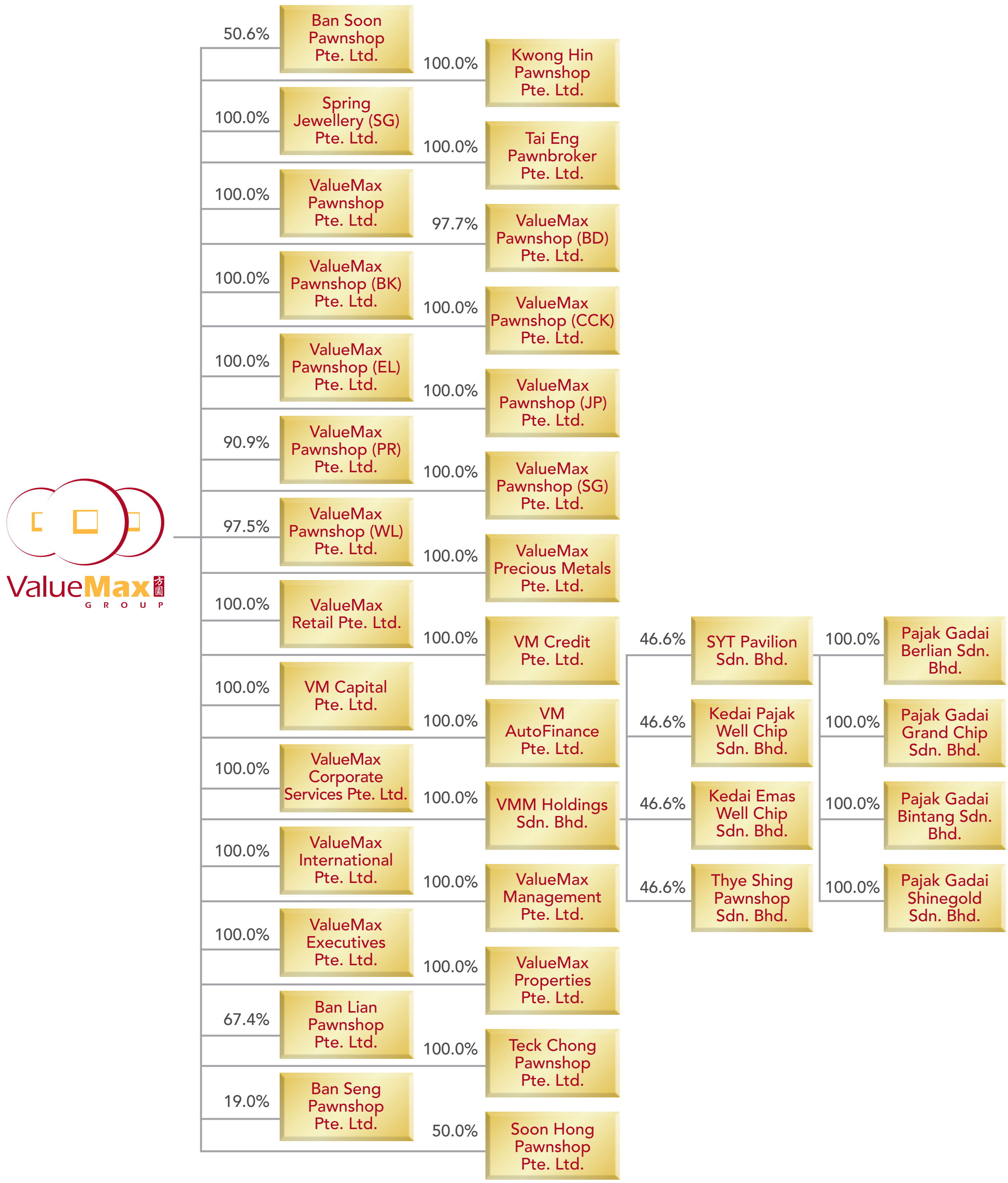
Retail of Pre-owned Jewellery and Watches

The retail arm of the Group reconditions selected pre-owned jewellery and watches for retail sale at the outlets. These items include unredeemed pledged articles from the pawnbroking business as well as jewellery and branded watches purchased from walk-in individuals at the outlets.

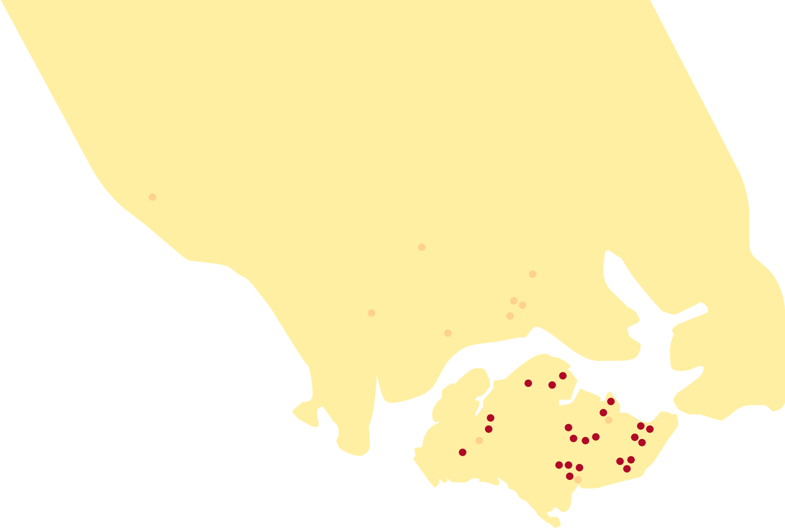
Gold Trading

The Group's gold trading wholesale business purchases scrap gold from other pawnbrokers and jewellery traders, and sells fine gold bars to jewellery factories, wholesalers and retailers.

GROUP STRUCTURE



STORE LOCATIONS



● Pawnshops and Pre-owned Jewellery Retail Outlets Operated By Our Group
● Pawnshops and Pre-owned Jewellery Retail Outlets Operated By Our Associated and Investee Companies

EAST

PASIR RIS EAST
442 Pasir Ris Drive 6 #01-24 S(510442)

PASIR RIS MRT
10 Pasir Ris Central #01-12/13 Pasir Ris MRT Station S(519634)

TAMPINES CENTRAL
513 Tampines Central 1 #01-168 S(520513)

TAMPINES EASTLINK MALL
8 Tampines Central 1 #01-16 Eastlink Mall S(529543)

BEDOK TOWN CENTRE
213 Bedok North Street 1 #01-119 S(460213)
213 Bedok North Street 1 #01-121 S(460213)
218 Bedok North Street 1 #01-31 S(460218)

Aljunied
119 Aljunied Avenue 2 #01-40 S(380119)

NORTH

SENGKANG MRT
5 Sengkang Square #01-06 Sengkang MRT Station S(545062)

KOVAN
204 Hougang Street 21 #01-121 S(530204)

SERANGOON CENTRAL
262 Serangoon Central Drive #01-99 S(550262)

RIVERVALE PLAZA *
118 Rivervale Drive #01-14 Rivervale Plaza S(540118)

ANG MO KIO
703 Ang Mo Kio Avenue 8 #01-2529 S(560703)
339 Ang Mo Kio Avenue 1 #01-1585 S(560339)

YISHUN CHONG PANG
101 Yishun Avenue 5 #01-63 S(760101)

WOODLANDS VISTA POINT
548 Woodlands Drive 44 #01-17/18 Vista Point S(730548)

WOODLANDS MRT
30 Woodlands Avenue 2 #01-50 Woodlands MRT Station S(738343)

PUNGGOL MRT
70 Punggol Central #01-03 Punggol MRT Station S(828868)

YISHUN
292 Yishun Street 22 #01-275 S(760292)

BISHAN
282 Bishan Street 22 #01-151 S(570282)

CENTRAL

BOON KENG
25 Bendemeer Road #01-579 S(330025)

TOA PAYOH
184 Toa Payoh Central #01-360 S(310184)

TEKKA
664 Buffalo Road #01-05/06 S(210664)

WATERLOO CENTRE
261 Waterloo Street #01-33 S(180261)

WEST

CHOA CHU KANG
303 Choa Chu Kang Avenue 4 #01-723 S(680303)

BOON LAY MRT
301 Boon Lay Way #01-21/22 Boon Lay MRT Station S(649846)

BUKIT GOMBAK
372 Bukit Batok Street 31 #01-368 S(650372)

MALAYSIA **

9 Pawnshops

1 Jewellery Retail Outlet

* held by an associated company in Singapore
** held by associated companies in Malaysia

DIRECTORS' PROFILE

Phua Tin How is our Non-Executive Chairman and Independent Director. He was appointed to the Board of our Company on 27 September 2013. He chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Phua Tin How held several senior appointments in the public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore. From 1994 to 2003, Phua Tin How was concurrently the Group President of DelGro Corporation Ltd and President and CEO of SBS Transit Ltd. Phua Tin How also served on the Board of several other companies listed on the Mainboard of SGX-ST, and is currently an independent director of YHI International Ltd.

Phua Tin How holds a Master in Business Administration degree from INSEAD, France and a Bachelor of Science (Hons) degree from the University of Singapore.

Yeah Hiang Nam is our Managing Director and CEO. He was appointed to the Board of our Company on 7 August 2003 and is responsible for the overall strategy and business development of our Group. Yeah Hiang Nam has more than 45 years of experience dealing with gold and jewellery and more than 25 years in the pawnbroking industry. He has been instrumental in the development and growth of our Group and our various business segments.

Yeah Hiang Nam is a recipient for Top Entrepreneur in the Entrepreneur of the Year Award 2010 from the Rotary-ASME. He was awarded the Public Service Medal in 2016 for his contributions to society and business. He is currently a Patron of the Clementi Citizens' Consultative Committee (CCC) as well as the Honorary Presidents of Singapore Pawnbrokers Association, Teoh Yeoh Association and Yeow Association.

Yeah Lee Ching is our Executive Director. She was appointed to the Board of our Company on 12 April 2013 and is responsible for overseeing jewellery valuation, gold trading, as well as corporate communications of our Group.

Yeah Lee Ching has over 15 years of combined experience in the diamond jewellery, gemstones and pawnbroking industries, having been the General Manager of Golden Success Jewellery Pte Ltd from 1995 to 1997 and 1999 to 2000, and later the Marketing and Communications Manager for the Asia Pacific region of Swarovski Gemstones under Signity Management Pte Ltd from 2000 to 2004. Yeah Lee Ching first joined our Group as Marketing Manager in 2004.

Yeah Lee Ching is a Graduate Gemologist from the Gemological Institute of America since 1995. She was conferred a Master of Business Administration degree from the National University of Singapore in 1999. She is currently the Treasurer of the Enterprise 50 Association, the Secretary of the Singapore Pawnbrokers Association, as well as an Executive Committee Member of the Moneylenders Association of Singapore.

Yeah Chia Kai is our Executive Director. He was appointed to the Board of our Company on 27 September 2013. He is responsible for overseeing the operations of the pawnbroking and retail businesses.

Yeah Chia Kai joined our Company as an Operations Executive in 2004. He founded Mischief Studios Pte Ltd, a software development company, and served as its executive producer in 2006, before reassuming the role of Operations Manager of our Group in 2007.

Yeah Chia Kai graduated from Curtin University of Technology with a Bachelor of Commerce – Marketing degree and was later conferred the Master of Business Administration degrees from both Columbia University and London Business School. He also holds a Certified Diamond Grader Diploma by the HRD Antwerp and a Foundation Certificate in Gemology from the Gemmological Association of Great Britain.

Lim Tong Lee is our Independent Director. He was appointed to the Board of our Company on 27 September 2013. He chairs the Audit Committee and is a member of our Nominating Committee and Remuneration Committee.

Lim Tong Lee started his career in Ernst & Young, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad from 1995 to 2007. From 2007 to 2012 and presently, Lim Tong Lee is the Head of Corporate Finance of KGI Securities (Singapore) Pte Ltd (formerly know as AmFraser Securities Pte Ltd). In 2013, Lim Tong Lee was the Chief Investment Officer of AmWater Investments Management Pte Ltd. From 2014 to 2015, He was the Senior Vice President of Venstar Capital Management Pte Ltd. He is also an independent director of LBS Bina Group Berhad, a company listed on Bursa Malaysia.

Lim Tong Lee is a Fellow Chartered and Certified Accountant of the United Kingdom Association of Chartered and Certified Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Lim Hwee Hai is our Independent Director. He was appointed to the Board of our Company on 27 September 2013. He chairs the Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

Lim Hwee Hai started his career in DBS Bank Ltd as a senior officer (credit) in 1976, before joining Banque Nationale de Paris as an assistant manager in 1980. In 1982, he co-founded SiS International Holdings Ltd, a company listed on the Hong Kong Stock Exchange, involved in the investment and distribution of intellectual technology products. He is currently an executive director of SiS International Holdings Ltd and is responsible for its business operations in South East Asia.

Lim Hwee Hai graduated from the Nanyang University of Singapore with a Bachelor of Commerce (First Class Honours) degree and was later conferred a Master of Business Administration degree by the National University of Singapore.

KEY MANAGEMENT

Carol Liew is our Chief Financial Officer. She is in charge of overseeing all accounting and finance functions of our Group.

Carol Liew started her career with Cooper & Lybrand's audit division in 1993. She was later a manager at PricewaterhouseCoopers Corporate Finance Pte Ltd from 1999 to 2003 where she advised clients on matters relating to capital markets, mergers and acquisitions, corporate and debt restructuring, independent financial advisory as well as business valuation projects. She later served as the vice president (finance and administration) of Straco Corporation Ltd, then the Chief Financial Officer of TranSil Corporation Pte Ltd and Rotol Singapore Limited respectively. Prior to joining our Group, she was the Associate Director for Corporate Development in SEF Group Ltd.

She holds a Bachelor of Commerce degree from The University of Western Australia and a Certificate in Singapore Law and Tax Management from Nanyang Technological University. Carol Liew is also a Certified Practicing Accountant (Australia) since 2003 and a CFA® charterholder since 2006.

Leong Koon Weng is our Director of Business Development. He assists the Chief Executive Officer to evaluate and develop new business opportunities to ensure growth and profitability of our Group.

Mr Leong has 20 years of experience in banking where he held various positions with local and international banks in corporate banking, enterprise banking and credit risk review. He has about 8 years of experience in SGX listed companies, namely Gates Electronics Limited (now known as China Environment Limited) and Oceanus Group Limited where he served as the Executive Director and Chief Financial Officer respectively. Prior to joining our Group in August 2014, Mr Leong was a director in Windsor Management Pte Ltd, a company engaged in property and asset management, consultancy and advisory services.

Mr Leong graduated with a Bachelor of Social Sciences (Honours in Economics) from the National University of Singapore. He is a member of the Singapore Institute of Directors and a member of the School Advisory Committee in New Town Secondary School.

Tan Yam Hong is our Senior Operations Manager (Pawnbroking). He is responsible for assisting our Executive Directors in managing our pawnshops and pre-owned jewellery retail outlets as well as ensuring that our employees are provided with adequate valuation and sales training.

Mr Tan has approximately 20 years of experience in the jewellery industry and approximately six years of experience in the pawnbroking industry. He started his career in Golden Beauty Jewellery Pte. Ltd. from 1993 to 1996 where he was involved in the sales and marketing of jewellery. He was later the sole proprietor of Progold Trading from 1998 to 2012, a company in the business of the wholesale of gold and jewellery which ceased operations in 2008 and terminated in 2012. He joined our Group in 2008 as a trainee appraiser and was later promoted to branch manager of ValueMax Pawnshop (SG) in 2010.

Mr Tan holds a diploma of certified diamond grader by the HRD Antwerp Institute of Gemmology.

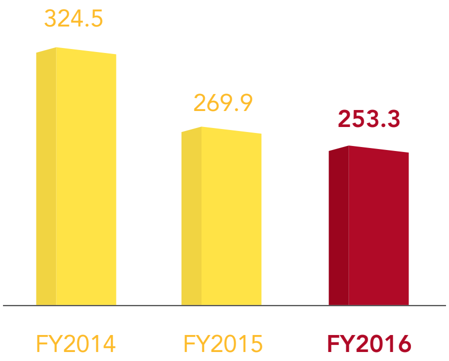
Low Khee Joo is our Senior Operations Manager (Wholesale). He is responsible for assisting our Executive Directors in overseeing the gold trading business. He supervises the monitoring and covering of our outstanding gold positions in the international gold market, and the day to day operations of our gold trading business.

Mr Low has more than 20 years of experience in the sale and purchase of bullion. From 1985 to 1993, he was working with OCBC Bank, dealing in bullion and futures as well as foreign exchange and precious metal margins. He was responsible for providing market information and news to customers and taking positions on behalf of the bank. He was also responsible for ordering and purchasing physical gold bars from producers in Australia, London and Switzerland. Prior to joining our Group, Mr Low was a freelance trader from 1993 to 2008, assisting his clients in executing deals on their behalf as well as monitoring and managing their funds and outstanding positions with the bank. Mr Low joined our Group in 2009 as a senior dealer, responsible for monitoring and covering the gold positions taken by our Group in our day to day operations.

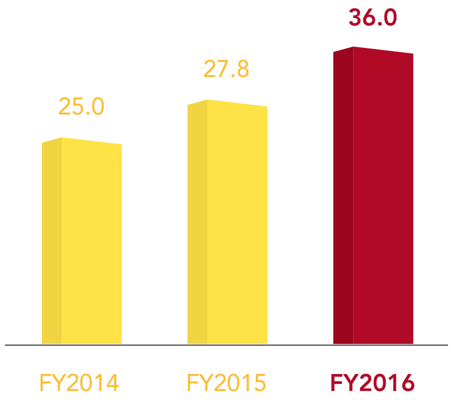
Mr Low completed a course on supervisory management organised by the Singapore Institute of Management in 1977, and later obtained a certificate of recognition in a futures trading test held by The Institute of Banking and Finance in 1987.

FINANCIAL HIGHLIGHTS

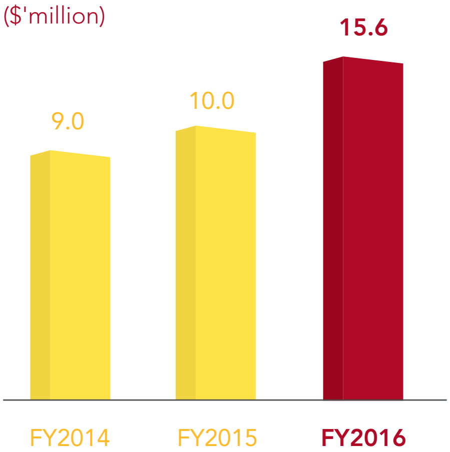
REVENUE ($'million)



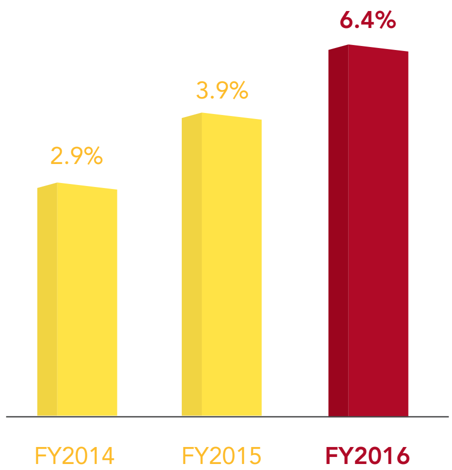
GROSS PROFIT ($'million)



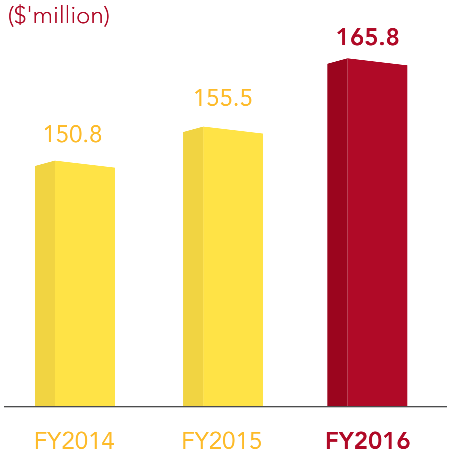
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
($'million)



NET MARGIN



EQUITY ATTRIBUTABLE TO SHAREHOLDERS
($'million)



FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of ValueMax Group Limited ("**ValueMax**" or the "**Company**") is committed to good standards of corporate governance to enhance corporate performance and accountability.

The Board recognises the need to maintain a balance of accountability in creating and preserving shareholder value and achieving its corporate vision for the Company and its subsidiaries (the "**Group**").

The Company has adopted, as far as possible, the principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**") except in the disclosure of remuneration to directors and key management personnel who are not directors or Chief Executive Officer of the Company for the financial year ended 31 December 2016. The Board is of the view that adequate disclosure of the remuneration of Directors and key management personnel had been made in keeping with the spirit of the Code. Due to the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that a detailed disclosure of remuneration as recommended by the Code would not be in the best interest of the Company. Please refer to page 18 for disclosure of remuneration to Directors and key management personnel who are not directors or Chief Executive Officer of the Company for the financial year ended 31 December 2016.

This statement on the corporate governance practices of ValueMax describes the corporate governance policies practised by ValueMax during the financial year ended 31 December 2016, with specific references made to each of the principles set out in the Code.

BOARD MATTERS

Principle 1: Board Conduct of its Affairs

The Board holds meetings on a regular basis throughout the year to approve the Group's key strategic plans as well as major investments, disposals and funding decisions. The Board is also responsible for the overall corporate governance of the Group.

The Board has delegated specific responsibilities to 3 sub-committees namely, the Audit, Nominating and Remuneration Committees (collectively the "**Board Committees**"), the details of which are set out below. These Board Committees have the authority to examine particular issues under the purview of each of their committees and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board holds regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when required to address significant transactions and issues that arise between the scheduled meetings. Board members contribute both at formal board meetings as well as outside of these meetings. To ensure maximum participation from the Board, the Company's Constitution provides that Directors may participate in a meeting of the Board of Directors by means of telephone conferencing, videoconferencing, audio visual, or other electronic means of communication, without having to be in the physical presence of each other.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members.

Details of Directors' attendance at the Board and Board Committee Meetings held in the financial year ended 31 December 2016 are disclosed in the table below:

Board Members	Board	Nominating Committee	Remuneration Committee	Audit Committee
Phua Tin How	4/4	1/1	2/2	4/4
Yeah Hiang Nam	4/4	1/1	NA	NA
Yeah Lee Ching	4/4	NA	NA	NA
Yeah Chia Kai, Steven	4/4	NA	NA	NA
Lim Tong Lee	4/4	1/1	2/2	4/4
Lim Hwee Hai	4/4	1/1	2/2	4/4

CORPORATE GOVERNANCE REPORT

All Directors are updated regularly concerning any changes in the Company's policies, risks management, key changes in the relevant regulatory requirements and accounting standards. The Company also provides ongoing education on Board processes, governance and best practices. Newly appointed Directors are briefed by Management on the business activities of the Group and its strategic directions. They are also provided with relevant information on the Company's policies and procedures.

Matters Requiring Board Approval

The Company has documented internal guidelines for matters that require Board approvals. Matters which require Board approval include:

- Matters involving a conflict of interest for a substantial shareholder or a director;
- Material acquisitions and disposals of assets;
- Major investments and funding decisions;
- Corporate financial restructuring; and
- Share issuances, interim dividends and other returns to shareholders.

The Board reviews Interested Person Transactions and the Group's internal control procedures.

The Board also meets to consider the following corporate matters:

- Approval of Quarterly Result Announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholder's Meetings; and
- Approval of Corporate Strategies.

Principle 2: Board Composition and Balance

The Board comprises an Independent Non-Executive Chairman, two Independent Directors and three Executive Directors. Currently one-half of the Board comprises Independent Directors.

The independence of each Director will be reviewed by the Nominating Committee to ensure that the Board is capable of exercising objective judgment on corporate affairs of the Group. The independence of a director who has served the Board beyond nine years will be subject to rigorous review and the Nominating Committee will determine whether the director should be deemed independent. Currently, none of the Independent Directors has been a Director of the Company for more than nine years.

Mr Phua Tin How, Mr Lim Tong Lee and Mr Lim Hwee Hai are Independent Directors. They are not, nor are they directly associated with, a substantial shareholder (with interest of ten per centum or more in the voting shares of the Company).

The appointment of each Director is based on his calibre, experience, stature and potential contribution to the Company and its businesses. Our current Directors are respected individuals with diverse expertise and good track records in their respective fields.

The Nominating Committee is of the view that the current Board is capable of providing the necessary expertise to meet the Board's objectives and that no individual or small group of individuals dominates the Board's decision making process.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the current board size of six Directors, one of whom, is female, is appropriate, taking into account the nature and scope of the Company's operations.

As the Chairman, Mr Phua Tin How is an Independent non-Executive Director, accordingly, there is no requirement for the Company to appoint a Lead Independent Director. The Company does not have any non-Executive or Alternate Directors.

Key information regarding the Directors can be found under the "Directors' Profile" section of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer ("**CEO**") are held by separate persons. This is to ensure that there is an appropriate balance of power and authority with clear divisions of responsibility and accountability. Such separation of roles between the Chairman and CEO promotes robust deliberation. The Chairman ensures that the Directors receive accurate, clear and timely information, encourages constructive relations between Board and Management, as well as between Board members, ensures effective communication with shareholders and promotes high standards of corporate governance.

The Chairman also ensures that Board Meetings are held regularly and when necessary, sets the Board meeting agendas in consultation with the CEO. The Chairman presides at each Board Meeting and ensures full discussion of all agenda items. Management staff, as well as external experts who can provide additional insights into the matters to be discussed, are invited as and when necessary, to attend at the relevant time during the Board Meetings. In assuming their roles and responsibilities, the Chairman and CEO consult with the Board and Board Committees on major issues.

Principle 4: Board Membership

The Nominating Committee comprises Mr Lim Hwee Hai, Mr Phua Tin How, Mr Lim Tong Lee and Mr Yeah Hiang Nam. Mr Lim Hwee Hai is the Chairman of the Nominating Committee and in accordance with the Code, he is not, nor is he directly associated with, a substantial shareholder (with interest of ten per centum or more in the voting shares of the Company). Mr Phua Tin How and Mr Lim Tong Lee are both Independent Directors.

The responsibilities of the Nominating Committee include the nomination of Directors, determining the independence of a Director and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The criteria for independence is based on the definition as set out in the Code.

Key information on the Directors and their shareholdings in the Company are found on pages 10 and 25 of this Annual Report respectively.

The Nominating Committee selects and recommends new directors for appointment after considering several criteria such as the candidate's experience, core competency, industry knowledge and general ability to contribute to the Board's proceedings. Newly appointed directors are required to submit themselves for re-election at the next annual general meeting of the Company ("**AGM**").

We believe that Board renewal must be an ongoing process, to ensure good governance and maintain relevance to the changing needs of the Company and its businesses. Our Constitution requires at least one-third of our Directors to retire and subject themselves to re-election by shareholders at every AGM, and no director stays in office for more than three years without being re-elected by shareholders.

A retiring director shall be eligible for re-election. In recommending that a director be nominated for re-election, the Nominating Committee assesses each candidate's suitability for re-appointment prior to making its recommendation, carefully taking into consideration factors such as the director's record of attendance and participation, his/her candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments.

Article 98 provides that at least one-third of the Directors shall retire from office at every AGM. Ms Yeah Lee Ching and Mr Lim Tong Lee will be subject to retirement by rotation at the forthcoming AGM, pursuant to the requirements of Article 98 of the Company's Constitution. Both Ms Yeah Lee Ching and Mr Lim Tong Lee have indicated that they will be seeking re-election as Directors of the Company.

CORPORATE GOVERNANCE REPORT

The Nominating Committee has reviewed and is satisfied with their contribution and performance as Directors and has endorsed their nomination for re-election.

Although some of the Board members have multiple board representations and other principal commitments, the Nominating Committee is satisfied that the Directors have devoted sufficient time and attention to the matters of the Group. The Board does not see any reason to set the maximum number of listed company representations that any director may hold as all the directors are able to devote sufficient attention to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a director who holds more than 6 board representations in companies whose shares are quoted on the Singapore Exchange Trading Securities Limited may consult the Chairman before accepting any new appointments as a director.

The Directors are provided with briefings and updates on an on-going basis in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards which have direct impact on financial statements, so as to enable them to properly discharge their responsibilities as Board members. Regular briefings and updates on developments in accounting and governance standards are conducted by the external auditors, Ernst & Young LLP. The CEO updates the Board at each meeting on business and strategic developments in the industry. The Directors also attend other appropriate courses and seminars.

Principle 5: Board Performance

The Nominating Committee will use its best efforts to ensure that directors appointed to the Board possess the necessary background, experience and knowledge to enable balanced and well-considered decisions to be made by the Board.

A review of the Board's performance is undertaken annually by the Nominating Committee with inputs from Board members and the Chairman.

Apart from the fiduciary duties (i.e. act in good faith, with due diligence and care and in the best interests of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long term objective of enhancing shareholders' value is achieved. The Board's performance is also measured by its ability to support Management especially in times of crisis and to steer the Company towards profitability. In doing so, the Nominating Committee takes into consideration the financial indicators set out in the Code as guidelines for evaluating the Board's performance.

To evaluate the effectiveness of the Board as a whole, the Nominating Committee considered the adequacy and size of the Board, the Board's access to information, Board processes and accountability, and communication with senior management. The criteria for evaluation are reviewed by the Nominating Committee each year and changes are made where circumstances require.

In FY2017, individual assessment will be conducted through a peer review process and the results of the assessment will be collated by the Chairman of the Board and discussed with the Nominating Committee Chairman. The factors to be considered in the individual assessment will include director's attendance and participation in and outside meetings, skills and contributions made by the director. The performance of individual directors will be taken into consideration in their re-appointment or re-election.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities, Management is required to provide adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision, as well as ongoing reports relating to operational and financial performance of the Company.

Management's proposals to the Board for approval provide background and explanatory information such as facts, risk analysis, financial impact and recommendations. Any material variances between projections and the actual results of budgets disclosed are explained to the Board. Employees who can provide additional insights into matters to be discussed, are invited at the relevant time to attend the Board meetings to address queries raised.

CORPORATE GOVERNANCE REPORT

The Board has separate and independent access to senior management at all times. If the Directors, whether as a group or individually, need independent professional advice, the Company will, upon directions by the Board, appoint a professional advisor selected by the group or individual to render the advice. The cost of such professional advice will be borne by the Company.

The Audit Committee meets our external auditor (Ernst & Young LLP) and internal auditor (KPMG Services Pte Ltd) separately, at least once a year, without the presence of management.

The Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of the Companies Act. Together with Management, the Company Secretary is responsible for compliance with all rules and regulations which are applicable to the Company. The appointment and removal of the Company Secretary are subject to the Board's approval.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration

The Remuneration Committee comprises three Independent non-Executive Directors. The members of the Remuneration Committee are Mr Phua Tin How, who is also the Chairman of the Remuneration Committee, Mr Lim Tong Lee and Mr Lim Hwee Hai.

The key function of the Remuneration Committee is to review and recommend to the Board, in consultation with Management, a framework for all aspects of remuneration. The Remuneration Committee also determines the specific remuneration packages and terms of employment for Executive Directors as well as senior executives.

The Remuneration Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation in addition to the Company's performance and the performance of the individual Directors. No Director will be involved in deciding his own remuneration. No external consultation was deemed necessary during the year.

The Executive Directors' compensation consists of their salaries, bonuses and benefits.

The Board will, on an annual basis, submit a proposal for Directors' Fees as a lump sum for shareholders' approval. The sum to be paid to each of the Independent Directors shall be determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. Generally, directors who undertake additional duties as chairman and/or members of the Board Committees will receive higher fees for their additional responsibilities.

The Board will be recommending proposed Directors' Fees amounting to $185,000/- for the financial year ended 31 December 2016 (2015: $185,000/-) for shareholders' approval.

Principle 9: Disclosure on Remuneration

The Board is of the view that adequate disclosure of the remuneration of Directors and key management personnel had been made in keeping with the spirit of the Code. Due to the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that a detailed disclosure of remuneration as recommended by the Code would not be in the best interest of the Company. The remuneration of the Directors, however, is disclosed in the following table which sets out the names of Directors whose remuneration bands fell (i) below $250,000; (ii) between $250,000 and $500,000; and between $500,000 and $1,000,000 for the financial year ended 31 December 2016, together with a breakdown (in percentage terms) of each Director's remuneration earned through base/fixed salary, variable or performance related income/bonuses, and director fees/attendance fees proposed to be paid to each Director subject to the approval of shareholders at the AGM:

CORPORATE GOVERNANCE REPORT

	Percentage (%) Remuneration earned through:		
	Base/fixed salary	**Variable or performance related income/bonuses**	**Director Fees/ Attendance Fees**
Below $250,000			
Phua Tin How	–	–	100%
Lim Tong Lee	–	–	100%
Lim Hwee Hai	–	–	100%
Between $250,000 and $500,000			
Yeah Lee Ching	78%	22%	–
Yeah Chia Kai, Steven	78%	22%	–
Between $500,000 and $1,000,000			
Yeah Hiang Nam	76%	23%	1%

Of the remunerations of the key four management personnel who are not Directors or the CEO of the Company for the financial year ended 31 December 2016, the remunerations of three executives fell within the remuneration band of below $250,000 and the remuneration of one executive fell within the remuneration band of between $250,000 and $500,000. The annual aggregate remuneration paid to the four key management personnel of the Company (who are not Directors or the CEO) for the financial year ended 31 December 2016 is $663,000.

No termination, retirement and post-employment benefits were granted to any Director, the CEO or any four key management personnel for the financial year ended 31 December 2016.

No share awards were granted during the financial year ended 31 December 2016.

The employees who are immediate family members of a Director or the CEO are Mr Yeah Chia Wei and Madam Yeow Mooi Gaik, son and sister respectively, of our Executive Director and CEO, Mr Yeah Hiang Nam. Madam Yeow Mooi Gaik received a remuneration of between $50,000 and $100,000 while Mr Yeah Chia Wei received a remuneration of between $100,000 and $200,000 for the financial year ended 31 December 2016.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. As part of the Company's commitment to regular communication with our shareholders, the Company has adopted quarterly reporting as required by the Code. Financial results and annual reports will be announced or issued within the mandatory period.

Principle 11: Risk Management and Internal Controls

The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and identification and containment of business risk. The Board has not established a dedicated board risk committee but has appointed the Audit Committee to review annually the effectiveness of the Company's risk management and internal controls.

CORPORATE GOVERNANCE REPORT

A Whistle-Blowing Policy is also in place to provide an avenue through which employees may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action taken. The Audit Committee Chairman is in charge of managing this specific area. The Whistle-Blowing Policy has been reviewed by the Audit Committee to ensure that it has been properly implemented.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The risk issues are highlighted on pages 88 to 93 under Note 31 to the financial statements.

The external auditor, in the course of conducting their annual audit procedures on the statutory financial statements, also considered the internal controls relevant to the Group's preparation of financial statements to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditor are reported to the Audit Committee together with the external auditor's recommendations. Management would then take appropriate actions to rectify the weaknesses highlighted.

The Audit Committee, in the course of their review of the reports presented by the external auditor, also reviewed the effectiveness of the Group's system of internal controls. The Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate internal controls and risk management systems to address the financial, operational and compliance risks of the Group in its current business environment.

Principle 12: Audit Committee

The Audit Committee comprises three Independent non-Executive Directors, Mr Lim Tong Lee, Mr Phua Tin How and Mr Lim Hwee Hai. Mr Lim Tong Lee is the Chairman of the Audit Committee.

The Audit Committee holds periodic meetings to perform the following functions:

(a) review with the external auditor the audit plan, and the results of the external auditor's examination and evaluation of the Group's system of internal controls;

(b) review the financial statements and the external auditor's report on those financial statements, before submission to the Board for approval;

(c) review the co-operation given by our management to our auditors;

(d) nominate the appointment and re-appointment of external auditors to the Board;

(e) review interested person transactions;

(f) review internal audit reports and internal audit plans of the Group; and

(g) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Singapore Exchange Securities Trading Limited listing manual ("**Listing Manual**"), and by such amendments made thereto from time to time.

In addition to the above, the Audit Committee is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position.

Each member of the Audit Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Audit Committee in respect of matters in which he is interested.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 1207 (6)(b) and (6)(c) of the Listing Manual, the Audit Committee undertook the review of the independence and objectivity of the auditors as well as reviewing the non-audit services provided by the external auditor, and the aggregate amount of audit fees paid to them. The Audit Committee is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. Accordingly, the Audit Committee has recommended the re-appointment of Ernst & Young LLP as external auditor at the forthcoming AGM of the Company. In recommending the re-appointment of the external auditor, the Audit Committee considered and reviewed a variety of factors including adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, and size and complexity of the Group, its businesses and operations.

In appointing our auditors for the Company and subsidiaries, we have complied with the requirements of Rules 712 and 715 of the SGX Listing Manual.

Pursuant to Rule 1207 (6)(a), the fees payable to auditors is set out in Note 8 on page 56 of this Annual Report.

The Audit Committee and the Board have received the assurance of the CEO and the Chief Financial Officer that:

(a) The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) They have evaluated the effectiveness of the Group's risk management and internal controls and assessed the external auditor's report on the financial statements and management letter and noted that there have been no significant deficiencies in the design or operation of such controls which could adversely affect the Group's ability to record, process, summarise or report financial information. Such risk management and internal controls are in place and effective.

Principle 13: Internal Audit

The Audit Committee's responsibility in overseeing that the Company's risk management system and internal controls are adequate is complemented by the Company's appointment of KPMG Services Pte Ltd as the internal auditor of the Company. The internal auditor had adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor will report directly to the Chairman of the Audit Committee on audit matters. The internal auditor will plan its audit work in consultation with, but independent of, Management, and its annual internal audit plan will be submitted to the Audit Committee for approval at the beginning of each year. The internal auditor will report to the Audit Committee on its findings. The Audit Committee will meet the internal auditor on an annual basis, without the presence of management. The internal auditor has full access to all the Company's documents, records, properties and personnel including access to the Audit Committee.

Based on the external and internal auditors' findings, the Board with the concurrence of the Audit Committee is of the opinion that the Group's internal controls environment is adequate in addressing the Group's financial, operational and compliance risks, and provide reasonable (though not absolute) assurance against material financial misstatements and loss, and safeguard the Group's assets. The internal controls environment also ensures the Group's maintenance of proper accounting records, compliance with applicable regulations and best practices, and timely identification and containment of financial, operational and compliance risks. The Audit Committee is also satisfied that there were no material internal control deficiencies identified.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights
Principle 15: Greater Shareholder Participation
Principle 16: Conduct of Shareholder Meetings

We believe in regular and timely communication with shareholders as part of the Group's effort to help our shareholders understand our business better.

In line with the continuous obligations of the Company pursuant to the Listing Manual and the Companies Act, it is the Board's policy that all shareholders should be equally and timely informed of all major developments that will have an impact on the Company or the Group. It is also the Board's policy that all corporate news, strategies and announcements are promptly disseminated through SGXNET, press releases as well as various media. The Company does not practise selective disclosure. The Company maintains a dedicated investor relations segment on its website at www.valuemax.com.sg to keep shareholders informed of all significant corporate developments.

We support the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days before the meeting. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies. The shareholders are instructed on the meeting procedures, including voting procedures, which govern general meetings of shareholders at the start of the meetings. The Board welcomes questions from shareholders who will have an opportunity to raise issues either formally or informally before or at the AGM.

All resolutions at general meetings are put to vote by poll which is verified by a polling agent and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages is made on the day of the general meeting.

The Company's dividend policy endeavours to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders with a consistent and sustainable ordinary dividend on an annual basis, with a variable special dividend based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

The Company has declared a final dividend for the financial year ended 31 December 2016. Any payouts are communicated to shareholders via announcement on SGXNET when the Company discloses its financial results.

DEALING IN SECURITIES

All Directors and Executives of the Group are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full year financial statements.

Internal guidelines applicable to all directors and affected staff of the Group with regard to dealings in the shares of the Company have been adopted whereby such dealings are strictly prohibited during prescribed periods until the announcements of the relevant results are made. The employees and directors of the Group are also reminded to observe insider trading laws at all times even when dealing in securities within permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

Details of the interested person transactions are disclosed as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000) (S$'000)
Sale of pre-owned jewellery and gold	
Hwa Goldsmith and Jewellers	1,794
Lee Heng Jewellers	159
Mei Zhi Jewellery	233
Lucky Jewellery	282
Purchase of pre-owned jewellery and gold	
Lee Heng Jewellers	147
Mei Zhi Jewellery	220
Lease of premises	
Yeah Properties Pte Ltd	312
Yeah Capital Pte Ltd	164
Interest paid/payable	
Yeah Hiang Nam	693

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. Directors

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

Phua Tin How
Yeah Hiang Nam
Yeah Lee Ching
Yeah Chia Kai
Lim Tong Lee
Lim Hwee Hai

In accordance with Article 98 of the Company's Articles of Association, Yeah Lee Ching and Lim Tong Lee retire and, being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares or debentures

Except as described in paragraph five below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects are, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

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

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2016**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2017**
Ordinary shares of the Company						
Yeah Hiang Nam	42,727,000	42,727,000	–	378,597,960	378,797,960	421,524,960
Lim Hwee Hai	–	–	–	1,141,000	1,141,000	1,141,000
Ordinary shares of the ultimate holding company Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001
Yeah Lee Ching	1,076,000	1,076,000	1,076,000	–	–	–
Yeah Chia Kai	1,076,000	1,076,000	1,076,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Yeah Hiang Nam is deemed to have an interest in the shares of all the subsidiaries and associated companies to the extent held by the Company.

On 6 June 2016, Phua Tin How, Yeah Hiang Nam, Yeah Lee Ching and Lim Hwee Hai subscribed to term notes aggregating $500,000, $22,000,000, $250,000 and $1,000,000 respectively. As at the end of the financial year, Phua Tin How, Yeah Hiang Nam, Yeah Lee Ching and Lim Hwee Hai held term notes aggregating $500,000, $22,000,000, $250,000 and $1,000,000 respectively. The term notes bear a fixed interest rate of 5.5% per annum and are due in 2018. There is no change in the term notes held by the directors as at 21 January 2017.

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

5. Options

At an Extraordinary General Meeting held on 11 October 2013, shareholders approved the ValueMax Performance Share Plan for the granting of non-transferable share awards that are settled by the physical delivery of the ordinary shares of the Company or by cash settlement, to eligible employees and controlling shareholders and their associates.

The committee administering the ValueMax Performance Share Plan comprise three directors, Phua Tin How, Lim Tong Lee and Lim Hwee Hai.

Since the commencement of the ValueMax Performance Share Plan till the end of the financial year, no share awards have been granted.

DIRECTORS' STATEMENT

6. Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

7. Auditor

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

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
24 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Allowance for doubtful trade receivables (Pawnbroking segment)

Trade receivable balances are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. On a monthly basis, the Group assesses the allowance for doubtful trade receivables for this segment based on historical non-renewal and non-redemption data of individual pawnshop outlets. Significant judgement and estimation is involved in using the historical non-renewal and non-redemption data to derive the probability of non-redemption as the pawn loan ages. Accordingly, we have identified the allowance for doubtful trade receivables from the Group's pawnbroking segment as a key audit matter.

To address the risk of material misstatement relating to the allowance for doubtful trade receivables from the Group's pawnbroking segment, our audit procedures include, amongst others, evaluating management's procedures in respect of managing the risk of impairment, which consists of monitoring the volatility of market prices of gold, jewellery and watches. We have also reviewed management's assessment on the probability of non-redemption based on historical non-renewal and non-redemption data, and assessed the adequacy of the allowance for doubtful trade receivables in this segment. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 19.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key audit matters (cont'd)

Allowance for doubtful trade receivables (Unsecured moneylending business)

Trade receivable balances are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. To manage the Group's credit risk, the Group sets a specific credit limit for each borrower, and assesses the allowance for doubtful trade receivables for this business based on the credit assessment and repayment patterns of individual borrowers. Significant judgement is involved in the Group's credit assessment of individual borrowers and assessment of allowance for doubtful receivables. Accordingly, we have identified the allowance for doubtful trade receivables from the Group's unsecured moneylending business as a key audit matter.

To address the risk of material misstatement relating to allowance for doubtful trade receivables from the Group's unsecured moneylending business, our audit procedures include, amongst others, evaluating management's procedures in respect of managing the risk of impairment, and reviewing management's credit assessments of individual borrowers. We have also reviewed management's assessment of the collectability of receivables from individual borrowers, and checked to cash settlements vis-à-vis repayment terms for the borrowers up to the date of the financial statements. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 19.

Existence of pledges, cash and inventories

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

As part of our audit, we evaluated the design and operating effectiveness of internal controls with respect to physical safeguards over pledges, cash and inventories. On a sample basis, we attended and observed surprise outlet audits (which include the verification of pledges, cash and inventories counts), daily cash counts and inventory cycle counts at selected outlets performed by management. On a sampling basis, we also attended year-end inventory counts and cash counts at outlets, and sighted to pledges from pawnshop outlets. To verify the existence of bank balances, we obtained bank confirmations and reviewed management's monitoring on the cash ceiling limit of each outlet via timely deposit of excess cash on hand. Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held (trade receivables of the Group's pawnbroking segment) and inventories in Note 20, Note 19 and Note 18 respectively.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

24 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2016 $'000	2015 $'000
Revenue	4	**253,250**	269,883
Cost of sales		**(217,288)**	(242,085)
Gross profit		**35,962**	27,798
Other item of income			
Other operating income	5	**3,270**	2,027
Other items of expense			
Marketing and distribution expenses		**(558)**	(317)
Administrative expenses		**(18,905)**	(16,681)
Finance costs	6	**(2,375)**	(374)
Other operating expenses	7	**(1,666)**	(2,324)
Share of results of associates		**2,090**	1,552
Profit before tax	8	**17,818**	11,681
Income tax expense	11	**(1,673)**	(1,264)
Profit for the year		**16,145**	10,417
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(181)**	(658)
Total comprehensive income for the year		**15,964**	9,759
Profit for the year attributable to:			
Owners of the Company		**15,559**	10,045
Non-controlling interests		**586**	372
		16,145	10,417
Total comprehensive income for the year attributable to:			
Owners of the Company		**15,378**	9,387
Non-controlling interests		**586**	372
		15,964	9,759
Earnings per share (cents per share)			
Basic and diluted	12	**2.92**	1.88

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

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	13	**28,909**	14,595	**124**	18
Intangible assets	14	**451**	451	**–**	–
Investments in subsidiaries	15	**–**	–	**51,832**	44,846
Investments in associates	16	**8,923**	8,485	**1,002**	1,874
Other investments	17	**688**	688	**688**	688
Trade and other receivables	19	**60,516**	29,444	**3,006**	–
		99,487	53,663	**56,652**	47,426
Current assets					
Inventories	18	**56,206**	45,334	**–**	–
Trade and other receivables	19	**229,831**	161,216	**131,266**	82,512
Prepaid operating expenses		**1,241**	780	**23**	44
Cash and bank balances	20	**7,112**	12,032	**1,021**	479
		294,390	219,362	**132,310**	83,035
Total assets		**393,877**	273,025	**188,962**	130,461
Current liabilities					
Trade and other payables	21	**4,692**	5,455	**3,519**	110
Other liabilities	22	**2,711**	2,400	**1,046**	855
Interest-bearing loans and borrowings	23	**151,640**	102,702	**–**	–
Income tax payable		**1,784**	1,076	**209**	234
		160,827	111,633	**4,774**	1,199
Net current assets		**133,563**	107,729	**127,536**	81,836
Non-current liabilities					
Provisions	24	**280**	264	**–**	–
Deferred tax liabilities	11	**1,802**	1,442	**12**	30
Interest-bearing loans and borrowings	23	**59,681**	–	**49,662**	–
		61,763	1,706	**49,674**	30
Total liabilities		**222,590**	113,339	**54,448**	1,229
Net assets		**171,287**	159,686	**134,514**	129,232

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

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	**78,313**	78,313	**78,313**	78,313
Retained earnings		**94,164**	83,673	**56,201**	50,919
Other reserves	26	**(6,689)**	(6,508)	**–**	–
		165,788	155,478	**134,514**	129,232
Non-controlling interests		**5,499**	4,208	**–**	–
Total equity		**171,287**	159,686	**134,514**	129,232
Total equity and liabilities		**393,877**	273,025	**188,962**	130,461

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

		Attributable to owners of the Company							
	Note	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2016									
At 1 January 2016		78,313	1,984	(7,599)	(893)	83,673	155,478	4,208	159,686
Profit for the year		–	–	–	–	15,559	15,559	586	16,145
Other comprehensive income									
Foreign currency translation		–	–	–	(181)	–	(181)	–	(181)
Total comprehensive income for the year		–	–	–	(181)	15,559	15,378	586	15,964
Distributions to owners									
Dividends paid on ordinary shares	33	–	–	–	–	(5,068)	(5,068)	–	(5,068)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(397)	(397)
Return of investment to non-controlling shareholders	15	–	–	–	–	–	–	(814)	(814)
Total distributions to owners		–	–	–	–	(5,068)	(5,068)	(1,211)	(6,279)
Changes in ownership interests in subsidiaries									
Acquisition of interest in a subsidiary, representing total changes in ownership interests in subsidiaries	15	–	–	–	–	–	–	1,916	1,916
Total transactions with owners in their capacity as owners		–	–	–	–	(5,068)	(5,068)	705	(4,363)
At 31 December 2016		78,313	1,984	(7,599)	(1,074)	94,164	165,788	5,499	171,287

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

		Attributable to owners of the Company							
	Note	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
2015									
At 1 January 2015		78,313	1,984	(7,599)	(235)	78,323	150,786	4,238	155,024
Profit for the year		–	–	–	–	10,045	10,045	372	10,417
Other comprehensive income									
Foreign currency translation		–	–	–	(658)	–	(658)	–	(658)
Total comprehensive income for the year		–	–	–	(658)	10,045	9,387	372	9,759
Distributions to owners									
Dividends paid on ordinary shares	33	–	–	–	–	(4,695)	(4,695)	–	(4,695)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(402)	(402)
Total distributions to owners		–	–	–	–	(4,695)	(4,695)	(402)	(5,097)
At 31 December 2015		78,313	1,984	(7,599)	(893)	83,673	155,478	4,208	159,686

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Share capital $'000	Retained earnings $'000	Total $'000
Company				
At 1 January 2015		78,313	47,869	126,182
Profit for the year, representing total comprehensive income for the year		–	7,745	7,745
Distributions to owners				
Dividends paid on ordinary shares, representing total distributions to owners and total transactions with owners in their capacity as owners	33	–	(4,695)	(4,695)
At 31 December 2015 and 1 January 2016		**78,313**	**50,919**	**129,232**
Profit for the year, representing total comprehensive income for the year		**–**	**10,350**	**10,350**
Distributions to owners				
Dividends paid on ordinary shares, representing total distributions to owners and total transactions with owners in their capacity as owners	33	**–**	**(5,068)**	**(5,068)**
At 31 December 2016		**78,313**	**56,201**	**134,514**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2016 $'000	2015 $'000
Operating activities			
Profit before tax		**17,818**	11,681
Adjustments for:			
Depreciation of property, plant and equipment	13	**1,218**	942
Allowance for doubtful trade receivables	7	**219**	1,794
Allowance for write-down of inventories	7	**956**	211
Write-back of provision for restoration costs	24	**(10)**	–
Interest income	5	**(484)**	(518)
Finance costs	6	**4,756**	2,188
Write-off of property, plant and equipment	8	**105**	2
Loss on disposal of unquoted investment	7	**–**	6
Loss on remeasuring previously held equity interest	7	**101**	–
Dividend income from an unquoted investment	5	**(32)**	(48)
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	**(244)**	255
Net fair value loss/(gain) on loan from an unrelated party	8	**174**	(85)
Write-off of excess of consideration over fair value of interest acquired in subsidiaries	7	**234**	–
Share of results of associates		**(2,090)**	(1,552)
Unrealised exchange loss		**35**	52
Operating cash flows before changes in working capital		**22,756**	14,928
Changes in working capital			
Increase in inventories		**(10,291)**	(1,286)
Increase in trade and other receivables		**(90,128)**	(38,475)
(Increase)/decrease in prepaid operating expenses		**(441)**	207
Decrease in trade and other payables		**(4,610)**	(9,063)
Increase in other liabilities		**274**	701
Cash flows used in operations		**(82,440)**	(32,988)
Interest received		**484**	518
Finance costs paid		**(4,620)**	(2,188)
Income taxes paid		**(1,034)**	(1,020)
Net cash flows used in operating activities		**(87,610)**	(35,678)
Investing activities			
Purchase of property, plant and equipment	A	**(12,999)**	(3,071)
Net cash outflow on acquisition of subsidiaries	15	**(6,023)**	(4,674)
Additional capital injection in an associate		**–**	(74)
Dividend income from associates		**200**	392
Dividend income from unquoted investments	5	**32**	48
Proceeds from disposal of unquoted investment		**–**	7
Net cash flows used in investing activities		**(18,790)**	(7,372)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2016 $'000	2015 $'000
Financing activities			
Proceeds from interest-bearing loans and borrowings		**128,130**	25,729
Term notes issuance expenses paid		**(474)**	–
Repayment of interest-bearing loans and borrowings		**(19,948)**	(3,807)
Dividends paid to non-controlling interests		**(397)**	(402)
Return of investment to non-controlling interests	15	**(814)**	–
Dividends paid on ordinary shares	33	**(5,068)**	(4,695)
Net cash flows generated from financing activities		**101,429**	16,825
Net decrease in cash and cash equivalents		**(4,971)**	(26,225)
Cash and cash equivalents at beginning of year		**10,043**	36,268
Cash and cash equivalents at end of year	20	**5,072**	10,043

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2016 $'000	2015 $'000
Current year additions to property, plant and equipment	13	**13,025**	3,071
Less: Provision for restoration costs included in "Renovations"		**(26)**	–
Net cash outflow for purchase of property, plant and equipment		**12,999**	3,071

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Corporate information

ValueMax Group Limited is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The immediate and ultimate holding company is Yeah Holdings Pte. Ltd. ("Yeah Holdings"), which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 261 Waterloo Street #01-35, Singapore 180261.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets, and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group will need to perform a more detailed analysis of its trade receivables, which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact on the Group's equity.

Transition

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increases in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) *Business combinations achieved in stages*

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

(d) *Business combinations involving entities under common control*

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

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

- No additional goodwill is recognised as a result of the combination.

- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.

- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2.5 *Transactions with non-controlling interests*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.6 *Functional and foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

2.7 *Property, plant and equipment*

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

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

Leasehold properties	–	50 years
Motor vehicle	–	5 years
Machinery, tools, office equipment and computers	–	3 to 5 years
Furniture and fittings	–	5 years
Renovations	–	5 years

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Moneylending licence

The moneylending licence was acquired in a business combination. The useful life of the licence is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the licence is expected to generate net cash inflows for the Group.

2.9 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

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

2.10 *Subsidiaries*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.11 *Associates*

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

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

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

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

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

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

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

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

(b) *Financial liabilities*

Initial recognition and measurement

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

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets (cont'd)*

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment is recognised directly in other comprehensive income.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 *Inventories*

Inventories principally comprise gold held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its retailing activities.

All the inventories of the Group for its gold trading business is measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in profit or loss in the period of the change.

All other inventories are stated at the lower of cost and net realisable value. Finished goods include costs of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

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

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

2.16 *Provisions*

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

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

2. Summary of significant accounting policies (cont'd)

2.17 *Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 *Borrowing costs*

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) *Employee share award plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share awards reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share award reserve is transferred to retained earnings upon expiry of the share award.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.20 *Leases*

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from retail and trading of pre-owned jewellery and gold is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income from loans to customers and from banks is recognised on a time-proportion basis using the effective interest method.

(c) *Rental income*

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

(d) *Rendering of services*

Revenue from the rendering of management services is recognised on an accrual basis upon rendering of services.

(e) *Dividend income*

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

2. Summary of significant accounting policies (cont'd)

2.22 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.22 *Taxes (cont'd)*

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.23 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 *Share capital and share issuance expenses*

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

2.25 *Contingencies*

A contingent liability is:

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

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

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

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. Significant accounting judgements and estimates

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

3.1 *Judgements made in applying accounting policies*

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

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $1,784,000 (2015: $1,076,000) and $1,802,000 (2015: $1,442,000) respectively.

3.2 *Key sources of estimation uncertainty*

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

(a) *Impairment of loans and receivables for pawnbroking segment*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements. A 1% reduction in the redemption rate of collateralised loans of the pawnbroking segment is not expected to have a significant impact on the Group's financial statements as at 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. Significant accounting judgements and estimates (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

(b) *Impairment of loans and receivables for unsecured moneylending business*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on credit assessments of individual borrowers and cash statements vis-à-vis repayment terms for the borrowers up to the date of the financial statements. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements.

(c) *Allowance for write-down of inventories*

The Group assesses periodically the allowance for write-down of inventories for inventories that are stated at the lower of cost or net realisable value. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an allowance for write-down of inventories. To determine whether there is objective evidence of obsolescence or decline in net realisable value, the Group estimates future demand for the product and assesses prevailing market conditions and gold prices. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements. If the prevailing market gold prices decrease by 5%, the carrying amount of inventories stated as at 31 December 2016 would reduce by $73,000 (2015: $134,000).

(d) *Valuation of pledged articles for collateralised loans of pawnbroking segment*

The Group has trade receivables that are in the form of collateralised loans to customers. These loans are extended to customers based on a fraction of the individual values of the corresponding pledged articles, for which individual values are assigned to each article by the Group's appraisers. Estimating the values of the articles requires the Group to make certain estimates and assumptions, including assessing prevailing market conditions and gold prices. A 5% reduction in the prevailing market gold prices is not expected to have a significant impact on the Group's financial statements as at 31 December 2016 and 2015.

4. Revenue

	Group	
	2016	**2015**
	$'000	**$'000**
Retail and trading of pre-owned jewellery and gold	**223,227**	246,779
Interest income from pawnbroking services	**22,285**	20,396
Interest income from moneylending services	**7,738**	2,708
	253,250	269,883

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. Other operating income

	Group	
	2016	**2015**
	$'000	**$'000**
Rental income from leasehold properties	**904**	765
Interest income on loans and receivables	**484**	518
Dividend income from unquoted investments	**32**	48
Management fee income from associates	**265**	278
Special Employment Credit ("SEC")	**102**	94
Temporary Employment Credit	**68**	28
Wage Credit Scheme	**206**	134
Facility fees income	**897**	–
Others	**312**	162
	3,270	2,027

The SEC was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers. It was announced in the 2016 Budget that this Credit will be extended from 2017 to 2019, providing a wage-offset to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000.

The Wage Credit Scheme was introduced in the 2013 Budget to help businesses with rising wage costs. Under this Scheme, the Singapore Government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 or below from the period 2013 to 2015. It was announced in the 2015 Budget that this Scheme will be extended to 2016 and 2017 for which the Singapore Government will co-fund 20% of wage increases.

Facility fees are charged to borrowers in the Group's moneylending segment, as required, for the provision of ancillary services in connection with arrangement of credit facilities. Facility fees are non-refundable, and are payable to the Group upon the borrower's acceptance of the facility.

6. Finance costs

	Group	
	2016	**2015**
	$'000	**$'000**
Interest expense		
- Bank overdrafts	**76**	43
- Bank loans	**2,889**	2,073
- Term notes	**1,711**	–
- Loans from directors/shareholders of subsidiaries	**80**	72
	4,756	2,188
Included in the consolidated statement of comprehensive income under:		
- Cost of sales	**2,381**	1,814
- Finance costs	**2,375**	374
	4,756	2,188

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. Other operating expenses

	Note	Group 2016 $'000	Group 2015 $'000
Allowance for write-down of inventories	18	**956**	211
Allowance for doubtful trade receivables	19	**219**	1,794
Net foreign exchange loss		**156**	313
Loss on disposal of unquoted investment		**–**	6
Loss on remeasuring previously held equity interest	15	**101**	–
Write-off of excess of consideration over fair value of interest acquired in subsidiaries	15	**234**	–
		1,666	2,324

8. Profit before tax

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

	Note	Group 2016 $'000	Group 2015 $'000
Audit fees paid to auditors of the Company		**294**	252
Non-audit fees paid to auditors of the Company		**123**	111
Depreciation of property, plant and equipment	13	**1,218**	942
Employee benefits expense	9	**11,097**	9,779
Inventories recognised as an expense in cost of sales	18	**214,907**	240,270
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	**(244)**	255
Operating lease expense	27(b)	**3,851**	3,702
Net fair value loss/(gain) on loan from an unrelated party		**174**	(85)
Write-off of property, plant and equipment		**105**	2

9. Employee benefits

	Group 2016 $'000	Group 2015 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	**9,785**	8,579
Central Provident Fund contributions	**1,030**	973
Other personnel expenses	**282**	227
	11,097	9,779

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. Related party transactions

(a) ***Sale and purchase of goods and services***

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

	Group	
	2016	**2015**
	$'000	**$'000**
Sale of goods to director-related companies	**2,483**	2,795
Purchase of goods from associates	**(1,508)**	(1,415)
Purchase of goods from director-related companies	**(874)**	(503)
Dividend income from associates	**200**	392
Rental paid to director-related companies	**(519)**	(489)
Rental paid to a director	**(92)**	(53)
Management fee income received from associates	**265**	278
Interest received from associates	**375**	306
Interest paid on loans from directors/shareholders of subsidiaries	**(80)**	(72)
Interest paid/payable on term notes held by directors	**(748)**	–

The Group has sale and purchase transactions with director-related companies, wherein these companies are controlled by close family members of Mr Yeah Hiang Nam, a director of the Company. These sale and purchase transactions are based on the bid price quotation of gold, and were due and payable under normal payment terms.

(b) ***Compensation of key management personnel***

	Group	
	2016	**2015**
	$'000	**$'000**
Short-term employee benefits	**2,009**	1,754
Central Provident Fund contributions	**95**	82
Total compensation paid to key management personnel	**2,104**	1,836
Comprise amounts paid to:		
Directors of the Company	**1,441**	1,212
Other key management personnel	**663**	624
	2,104	1,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. Related party transactions (cont'd)

(c) ***Commitments with related parties***

On 1 May 2016, ValueMax Retail Pte. Ltd. ("VRP") entered into a 36-month agreement ending 30 April 2019 with Yeah Properties Pte. Ltd. ("Yeah Properties"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Properties to be $194,700, $194,700 and $64,900 in 2017, 2018 and 2019 respectively.

On 1 May 2016, ValueMax Pawnshop (SG) Pte. Ltd. ("VMSG") entered into a 36-month agreement ending 30 April 2019 with Yeah Properties for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Properties to be $116,820, $116,820 and $38,940 in 2017, 2018 and 2019 respectively.

On 1 August 2016, VRP entered into a 36-month agreement ending 1 August 2019 with Yeah Capital Pte. Ltd. ("Yeah Capital"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Capital to be $87,000, $87,000 and $50,750 in 2017, 2018 and 2019 respectively.

On 1 August 2016, VMSG entered into a 36-month agreement ending 1 August 2019 with Yeah Capital for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Capital to be $87,000, $87,000 and $50,750 in 2017, 2018 and 2019 respectively.

On 1 August 2016, VRP entered into a 36-month agreement ending 1 August 2019 with Mr Yeah Hiang Nam ("YHN"), a director of the Company, and his spouse, Mdm Tan Hong Yee ("THY"), for the lease of one of VRP's retail outlets. The Group expects the rental paid to YHN and THY to be $27,000, $27,000 and $15,750 in 2017, 2018 and 2019 respectively.

On 1 August 2016, VMSG entered into a 36-month agreement ending 1 August 2019 with YHN and THY for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to YHN and THY to be $27,000, $27,000 and $15,750 in 2017, 2018 and 2019 respectively.

On 2 August 2016, the Company entered into a 37-month agreement ending 1 September 2019 with YHN and THY for the lease of storage units. The Group expects the rental paid to YHN and THY to be $24,000, $24,000 and $16,133 in 2017, 2018 and 2019 respectively.

11. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	**2015**
	$'000	**$'000**
Current income tax		
Current income taxation	**1,467**	655
Over provision in respect of previous years	**(154)**	(40)
	1,313	615
Deferred income tax		
Origination and reversal of temporary differences	**410**	562
(Over)/under provision in respect of previous years	**(50)**	87
	360	649
Income tax expense recognised in profit or loss	**1,673**	1,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Income tax expense (cont'd)

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

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	**17,818**	11,681
Tax at the domestic rates applicable to profits in the countries where the Group operates	**3,142**	2,125
Adjustments:		
- Non-deductible expenses	**331**	166
- Income not subject to taxation	**(72)**	(139)
- Effect of partial tax exemption and tax relief	**(940)**	(726)
- Deferred tax assets not recognised	**10**	102
- (Over)/under provision in respect of previous years	**(204)**	47
- Share of results of associates	**(503)**	(362)
- Others	**(91)**	51
Income tax expense recognised in profit or loss	**1,673**	1,264

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(c) ***Deferred tax***

	Group	
	2016	**2015**
	$'000	**$'000**
Balance at 1 January	**1,442**	793
Tax expense	**360**	649
Balance at 31 December	**1,802**	1,442

Deferred tax as at 31 December relates to the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities				
Differences in depreciation for tax purposes	**187**	164	**–**	4
Differences arising from unremitted interest income from a subsidiary	**12**	26	**12**	26
Fair value adjustments on acquisitions of subsidiaries	**1,603**	1,252	**–**	–
	1,802	1,442	**12**	30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Income tax expense (cont'd)

(c) ***Deferred tax (cont'd)***

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $59,000 (2015: $600,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Tax consequences of proposed dividends

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 33).

12. Earnings per share

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	**2015**
Profit for the year attributable to owners of the Company ($'000)	**15,559**	10,045
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)	**533,498**	533,498
Basic and diluted earnings per share (cents)	**2.92**	1.88

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding convertible securities for the financial years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. Property, plant and equipment

	Leasehold properties $'000	Motor vehicle $'000	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Group						
Cost						
At 1 January 2015	7,417	–	1,415	245	1,661	10,738
Additions	2,449	–	374	38	210	3,071
Acquisition of subsidiaries (Note 15)	4,700	–	8	2	–	4,710
Written off	–	–	–	(4)	–	(4)
At 31 December 2015 and 1 January 2016	**14,566**	**–**	**1,797**	**281**	**1,871**	**18,515**
Additions	**11,391**	**78**	**720**	**409**	**427**	**13,025**
Acquisition of subsidiaries (Note 15)	**2,600**	**–**	**12**	**–**	**–**	**2,612**
Written off	**–**	**–**	**(56)**	**(8)**	**(125)**	**(189)**
At 31 December 2016	**28,557**	**78**	**2,473**	**682**	**2,173**	**33,963**
Accumulated depreciation						
At 1 January 2015	810	–	857	146	1,167	2,980
Depreciation charge for the year	452	–	260	39	191	942
Written off	–	–	–	(2)	–	(2)
At 31 December 2015 and 1 January 2016	**1,262**	**–**	**1,117**	**183**	**1,358**	**3,920**
Depreciation charge for the year	**579**	**4**	**365**	**80**	**190**	**1,218**
Written off	**–**	**–**	**(20)**	**(3)**	**(61)**	**(84)**
At 31 December 2016	**1,841**	**4**	**1,462**	**260**	**1,487**	**5,054**
Net carrying amount						
At 31 December 2015	13,304	–	680	98	513	14,595
At 31 December 2016	**26,716**	**74**	**1,011**	**422**	**686**	**28,909**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. Property, plant and equipment (cont'd)

	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Company				
Cost				
At 1 January 2015	144	22	52	218
Additions	11	–	2	13
At 31 December 2015 and 1 January 2016	**155**	**22**	**54**	**231**
Additions	**105**	**11**	**17**	**133**
At 31 December 2016	**260**	**33**	**71**	**364**
Accumulated depreciation				
At 1 January 2015	137	13	43	193
Depreciation charge for the year	7	5	8	20
At 31 December 2015 and 1 January 2016	**144**	**18**	**51**	**213**
Depreciation charge for the year	**23**	**2**	**2**	**27**
At 31 December 2016	**167**	**20**	**53**	**240**
Net carrying amount				
At 31 December 2015	11	4	3	18
At 31 December 2016	**93**	**13**	**18**	**124**

Restoration costs

Included in the Group's carrying amount of renovations is $35,000 (2015: $40,000) of provision for restoration costs.

Assets pledged as security

A fixed and floating charge has been placed on property, plant and equipment with a carrying amount of $25,984,000 (2015: $8,711,000) as security for bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. Intangible assets

	Group	
	2016	**2015**
	$'000	**$'000**
Moneylending licence	**43**	43
Goodwill	**408**	408
	451	451

Moneylending licence

Moneylending licence, as issued by the Registry of Moneylenders in Singapore, was acquired when the Group acquired the entire equity interest in VM Credit Pte. Ltd. during the financial year ended 31 December 2014.

Impairment testing of moneylending licence

Impairment testing of moneylending licence has been done by comparing the carrying amount with its recoverable amount.

The recoverable amount of the moneylending licence has been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a ten-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The applied compounded average growth rate for the first ten years is 10% (2015: 10%) and an annual growth rate of 5% (2015: 5%) is applied thereafter. The pre-tax discount rates applied in the cash flow projections is 12% (2015: 12%), which reflects management's estimation of the risks specific to the business unit.

Goodwill

Goodwill was acquired when the Group acquired the entire equity interest in Kwong Hin Pawnshop Pte. Ltd. ("KHP") during the financial year ended 31 December 2015. The goodwill of $408,000 resulting from the acquisition of KHP relates to deferred tax liability recognised on the measurement of KHP's property, plant and equipment at fair value as at acquisition date.

Impairment testing of goodwill

Impairment testing of goodwill has been done by comparing the carrying amount with its recoverable amount.

The recoverable amount of KHP has been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a ten-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The applied compounded average growth rate for the first five years is 4% (2015: 4%), with the business unit expected to stabilise thereafter. The pre-tax discount rates applied in the cash flow projections is 11% (2015: 11%), which reflects management's estimation of the risks specific to the business unit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries

	Company	
	2016	2015
	$'000	$'000
Unquoted equity shares, at cost	**51,944**	44,958
Impairment losses	**(112)**	(112)
	51,832	44,846

The Group has the following subsidiaries as at 31 December:

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2016	2015
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	**50.55**	50.55
Tai Eng Pawnbroker Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (BD) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**97.70**	97.70
ValueMax Pawnshop (PR) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**90.89**	90.89
ValueMax Pawnshop (SG) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (JP) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (CCK) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (BK) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (WL) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**97.50**	97.50
ValueMax Pawnshop (EL) Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
Kwong Hin Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	**100.00**	100.00
Teck Chong Pawnshop Pte. Ltd. [(1)] [(3)]	Singapore	Pawnbroking	**100.00**	–
Ban Lian Pawnshop Pte. Ltd. [(1)] [(4)]	Singapore	Pawnbroking	**67.44**	19.84
ValueMax Retail Pte. Ltd. [(1)]	Singapore	Retail sale of pre-owned jewellery	**100.00**	100.00
ValueMax Management Pte. Ltd. [(1)]	Singapore	Provision of management and IT services	**100.00**	100.00
ValueMax International Pte. Ltd. [(1)]	Singapore	Investment holding and provision of management services	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2016	2015
Held by the Company (cont'd)				
ValueMax Corporate Services Pte. Ltd. (1)	Singapore	Provision of business management and consultancy services	**100.00**	100.00
ValueMax Precious Metals Pte. Ltd. (1)	Singapore	Retail and trading of gold	**100.00**	100.00
ValueMax Executives Pte. Ltd. (1)	Singapore	Provision of management services	**100.00**	100.00
ValueMax Properties Pte. Ltd. (1)	Singapore	Investment holding and provision of property management services	**100.00**	100.00
Spring Jewellery (SG) Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	**100.00**	100.00
VM Credit Pte. Ltd. (1)	Singapore	Licensed moneylending	**100.00**	100.00
VM Capital Pte. Ltd. (1)	Singapore	Moneylending	**100.00**	100.00
VM AutoFinance Pte. Ltd. (1)	Singapore	Car financing	**100.00**	100.00
VMM Holdings Sdn. Bhd. (2)	Malaysia	Investment holding	**100.00**	100.00

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Lim & Company, Malaysia.

(3) Newly acquired during the financial year ended 31 December 2016.

(4) Ban Lian Pawnshop Pte. Ltd. had previously been accounted for as an associate as at 31 December 2015.

The Group has the following subsidiaries that have non-controlling interests ("NCI") that are material to the Group:

Name of subsidiaries	Principal place of business	Proportion (%) of ownership interest held by NCI 2016	2015
Pawnbroking subsidiaries:			
Ban Soon Pawnshop Pte. Ltd.	Singapore	**49.45**	49.45
Ban Lian Pawnshop Pte. Ltd.	Singapore	**32.56**	–
ValueMax Pawnshop (BD) Pte. Ltd.	Singapore	**2.30**	2.30
ValueMax Pawnshop (PR) Pte. Ltd.	Singapore	**9.11**	9.11
ValueMax Pawnshop (WL) Pte. Ltd.	Singapore	**2.50**	2.50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised aggregated financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

Summarised statements of financial position

	Pawnbroking subsidiaries with material NCI	
	2016	**2015**
	$'000	**$'000**
Current		
Assets	**65,586**	61,855
Liabilities	**(42,155)**	(42,843)
Net current assets	**23,431**	19,012
Non-current		
Assets	**3,704**	3,805
Liabilities	**(365)**	(370)
Net non-current assets	**3,339**	3,435
Net assets	**26,770**	22,447

Summarised statements of comprehensive income

	Pawnbroking subsidiaries with material NCI	
	2016	**2015**
	$'000	**$'000**
Revenue	**20,336**	14,494
Profit before income tax	**3,933**	3,262
Income tax expense	**(375)**	(384)
Profit after tax, representing total comprehensive income	**3,558**	2,878

Other summarised information

	Pawnbroking subsidiaries with material NCI	
	2016	**2015**
	$'000	**$'000**
Net cash flows generated from/(used in) operating activities	**340**	(6,586)
Profit allocated to NCI during the reporting period	**586**	372
Accumulated NCI at the end of reporting period	**5,499**	4,208
Dividends paid to NCI	**(397)**	(402)
Return of investment to NCI	**(814)**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

Acquisition of Teck Chong Pawnshop Pte. Ltd.

On 16 September 2016, the Company acquired the entire equity interest in Teck Chong Pawnshop Pte. Ltd. ("TCP") for a cash consideration of $3,761,000. Consequent to the acquisition, TCP became a wholly-owned subsidiary of the Group.

The Group acquired TCP in order to expand the Group's market reach and customer base.

The fair value of the identifiable assets and liabilities of TCP as at the acquisition date were:

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	2,600
Trade and other receivables	3,288
Prepaid operating expenses	4
Cash and bank balances	383
	6,275
Trade and other payables	(2,190)
Other liabilities	(4)
Deferred tax liabilities	(389)
	(2,583)
Total identifiable net assets at fair value	3,692
Goodwill arising from acquisition	69
Cash paid, representing total consideration transferred	3,761

<u>Effect of the acquisition of TCP on cash flows</u>

Cash paid	3,761
Less: Cash and cash equivalents of subsidiary acquired	(383)
Net cash outflow on acquisition	3,378

<u>Impact of the acquisition on profit or loss</u>

From the acquisition date, TCP contributed $115,000 of revenue and a loss of $9,000 to the Group's profit for the year. There will be no material differences to the Group's revenue and profit for the financial year ended 31 December 2016 if the business combination had taken place at the beginning of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Ban Lian Pawnshop Pte. Ltd.

On 23 February 2016, the Company acquired an additional 47.60% equity interest in its 19.84% owned associate, Ban Lian Pawnshop Pte. Ltd. ("BLP") for a cash consideration of $2,939,000. Consequent to the acquisition, BLP became a subsidiary of the Group.

The Group acquired BLP in order to expand the Group's market reach and customer base.

The Group has elected to measure the non-controllng interest at the non-controlling interest's proportionate share of BLP's net identifiable assets.

The fair value of the identifiable assets and liabilities of BLP as at the acquisition date were:

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	12
Trade and other receivables	6,545
Prepaid operating expenses	16
Inventories	1,293
Cash and bank balances	339
	8,205
Trade and other payables	(1,657)
Other liabilities	(33)
Bank overdrafts	(45)
Interest-bearing loans and borrowings	(550)
Income tax payable	(40)
	(2,325)
Total identifiable net assets at fair value	5,880
Non-controlling interest measured at the non-controlling interest's proportionate share of BLP's net identifiable assets	(1,916)
Goodwill arising from acquisition	165
	4,129
Consideration transferred for the acquisition of BLP	
Cash paid	2,939
Fair value of equity interest in BLP held by the Group immediately before the acquisition	1,190
	4,129

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Ban Lian Pawnshop Pte. Ltd. (cont'd)

Effect of the acquisition of BLP on cash flows

	$'000
Cash paid	2,939
Less: Cash and cash equivalents of subsidiary acquired	(294)
Net cash outflow on acquisition	2,645

Loss on remeasuring previously held equity interest in BLP to fair value at acquisition date

The Group incurred a loss of $101,000 as a result of measuring at fair value its 19.84% in BLP held before the business combination. The loss is included in the "Other operating expenses" line item in the Group's profit or loss for the financial year ended 31 December 2016.

Impact of the acquisition on profit or loss

From the acquisition date, BLP contributed $338,000 of revenue and a loss of $40,000 to the Group's profit for the year. There will be no material differences to the Group's revenue and profit for the financial year ended 31 December 2016 if the business combination had taken place at the beginning of the year.

On 23 February 2016, the Group announced that upon successful acquisition of BLP wherein BLP will become a subsidiary of the Group, the Group intends to sell BLP's trade receivables (pawnbroking loans to customers) and inventories to an existing subsidiary of the Group to achieve better cost efficiencies and may wind up BLP eventually. On 28 December 2016, it was resolved during a meeting of BLP's directors, that BLP's directors recommend to BLP's shareholders to voluntarily wind up BLP. On 25 January 2017, BLP's shareholders had resolved in an Extraordinary General Meeting to voluntarily liquidate BLP. As such, subsequent to BLP's sale of trade receivables and inventories to an existing subsidiary of the Group during the financial year ended 31 December 2016, dividends had been declared to the shareholders of BLP, which were accordingly accounted for as a return of investment to BLP's shareholders due to the intention to liquidate BLP.

	$'000
Return of investment to owners of the Company	1,685
Return of investment to non-controlling shareholders	814
	2,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Kwong Hin Pawnshop Pte. Ltd.

On 5 January 2015, the Company acquired the entire equity interest in KHP for a cash consideration of $5,860,000. Consequent to the acquisition, KHP became a wholly-owned subsidiary of the Group.

The Group acquired KHP in order to expand the Group's market reach and customer base.

The fair value of the identifiable assets and liabilities of KHP as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	4,710
Trade and other receivables	2,897
Prepaid operating expenses	9
Inventories	268
Cash and bank balances	1,186
	9,070
Other liabilities	(32)
Interest-bearing loans and borrowings	(3,038)
Income tax payable	(8)
Deferred tax liabilities	(540)
	(3,618)
Total identifiable net assets at fair value	5,452
Goodwill arising from acquisition	408
Cash paid, representing total consideration transferred	5,860

Effect of the acquisition of KHP on cash flows

Cash paid	5,860
Less: Cash and cash equivalents of subsidiary acquired	(1,186)
Net cash outflow on acquisition	4,674

Impact of the acquisition on profit or loss

From the acquisition date, KHP contributed $989,000 of revenue and a loss of $21,000 to the Group's profit for the financial year ended 31 December 2015. There were no material differences to the Group's revenue and profit for the financial year ended 31 December 2015 if the business combination had taken place at the beginning of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. Investments in associates

The Group's material investments in associates are summarised below:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Pawnbroking associates	**6,662**	6,896	**1,002**	1,874
Retail associate	**1,145**	552	**–**	–
Other associates	**1,116**	1,037	**–**	–
	8,923	8,485	**1,002**	1,874

Name of associates	**Country of incorporation and place of business**	**Principal activities**	**Proportion (%) of ownership interest 2016**	**2015**
Held by the Company				
Soon Hong Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	**50.00**	50.00
Ban Lian Pawnshop Pte. Ltd. (4)	Singapore	Pawnbroking	**–**	19.84
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. (2)	Malaysia	Investment holding	**46.58**	46.58
Thye Shing Pawnshop Sdn. Bhd. (3)	Malaysia	Pawnbroking	**46.58**	46.58
Kedai Emas Well Chip Sdn. Bhd. (2)	Malaysia	Retail and trading of pre-owned jewellery	**46.58**	46.58
Kedai Pajak Well Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Pajak Gadai Shinegold Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Pajak Gadai Grand Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Pajak Gadai Berlian Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58

(1) Audited by Teo Liang Chye & Co., Singapore.

(2) Audited by Lim & Company, Malaysia.

(3) Audited by Cheng & Co., Malaysia.

(4) Ban Lian Pawnshop Pte. Ltd. became a subsidiary of the Group during the financial year ended 31 December 2016.

The activities of the associates are strategic to the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. Investments in associates (cont'd)

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2016 $'000	2015 $'000
Profit/(loss) for the year, representing total comprehensive income for the year	**328**	(97)

Summarised statements of financial position

The following tables summarise the financial information in respect of the Group's material pawnbroking and retail associates based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Pawnbroking associates		Retail associate	
	As at 31 December 2016 $'000	**As at 31 December 2015 $'000**	**As at 31 December 2016 $'000**	**As at 31 December 2015 $'000**
Current assets	**44,852**	47,607	**9,325**	6,961
Non-current assets	**446**	626	**148**	206
Total assets	**45,298**	48,233	**9,473**	7,167
Current liabilities	**(28,781)**	(30,483)	**(7,008)**	(5,885)
Non-current liabilities	**(2,489)**	(31)	**(7)**	(6)
Total liabilities	**(31,270)**	(30,514)	**(7,015)**	(5,891)
Net assets	**14,028**	17,719	**2,458**	1,276
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	**6,662**	1,145	**6,719**	594
Other adjustments	**–**	–	**177**	(42)
Carrying amount of the investments	**6,662**	1,145	**6,896**	552

Summarised statements of comprehensive income

	Pawnbroking associates		Retail associate	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Revenue	**12,785**	12,908	**9,912**	8,585
Profit after tax, representing total comprehensive income	**2,911**	2,415	**1,204**	719

17. Other investments

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Unquoted equity shares, at cost	**688**	688	**688**	688

Unquoted equity shares are stated at cost less impairment as there is no market price and the fair value cannot be reliably measured using valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. Inventories

	Group 2016 $'000	Group 2015 $'000
Consolidated statement of financial position:		
Commodity inventories at fair value	**2,910**	2,091
Other inventories at the lower of cost and net realisable value	**53,296**	43,243
	56,206	45,334
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	**214,907**	240,270
- Inventories written-down	**956**	211
- (Increase)/decrease in fair value of inventories less point-of-sale costs	**(244)**	255

A floating charge has been placed on the inventories with a carrying value of $48,627,000 (2015: $35,343,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade and other receivables (current)					
Trade receivables		**221,790**	152,167	**–**	–
Other receivables		**323**	506	**176**	300
Deposits		**680**	2,733	**45**	4
Loans to subsidiaries		**–**	–	**120,336**	74,507
Loans to associates		**6,880**	5,373	**6,309**	1,545
Amounts due from subsidiaries (trade)		**–**	–	**245**	329
Amounts due from subsidiaries (non-trade)		**–**	–	**4,092**	5,827
Amounts due from associates (trade)		**6**	313	**4**	–
Amounts due from associates (non-trade)		**149**	123	**59**	–
Amounts due from director-related companies (trade)		**–**	1	**–**	–
Amounts due from director-related companies (non-trade)		**3**	–	**–**	–
		229,831	161,216	**131,266**	82,512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. Trade and other receivables (cont'd)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade and other receivables (non-current)					
Trade receivables		**60,027**	29,444	**–**	–
Deposits		**489**	–	**–**	–
Amount due from a subsidiary (non-trade)		**–**	–	**3,006**	–
		60,516	29,444	**3,006**	–
Total trade and other receivables (current and non-current)		**290,347**	190,660	**134,272**	82,512
Add:					
Cash and bank balances	20	**7,112**	12,032	**1,021**	479
Total loans and receivables		**297,459**	202,692	**135,293**	82,991

Trade and other receivables denominated in foreign currency at 31 December are as follows:

	Group 2016	Group 2015	Company 2016	Company 2015
Malaysian Ringgit	**–**	–	**3,006**	3,062

A floating charge has been placed on trade and other receivables with a carrying value of $191,774,000 (2015: $184,395,000) as security for bank borrowings (Note 23).

Trade receivables – Pawnbroking

Loans to customers in the pawnbroking segment are loans which are interest-bearing at 1.0% for the first month and 1.5% for the subsequent 7 months (2015: 1.0% for the first month and 1.5% for the subsequent 7 months). The quantum of loans granted to customers is based on a fraction of the value of the articles pledged to the Group. The Group may repossess unredeemed pledged articles after 8 months.

Trade receivables – Secured and unsecured moneylending

Secured loans to customers in the moneylending segment are loans which are interest bearing at interest rates of between 6.0% and 12.0% (2015: 8.4% to 12.0%) per annum. The quantum of loans granted to customers is based on a fraction of the value of the assets pledged to the Group.

Unsecured loans to customers in the moneylending segment are loans which are interest bearing at interest rates of between 6.0% and 48.0% (2015: 6.0% and 24.0%) per annum.

Trade receivables – Gold trading

Receivables from the gold trading business are non-interest bearing and are generally repayable on demand. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amounts due from subsidiaries (current), associates and director-related companies are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Non-current amount due from a subsidiary is unsecured, non-interest bearing, and not expected to be repaid in the foreseeable future. The amount is included in the Company's net investment in the subsidiary and carried at cost.

19. Trade and other receivables (cont'd)

Related party balances (cont'd)

Loans to associates are unsecured, bear interest at 5.00% to 8.50% (2015: 5.00%) per annum, repayable on demand and are to be settled in cash.

Loans to subsidiaries are unsecured, bear interest at 3.00% to 5.00% (2015: 2.00% to 5.00%) per annum, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,851,000 (2015: $3,124,000) that are past due at the end of the reporting period but not impaired. These receivables are secured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	**300**	73
30 to 60 days	**214**	2,950
61 to 90 days	**29**	46
91 to 120 days	**37**	30
121 to 150 days	**21**	4
151 to 180 days	**21**	21
More than 180 days	**2,229**	–
	2,851	3,124

These receivables relate to secured loans to customers, where the quantum of loans granted to customers is based on a fraction of the value of the assets pledged to the Group.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Trade receivables – nominal amounts	**158,039**	141,187
Less: Allowance for impairment	**(1,310)**	(1,036)
	156,729	140,151
Movement in allowance accounts:		
At 1 January	**1,036**	144
Allowance on acquisition of BLP	**69**	–
Allowance on acquisition of TCP	**24**	–
Charge for the year	**219**	1,794
Written off	**(38)**	(902)
At 31 December	**1,310**	1,036

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19. Trade and other receivables (cont'd)

Receivables subject to offsetting arrangements

The Group regularly purchases from and sells commodity inventories to one of its customers. Both parties have an arrangement to settle the net amount due to or from each other on a 30 days' term basis.

The Group's trade receivables and trade payables that are off-set are as follows:

	2016		
	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	$'000	$'000	$'000
Trade receivables	**6,958**	**(6,958)**	**–**
Trade payables	**7,008**	**(6,958)**	**50**

	2015		
	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	$'000	$'000	$'000
Trade receivables	3,218	(3,191)	27
Trade payables	3,191	(3,191)	–

20. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**7,112**	8,027	**1,021**	479
Short-term deposits	**–**	4,005	**–**	–
	7,112	12,032	**1,021**	479

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2016 for both the Group and the Company was Nil (2015: 1.50%).

There are no cash and bank balances denominated in foreign currencies as at 31 December 2016 and 2015.

20. Cash and bank balances (cont'd)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

		Group	
	Note	2016 $'000	2015 $'000
Cash and bank balances		**7,112**	12,032
Bank overdrafts	23	**(2,040)**	(1,989)
Cash and cash equivalents		**5,072**	10,043

Bank overdrafts are denominated in SGD, bear interest at the banks' prime lending rate and are secured by a fixed and floating charge over the assets of certain subsidiaries of the Group, as disclosed in Note 23 to the financial statements.

A floating charge has been placed on cash and bank balances with a carrying value of $4,962,000 (2015: $10,024,000) as security for bank borrowings (Note 23).

21. Trade and other payables

		Group		Company	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables		**165**	924	**–**	–
Other payables		**1,016**	830	**59**	58
Amounts due to subsidiaries (trade)		**–**	–	**51**	31
Amounts due to subsidiaries (non-trade)		**–**	–	**76**	18
Amount due to an associate (trade)		**–**	5	**–**	–
Amount due to an associate (non-trade)		**3**	5	**3**	3
Amounts due to director-related companies (non-trade)		**3**	1	**–**	–
Amounts due to directors (non-trade)		**310**	360	**–**	–
Amounts due to shareholders		**81**	56	**–**	–
Loan from a subsidiary		**–**	–	**3,330**	–
Loans from shareholders		**3,114**	3,274	**–**	–
Total trade and other payables		**4,692**	5,455	**3,519**	110
Add:					
Accrued operating expenses	22	**2,379**	2,079	**1,046**	855
Interest-bearing loans and borrowings	23	**211,321**	102,702	**49,662**	–
Less:					
Loan from an unrelated party	23	**(1,670)**	(1,496)	**–**	–
Total financial liabilities carried at amortised cost		**216,722**	108,740	**54,227**	965

Trade and other payables denominated in foreign currency at 31 December is as follows:

United States Dollar		**7,008**	3,191	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. Trade and other payables (cont'd)

Trade payables denominated in USD amounting to $6,958,000 (2015: $3,191,000) were offset against trade receivables from the same counterparty as disclosed in Note 19.

Trade and other payables are unsecured and non-interest bearing. Trade payables are repayable on demand while other payables are generally on 30 days' terms.

Related party balances

Amounts due to subsidiaries, an associate, director-related companies, directors and shareholders are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Loan from a subsidiary is unsecured, bears interest at 3.00% per annum and is repayable on demand.

Loans from shareholders are unsecured, bear interest at 1.50% to 3.00% (2015: 1.50% to 3.00%) per annum, and are repayable on demand.

22. Other liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Accrued operating expenses	**2,379**	2,079	**1,046**	855
Advances from customers	**323**	312	**–**	–
Deferred revenue from customer loyalty award	**9**	9	**–**	–
	2,711	2,400	**1,046**	855

Deferred revenue from customer loyalty award represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the end of the reporting period. The movement in deferred revenue is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
At 1 January	**9**	8
Additions during the year	**1**	2
Recognised in profit or loss	**(1)**	(1)
At 31 December	**9**	9

NOTES TO THE FINANCIAL STATEMENTS

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23. Interest-bearing loans and borrowings

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Current					
Loan from an unrelated party		**1,670**	1,496	**–**	–
Bank overdrafts		**2,040**	1,989	**–**	–
Bank loans		**147,930**	99,217	**–**	–
		151,640	102,702	**–**	–
Non-current					
Term notes		**49,662**	–	**49,662**	–
Bank loans		**10,019**	–	**–**	–
		59,681	–	**49,662**	–
Total current and non-current borrowings		**211,321**	102,702	**49,662**	–
Add:					
Loan from a subsidiary	21	**–**	–	**3,330**	–
Loans from shareholders	21	**3,114**	3,274	**–**	–
Total loans and borrowings		**214,435**	105,976	**52,992**	–

Loan from an unrelated party

This refers to a loan of physical gold from an unrelated third party which is unsecured, repayable on demand, and carried at fair value through profit or loss. The repayment of the loan principal is to be settled in physical gold, whereas the interest payable is to be settled in cash. The fair value of the loan is determined directly by reference to the bid price quotation of gold at the end of the reporting period.

Bank overdrafts

Bank overdrafts are repayable on demand and secured by a fixed and floating charge on all assets of certain subsidiaries and personal guarantees by certain directors of the Company and its subsidiaries.

Bank loans

These bank loans are repayable on demand and secured by a fixed and floating charge on all assets of certain subsidiaries and personal guarantees by certain directors of a subsidiary.

Term notes

During the financial year ended 31 December 2016, unsecured term notes issued by the Group and the Company under the Multicurrency Medium Term Note Programme amounted to $50,000,000.

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts on 6 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

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23. Interest-bearing loans and borrowings (cont'd)

Term notes (cont'd)

For the purpose of the Group's and the Company's statements of financial position, the carrying amount of term notes comprise the following at the end of the reporting period:

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Proceeds from issuance of term notes	**50,000**	–
Term notes issuance expenses:		
Term notes issuance expenses paid	**(474)**	–
Less: Amortisation of term notes issuance expenses included in finance costs	**136**	–
	(338)	–
Net carrying amount of term notes	**49,662**	–

Effective interest rate

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

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
Bank overdrafts		**3.09% to 6.96%**	2.88% to 5.00%	**5.00%**	5.00%
Bank loans		**1.86% to 2.67%**	2.43% to 2.88%	**–**	–
Term notes		**5.50%**	–	**5.50%**	–
Loan from an unrelated party		**2.50%**	2.50%	**–**	–
Loan from a subsidiary	21	**–**	–	**3.00%**	–
Loans from shareholders	21	**1.50% to 3.00%**	1.50% to 3.00%	**–**	–

24. Provisions

	Group	
	2016	**2015**
	$'000	**$'000**
Provision for restoration costs:		
At 1 January	**264**	264
- Arose during the financial year	**26**	–
- Write-back during the financial year	**(10)**	–
At 31 December	**280**	264

The provision for restoration costs is the estimated costs to dismantle or remove plant and equipment or restore rented operating premises to their original condition arising from the return of the leases of rented operating premises to the landlords pursuant to lease agreements.

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25. Share capital

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	**533,498**	**78,313**	533,498	78,313

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

26. Other reserves

		Group	
	Note	2016 $'000	2015 $'000
Capital reserve	(a)	**1,984**	1,984
Merger reserve	(b)	**(7,599)**	(7,599)
Foreign currency translation reserve	(c)	**(1,074)**	(893)
		(6,689)	(6,508)

(a) ***Capital reserve***

The capital reserve arose mainly from the issuance of bonus shares by subsidiaries.

(b) ***Merger reserve***

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in Note 2.4 of the financial statements.

(c) ***Foreign currency translation reserve***

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

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27. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Capital commitment in respect of leasehold properties	**–**	8,800

(b) ***Operating lease commitments - as lessee***

The Group has entered into commercial leases in respect of office and retail outlet premises. There is no contingent rent provision included in the contracts. Certain leases contain an escalation clause. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $3,851,000 (2015: $3,702,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**3,032**	3,216
Later than one year but not later than five years	**2,339**	2,381
	5,371	5,597

(c) ***Operating lease commitments - as lessor***

The Group has entered into commercial lease agreements on its office and retail outlet premises. The lease agreements do not contain escalation clauses. Certain lease agreements provides for contingent rentals based on a percentage of sales derived. The minimum contingent rental receivable under the lease agreements amounted to $20,000 per month.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**599**	773
Later than one year but not later than five years	**189**	539
	788	1,312

28. Contingencies

Guarantees

The Group has guaranteed part of the loans and borrowings of the associates to a maximum amount of $10,933,000 (2015: $8,622,000), which it is severally liable for in the event of default by the associates.

The Company has provided corporate guarantees to banks for an aggregate of $170,923,000 (2015: $112,746,000) in respect of bank facilities utilised by certain subsidiaries and associates.

29. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. Fair value of assets and liabilities (cont'd)

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		Fair value measurements at the end of the reporting period using			
	Note	**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Group					
2016					
Assets measured at fair value					
Non-financial assets					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2016	18	**2,910**	**–**	**–**	**2,910**
Liabilities measured at fair value					
Non-financial liabilities					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2016	23	**(1,670)**	**–**	**–**	**(1,670)**
2015					
Assets measured at fair value					
Non-financial assets					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2015	18	2,091	–	–	2,091
Liabilities measured at fair value					
Non-financial liabilities					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2015	23	(1,496)	–	–	(1,496)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. Fair value of assets and liabilities (cont'd)

(b) ***Assets and liabilities measured at fair value (cont'd)***

Determination of fair value

Commodity inventories at fair value

The fair value as disclosed in the table above is determined based on an assessment of the purity of gold and the bid price quotation of gold at the end of the reporting period.

Loan from an unrelated party

The fair value as disclosed in the table above is determined directly by reference to the bid price quotation of gold at the end of the reporting period.

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

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

		Group				Company			
	Note	2016	2016	2015	2015	2016	2016	2015	2015
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:									
*Unquoted equity shares, at cost	17	**688**	**–**	688	–	**688**	**–**	688	–

* Investment in equity shares carried at cost

Fair value information has not been disclosed for the Group's and the Company's investments in unquoted equity shares that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in a pawnshop and retailer of pre-owned jewellery and gold that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of these investments in the foreseeable future. The Group intends to eventually dispose of these investments through sale to other investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Segment information

Business segments

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

The Group is organised into four operating business segments, namely:

(a) Pawnbroking;

(b) Retail and trading of pre-owned jewellery and gold;

(c) Moneylending; and

(d) Other operations including investment holding and provision of other support services.

Allocation basis

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

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Non-cash items are not material to the financial statements and have not been separately presented.

Geographical information

As the Group's business activities are mainly conducted in Singapore, with its non-current assets mainly located in Singapore, information about geographical areas is not relevant to the Group.

Information about major customers

Revenue from five major customers amounted to $124,226,000 (2015: $137,821,000), arising from the retail and trading of pre-owned jewellery and gold segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Segment information (cont'd)

	Pawnbroking	Retail and trading of pre-owned jewellery and gold	Moneylending	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000	$'000		$'000
2016							
Revenue from external customers	**22,285**	**223,227**	**7,738**	**–**	**–**		**253,250**
Inter-segment revenue	**24,100**	**–**	**–**	**–**	**(24,100)**	**A**	**–**
Results:							
Interest income	**–**	**41**	**–**	**4,985**	**(4,542)**	**A**	**484**
Allowance for write-down of inventories	**–**	**956**	**–**	**–**	**–**		**956**
Allowance for doubtful trade receivables	**48**	**–**	**171**	**–**	**–**		**219**
Share of results of associates	**–**	**–**	**–**	**2,090**	**–**		**2,090**
Segment profit	**9,165**	**822**	**3,891**	**1,850**	**2,090**	**B**	**17,818**
Assets:							
Investment in associates	**–**	**–**	**–**	**8,923**	**–**		**8,923**
Segment assets	**176,132**	**59,587**	**125,241**	**84,748**	**(51,831)**	**C**	**393,877**
Segment liabilities	**101,982**	**20,860**	**34,118**	**62,044**	**3,586**	**D**	**222,590**
2015							
Revenue from external customers	20,396	246,779	2,708	–	–		269,883
Inter-segment revenue	16,319	–	–	–	(16,319)	A	–
Results:							
Interest income	–	81	–	2,791	(2,354)	A	518
Allowance for write-down of inventories	–	211	–	–	–		211
Allowance for doubtful trade receivables	1,794	–	–	–	–		1,794
Share of results of associates	–	–	–	1,552	–		1,552
Segment profit	6,632	885	989	1,623	1,552	B	11,681
Assets:							
Investment in associates	–	–	–	8,485	–		8,485
Segment assets	162,265	48,660	40,905	66,041	(44,846)	C	273,025
Segment liabilities	71,282	18,541	17,431	3,567	2,518	D	113,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Segment information (cont'd)

Notes

A Inter-segment revenues and income are eliminated on consolidation.

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

	Group	
	2016	**2015**
	$'000	**$'000**
Share of results of associates	**2,090**	1,552

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

	Group	
	2016	**2015**
	$'000	**$'000**
Inter-segment assets	**(51,831)**	44,846

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2016	**2015**
	$'000	**$'000**
Deferred tax liabilities	**1,802**	1,442
Income tax payable	**1,784**	1,076
	3,586	2,518

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

31. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, and the corporate guarantees as disclosed in Note 28 to the financial statements.

Credit risk concentration profile

At the end of the reporting period, the Group has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

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

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

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2016				
Group				
Financial assets:				
Trade and other receivables	**219,407**	**27,110**	**40,939**	**287,456**
Cash and bank balances	**7,112**	**–**	**–**	**7,112**
Total undiscounted financial assets	**226,519**	**27,110**	**40,939**	**294,568**
Financial liabilities:				
Trade and other payables	**4,692**	**–**	**–**	**4,692**
Accrued operating expenses	**2,379**	**–**	**–**	**2,379**
Interest-bearing loans and borrowings	**153,216**	**54,817**	**9,968**	**218,001**
Total undiscounted financial liabilities	**160,287**	**54,817**	**9,968**	**225,072**
Total net undiscounted financial assets/(liabilities)	**66,232**	**(27,707)**	**30,971**	**69,496**
2015				
Group				
Financial assets:				
Trade and other receivables	165,123	20,397	24,853	210,373
Cash and bank balances	12,032	–	–	12,032
Total undiscounted financial assets	177,155	20,397	24,853	222,405
Financial liabilities:				
Trade and other payables	5,455	–	–	5,455
Accrued operating expenses	2,079	–	–	2,079
Interest-bearing loans and borrowings	103,759	–	–	103,759
Total undiscounted financial liabilities	111,293	–	–	111,293
Total net undiscounted financial assets	65,862	20,397	24,853	111,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	1 to 5 years $'000	Total $'000
2016			
Company			
Financial assets:			
Trade and other receivables	**131,266**	**–**	**131,266**
Cash and bank balances	**1,021**	**–**	**1,021**
Total undiscounted financial assets	**132,287**	**–**	**132,287**
Financial liabilities:			
Trade and other payables	**3,519**	**–**	**3,519**
Accrued operating expenses	**1,046**	**–**	**1,046**
Interest-bearing loans and borrowings	**2,987**	**50,938**	**53,925**
Total undiscounted financial liabilities	**7,552**	**50,938**	**58,490**
Total net undiscounted financial assets/(liabilities)	**124,735**	**(50,938)**	**73,797**
2015			
Company			
Financial assets:			
Trade and other receivables	82,512	–	82,512
Cash and bank balances	479	–	479
Total undiscounted financial assets	82,991	–	82,991
Financial liabilities:			
Trade and other payables	110	–	110
Accrued operating expenses	855	–	855
Total undiscounted financial liabilities	965	–	965
Total net undiscounted financial assets	82,026	–	82,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

The table below shows the contractual expiry of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called, which is within one year or less.

	One year or less	
	2016	**2015**
	$'000	**$'000**
Group		
Financial guarantees	**10,933**	8,622
Company		
Financial guarantees	**170,923**	112,746

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's and the Company's loans and borrowings at floating rates are contractually repriced at intervals of six months or less (2015: six months or less) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2015: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $800,000 (2015: $485,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than its functional currency, which is SGD. The foreign currency in which these transactions are denominated is in United States Dollar ("USD").

The Group did not hedge any of its foreign currency payable during the financial years ended 31 December 2016 and 2015. There was no outstanding forward currency contract as at 31 December 2016 and 2015.

The Group is also exposed to currency translation risk arising from its net investments in Malaysia. The Group's net investments in Malaysia are not hedged as currency positions in MYR are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk

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

	2016 Profit before tax $'000	2015 Profit before tax $'000
USD/SGD		
- strengthened 5% (2015: 5%)	**(350)**	(160)
- weakened 5% (2015: 5%)	**350**	160

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to gold commodity price risk arising from its gold commodity inventories and its loan from an unrelated party which is to be repaid in gold. The carrying values of the gold commodity inventories and the loan from an unrelated party are held at fair value based on the bid price quotation of gold at the end of the reporting period.

Sensitivity analysis for commodity price risk

At the end of the reporting period, if gold commodity prices had been 5% (2015: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been $62,000 (2015: $30,000) higher/lower, arising as a result of an increase/decrease in the fair value of the gold commodity inventories and the loan from an unrelated party.

32. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, other liabilities, less cash and bank balances. Capital refers to equity attributable to the owners of the Company.

		Group	
	Note	2016	2015
		$'000	$'000
Interest-bearing loans and borrowings	23	**211,321**	102,702
Trade and other payables	21	**4,692**	5,455
Other liabilities	22	**2,711**	2,400
Less: Cash and bank balances	20	**(7,112)**	(12,032)
Net debt		**211,612**	98,525
Equity attributable to owners of the Company		**165,788**	155,478
Capital and net debt		**377,400**	254,003
Gearing ratio		**56%**	39%

33. Dividends

	Group and Company	
	2016	2015
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2015: 0.95 cents (2014: 0.88 cents) per share	**5,068**	4,695
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2016: 1.08 cents (2015: 0.95 cents) per share	**5,762**	5,068

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 24 March 2017.

STATISTICS OF SHAREHOLDINGS

Issued and Fully Paid-up Capital	:	S$78,312,982
No. of Shares Issued	:	533,497,960
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Treasury Shares	:	NIL

Distribution of shareholdings
(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 1,000	66	5.02	54,901	0.01
1,001 - 10,000	580	44.11	3,496,599	0.65
10,001 - 1,000,000	655	49.81	53,432,100	10.02
1,000,001 & above	14	1.06	476,514,360	89.32
Total	**1,315**	**100.00**	**533,497,960**	**100.00**

Twenty largest shareholders
(As recorded in the Register of Members and Depository Register)

	Name of Shareholders	No. of Shares	% of Shares
1	YEAH HOLDINGS PTE LTD	189,069,960	35.44
2	CITIBANK NOMINEES SINGAPORE PTE LTD	170,885,500	32.03
3	DBS NOMINEES PTE LTD	47,760,300	8.95
4	TAN HONG YEE	39,728,000	7.45
5	CIMB SECURITIES (SINGAPORE) PTE LTD	8,255,900	1.55
6	MAYBANK KIM ENG SECURITIES PTE LTD	5,200,700	0.97
7	UOB KAY HIAN PTE LTD	2,834,000	0.53
8	OCBC SECURITIES PRIVATE LTD	2,043,500	0.38
9	ONG PANG AIK	2,000,000	0.37
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,987,600	0.37
11	TEO CHONG HOCK	1,965,000	0.37
12	CHEONG SOON KIAT	1,726,000	0.32
13	DB NOMINEES (S) PTE LTD	1,573,900	0.30
14	PHILLIP SECURITIES PTE LTD	1,484,000	0.28
15	HAN JUNE CHIN	1,000,000	0.19
16	LAU SING @ LIEW SING HUN	1,000,000	0.19
17	BOEY SHOOK FAN CAROLINE	955,000	0.18
18	RAFFLES NOMINEES (PTE) LTD	924,600	0.17
19	YEO MOOI HUANG	840,100	0.16
20	TOH CHEE KIAN	760,100	0.14
	TOTAL:	**481,994,160**	**90.34**

STATISTICS OF SHAREHOLDINGS

Substantial shareholdings

(As recorded in the Register of Members and Depository Register)

	Direct Interest		Deemed Interest	
	No. of shares	% of shares	No. of shares	% of shares
Name of Shareholder				
YEAH HOLDINGS PTE. LTD. (1)	189,069,960	35.44	150,000,000	28.12
YEAH HIANG NAM @ YEO HIANG NAM (2)(3)	–	–	421,524,960	79.01
TAN HONG YEE (2)(3)	39,728,000	7.45	381,796,960	71.56

(1) Yeah Holdings Pte Ltd is a private limited company incorporated in Singapore on 12 November 2012. It is an investment holding company. The shareholders of Yeah Holdings Pte Ltd are Yeah Hiang Nam (35%), Tan Hong Yee (35%), Yeah Lee Ching (10%), Yeah Chia Wei (10%) and Yeah Chia Kai (10%).

(2) By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Yeah Hiang Nam and Tan Hong Yee are deemed to have an interest in the 339,069,960 shares held and deemed interested in by Yeah Holdings Pte. Ltd.

(3) Yeah Hiang Nam and Tan Hong Yee are husband and wife and as such are deemed to have an interest in the shares held by each other.

Shareholdings held in the hands of the public

Based on the information available to the Company as at 13 March 2017, approximately 20.75 percent of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual issued by SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 261 Waterloo Street, #01-35, Waterloo Street, Singapore 180261 on 25 April 2017 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 1.08 cents per share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To approve the Directors' fees of $185,000/- for the financial year ended 31 December 2016 (31 December 2015: $185,000/-). **(Resolution 3)**

4. To re-elect Mr Lim Tong Lee who is retiring by rotation pursuant to Article 98 of the Company's Articles of Association, and wishes to seek re-election as a Director of the Company. **(Resolution 4)**

   Mr Lim Tong Lee will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-elect the Ms Yeah Lee Ching who is retiring by rotation pursuant to Article 98 of the Company's Articles of Association, and wishes to seek re-election as a Director of the Company. **(Resolution 5)**

6. To re-appoint Messrs. Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. **Authority to allot and issue shares**

   (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**

(See Explanatory Note 1)

8. **Proposed Renewal of the Share Buy Back Mandate**

That approval be and is hereby given:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company(the "Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Act, and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST, (the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time, on and from the date of passing of this resolution up to:-

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier; or(iii) the date on which the Share buy back is fulfilled up to the full extent of the Share Buy Back Mandate; and

(c) the Directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

In this resolution:

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, immediately preceding the date on which an On-Market Purchase was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action which occurs after the relevant 5-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of the Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Relevant Period**" means the period commencing from the date of passing of this resolution and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting; and The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses.

9. **Proposed Shareholders' General Mandate for the Interested Person Transactions**

That approved be and is hereby given:

1. for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Chapter 9"), for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Section 3.5 of the Circular with the class of interested persons (as described in Section 3.4 of the Circular), provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for such interested person transactions (the "**Proposed IPT Mandate**");

2. the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

3. the Board of Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Proposed IPT Mandate and/or this resolution. **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the First and Final Dividend (the "Proposed First & Final Dividend) being obtained at the Annual General Meeting (the "AGM") to be held on 25 April 2017, the Share Transfer Books and the Register of Members of the Company will be closed on 4 May 2017 for the purpose of determining Members' entitlements to the Proposed First & Final Dividend.

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 3 May 2017 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be entitled to the Proposed First and Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 3 May 2017 will be entitled to the Proposed First and Final Dividend.

The Proposed First & Final Dividend, if approved at the AGM, will be paid on 31 May 2017.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

10 April 2017

Explanatory Notes:

1. The ordinary resolution no. 7 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTES

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the Annual General Meeting on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy needs not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   A proxy needs not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

3. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorised officer on behalf of the corporation.

4. The instrument appointing a proxy must be deposited at the Share Registration office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #11-02, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

PERSONAL DATA POLICY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

VALUEMAX GROUP LIMITED
Registration Number: 200307530N
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy ValueMax Group Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We ______________________ (Name), *NRIC/Passport No. ______________________

of ____ (Address)

being *a member/members of ValueMax Group Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 261 Waterloo Street, #01-35, Singapore 180261 on 25 April 2017 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and Auditors' Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 1.08 cents per share for the financial year ended 31 December 2016.		
3.	To approve the Directors' fees of S$185,000/- for the financial year ended 31 December 2016.		
4.	To re-elect Mr Lim Tong Lee as a Director pursuant to Article 98 of the Company's Articles of Association.		
5.	To re-elect Ms Yeah Lee Ching as a Director pursuant to Article 98 of the Company's Articles of Association.		
6.	To re-appoint Messrs. Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	To approve the proposed Renewal of Share Buyback Mandate		
9.	To approve the proposed IPT Mandate		

Dated this __________ day of ________________ 2017

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this Proxy Form as invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

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

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #11-02, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

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AFFIX
STAMP

The Company Secretary
VALUEMAX GROUP LIMITED
c/o Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

2nd fold here

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2017.

CORPORATE INFORMATION

Directors

Phua Tin How	(Non-Executive Chairman and Independent Director)
Yeah Hiang Nam	(Managing Director and CEO)
Yeah Lee Ching	(Executive Director)
Yeah Chia Kai	(Executive Director)
Lim Tong Lee	(Independent Director)
Lim Hwee Hai	(Independent Director)

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

261 Waterloo Street #01-35
Singapore 180261
Tel: +65 6466 5500
Fax: +65 6441 7195

Share Registrar

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

Principal Bankers

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd.

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Max Loh Khum Whai
(Since financial year ended 31 December 2012)

VALUEMAX GROUP LIMITED

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