Growing Value, Splashing Brilliance

ANNUAL REPORT 2017

ValueMax GROUP

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: Teo Li Ling
(Since financial year ended 31 December 2017)

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CORPORATE PROFILE

ValueMax Group Limited ("ValueMax") provides pawnbroking and moneylending services, as well as the retail and trading of jewellery and gold. The Group's first pawnbroking outlet was set up in 1988 and the Group became the first pawnbroking chain to be listed on the mainboard of Singapore Stock Exchange in 2013. Drawing on a solid track record and in-depth industry knowledge, ValueMax has expanded to 30 outlets at strategic locations in Singapore, and has two pawnshops operated by associated and investee companies. In Malaysia, ValueMax operates ten outlets through its associated companies.

OUR BUSINESSES

PAWN BROKING

The main business of the Group is pawnbroking service. Pawnbroking is a form of collateralised loan. Pawners pledge personal valuables as collaterals for the loans extended. Typical pledges include jewellery in yellow or white gold, diamond jewellery, and branded timepieces. Gold, platinum or silver bars and coins are also pawned.

MONEY LENDING

The Group's moneylending business grants both secured and unsecured loans. The main target market for the moneylending business includes businessmen and corporates that have urgent cash needs. In addition, the Group also provides financing to the automotive industry.

RETAIL OF JEWELLERY AND WATCHES

The Group sells both new and pre-owned jewellery at all its outlets. The merchandise includes gold and diamond jewellery, gold bars and coins, branded watches, and Hermès bags.

GOLD TRADING

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

NON-EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR/CEO MESSAGE

Dear Shareholders,

ValueMax Group continued to make steady progress in growing its profitability and strengthening its net asset value during the year. For the financial year ended 31 December 2017, the Group registered a 23.3% year-on-year increase in profit before tax from $17.8 million in FY2016 to $22.0 million. This was achieved against a backdrop of challenging economic conditions and strong competition. On the whole, the underlying performance of the Group demonstrated significant resilience, largely underscored by successful execution of several strategic initiatives and value creation from growing core offerings.

Yeah Hiang Nam
Managing Director and CEO

Phua Tin How
Non-Executive Chairman

The Group will continue to pursue its strategy of building distinctive differentiation to stay ahead of competition. Last year, the Group was honoured to be recognised with a Service Excellence Award by SPRING Singapore in recognition of the quality of its service and in bringing its core values to life. Enriched by strong core competencies, the Group will continue to drive sustainable performance and growth. In this regard, the Group will incorporate sustainability considerations in our decision-making processes where possible.

Business Development in FY2017

During the year, we continued to broaden and deepen our business scope. Building on our strong foundation, we duplicated our systems and service standards as we expanded our network locally and in Malaysia.

As part of our expansion plans, we opened one new pawnbroking and retail outlet in Singapore and one in Malaysia. Additionally, we also acquired Sengkang Pawnshop and Heng Leong Pawnshop in Singapore.

Our licensed money-lending business continued to grow healthily. The business primarily provides secured term loans to customers. The 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 both new and pre-owned jewellery and operates within the premises of our pawnbroking outlets, has expanded its business as we acquire and open new pawnbroking outlets. In addition, the average cost of processing pre-owned jewellery and watches has lowered compared to previous years, allowing for lower retail prices. Moreover, the retail business has benefited from an increase in the range of merchandise available for retail sales.

Future Outlook

We will continue to seek expansion opportunities through opening new pawnbroking and retail outlets at suitable locations as well as through acquisitions, to continue to develop and grow our money-lending business and to expand our jewellery retail business. We believe these approaches will translate into profit for the Group and enhance shareholders' value. We will continue to drive a culture of learning and skill upgrading – to build sustainable long-term performance and growth.

Rewarding Shareholders

The Board of Directors has recommended a one-tier tax exempt cash dividend of 1.26 Singapore cents per ordinary share for the financial year ended 31 December 2017. Subject to the approval of shareholders at the Annual General Meeting to be held on 25 April 2018, the proposed dividend will be paid on 31 May 2018.

Appreciation

We would like to express our appreciation to ValueMax's Board of Directors who continues to render wise counsel, guidance and support to ValueMax's Management and to our management and staff for their tireless efforts, exemplary 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 also like to register our appreciation to our business associates who have partnered with ValueMax and been instrumental in the many accomplishments of the Group during the year.

Most importantly, 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

Revenue (million)
$239.4

Profit (million)
$22.0

Gross Profit Margin
17.6%

Financial Review

ValueMax Group achieved record profit for FY2017 despite strong competition within the pawnbroking industry as well as rising operating costs.

During the year, the Group's revenue decreased from $253.3 million in FY2016 to $239.4 million in FY2017. Revenue from retail and trading of jewellery and gold business decreased by $19.1 million while revenue from pawnbroking increased by $2.0 million. Revenue contribution from the moneylending business increased by $3.2 million in FY2017.

Consequently, overall gross profit increased by $6.2 million in FY2017 as compared with the same period in FY2016. Gross profit margin improved from 14.2% in FY2016 to 17.6% in FY2017.

Administrative expenses increased from $18.9 million in FY2016 to $20.4 million in FY2017. The increase was mainly due to increases in employee benefits expense of $1.1 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 increase in headcount and salary adjustments.

Other operating expenses decreased from $1.7 million in FY2016 to $1.0 million in FY2017 due to the decrease in allowance for write-down of inventories of $0.6 million, and the absence of net foreign exchange losses and write-off of excess consideration over fair value of interest acquired in subsidiaries incurred in FY2016 of $0.2 million each respectively. These were partially offset by the increase in allowance for doubtful trade receivables of $0.3 million.

Contribution from share of results of associates increased from $2.1 million in FY2016 to $2.7 million in FY2017 due to increased contribution from the Malaysian associated companies.

As a result of the above, profit before tax increased by $4.2 million to $22.0 million in FY2017.

Balance Sheet and Cash Flow Highlights

In FY2017, non-current assets increased by $4.2 million from $99.5 million as at 31 December 2016 to $103.7 million as at 31 December 2017. This increase stemmed from increases in property, plant and equipment of $1.1 million, investment in associates of $4.9 million and intangible assets of $0.2 million, partially offset by the decrease in trade and other receivables of $2.0 million.

Concurrently, current assets increased by $24.0 million to $318.4 million as at 31 December 2017. This was due to increases in trade and other receivables of $22.2 million, inventories of $1.5 million and cash and bank balances of $0.3 million.

Meanwhile, current liabilities increased by $62.2 million from $160.8 million as at 31 December 2016 to $223.0 million as at 31 December 2017 mainly as a result of increases in interest-bearing loans and borrowings of $60.7 million and other liabilities of $1.0 million.

Non-current liabilities decreased by $46.5 million from $61.8 million as at 31 December 2016 to $15.3 million as at 31 December 2017 mainly due to the decrease in interest-bearing loans and borrowings of $46.8 million. This was partially offset by the increases in deferred tax liabilities and provisions of $0.2 million and $0.1 million respectively.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity attributable to owners of the Company increased from $165.8 million as at 31 December 2016 to $179.3 million as at 31 December 2017 mainly due to the increase in retained earnings.

During the year, net cash generated from operating activities was $5.3 million. This comprises operating cash flows before working capital adjustments of $27.7 million, adjusted by net working capital outflow of $14.9 million. In FY2017, the Group received interest income of $0.6 million, with net income tax paid of $1.8 million and interest expense paid of $6.3 million respectively. The net working capital outflow was a result of the increase in trade and other receivables of $14.0 million, the increase in inventories of $1.6 million and the decrease in trade and other payables of $0.3 million. These were partially offset by the increase in other liabilities of $1.0 million.

The net cash used in investing activities amounted to $10.9 million arising from net cash outflow on acquisition of subsidiaries of $7.8 million, additional capital injection in associates of $2.2 million and the purchase of property, plant and equipment of $1.1 million, partially offset by dividend income of $0.2 million.

The net cash generated from financing activities in FY2017 amounted to $3.8 million comprising proceeds from interest-bearing loans and borrowings of $61.4 million, partially offset by repayment of interest-bearing loans and borrowings of $50.3 million, payment of dividends of $6.2 million and return of investment to non-controlling interests of $1.1 million.

Operations Review

The Group completed the acquisitions of a pawnshop at Havelock Road and another at Hougang Central in 2017. Together with two new outlets opened in Tampines and Sengkang Kopitiam Square in November 2017 and January 2018 respectively, the Group currently has 30 outlets in Singapore.

Outlook

Going forward, with the increasing economic and geopolitical uncertainties, gold prices may continue to be volatile in FY2018. Meanwhile, keen competition, rising operating costs and uncertain interest rate movements will continue to pose challenges to our businesses.

Nevertheless, we will continue efforts in seeking for opportunities to grow our businesses through acquisitions and setting up of new pawnbroking and retail outlets in Singapore and overseas, as well as to grow the moneylending business.

DIRECTORS' PROFILE

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

Phua Tin How is our Non-Executive Chairman and Independent Director

Mr Phua 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.

Mr Phua held several senior appointments in the public service sector prior to 1994, first serving as the Principal Private Secretary to the Deputy Prime Minister and later, the Principal Private Secretary to the President of Singapore. From 1994 to 2003, Mr Phua was concurrently the President and CEO of SBS Transit Ltd and the Group President of DelGro Corporation Ltd. He 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.

Mr Phua holds a Master in Business Administration Degree from INSEAD France, and a Bachelor of Science (Hons) Degree from the National University of Singapore.

Yeah Hiang Nam is our Managing Director and CEO

Mr Yeah was appointed to the Board of our Company on 7 August 2003. He is responsible for the overall strategy and business development of our Group.

Mr Yeah has over 50 years of experience dealing with gold and jewellery, and more than 30 years in the pawnbroking industry. He has been instrumental in the development and growth of our Group and its businesses.

In 2010, Mr Yeah received the accolate of Top Entrepreneur in the Rotary ASME Entrepreneur of the Year Award. He was also awarded the Public Service Medal in 2016 for his contributions to society and business.

Yeah Lee Ching is our Executive Director

Ms Yeah was appointed to the Board of our Company on 12 April 2013. She is responsible for overseeing the valuation, gold trading, as well as corporate communications matters of our Group.

Ms Yeah has over 20 years of experience in the jewellery and gemstones industry, having been the General Manager of Golden Success Jewellery Pte Ltd, and later the Marketing and Communications Manager (Asia Pacific) of Signity Management Pte Ltd (now known as Swarovski-Gems). She first joined our Group as Marketing Manager in 2004.

Ms Yeah holds a Master of Business Administration Degree from the National University of Singapore, as well as a Graduate Gemologist Diploma from the Gemological Institute of America. She is currently the Honorary Secretary of the Singapore Pawnbrokers Association and the Assistant Secretary of the Enterprise 50 Association.

Yeah Chia Kai is our Executive Director

Mr Yeah 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.

Mr Yeah first joined our company as an Operations Executive in 2004. In 2006, he founded Mischief Studios Pte Ltd, a software development company, and served as its Executive Producer before assuming the role of Operations Manager of our Group in 2007.

Mr Yeah graduated from Curtin University of Technology with a Bachelor of Commerce (Marketing) Degree, and was later conferred the Master of Business Administration from both Columbia University and London Business School. He also holds a Certified Diamond Grader Diploma from HRD Antwerp, as well as a Foundation Certificate in Gemology from the Gemmological Association of Great Britain. Mr Yeah is a committee member of the Credit Association of Singapore.

Lim Tong Lee is our Independent Director

Mr Lim 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.

Mr Lim started his career in Ernst & Young, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad from 1995 to 2007. From 2007 to 2012, as well as 2016, Mr Lim was the Head of Corporate Finance of KGI Securities (Singapore) Pte Ltd (formerly known as AmFraser Securities Pte Ltd). Then in 2013, he was made the Chief Investment Officer of AmWater Investments Management Pte Ltd. Mr Lim was later appointed Senior Vice President of Venstar Capital Management Pte Ltd from 2014 to 2015. He is also an Independent Director of LBS Bina Group Berhad, a company listed on Bursa Malaysia.

Mr Lim 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

Mr Lim 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.

Mr Lim started his career at 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, which is involved in the investment and distribution of intellectual technology products. Currently, Mr Lim is an Executive Director of SiS International Holdings Ltd, and is responsible for its business operations in South East Asia.

Mr Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (First Class) 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.

Ms 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 in 1993 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 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 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 Pte Ltd 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.

CORPORATE SOCIAL RESPONSIBILITY

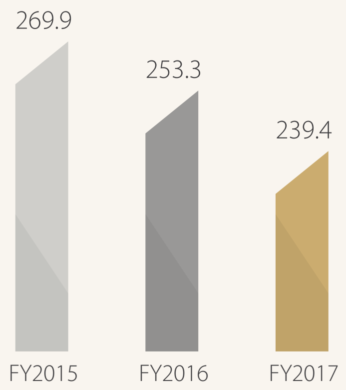
Being a responsible corporate citizen, we believe in giving back to the society. While we strive to achieve our financial goals and objectives, we also believe in playing our part in serving our local community.

Over the last three years, ValueMax Group has actively participated in various business and community initiatives, including SGX Bull Charge Paintball Challenge, 50 For Fifty Charity Drive, UOB Heartbeat Lunar New Year Outreach, and the Smile Mission fundraising event. In addition, the Company is committed to contribute over a three-year period (2016-2018) to the Business Family Institute at the Singapore Management University (SMU) to support and facilitate business families in Asia to develop, harness, and leverage their family and financial capital across generations.

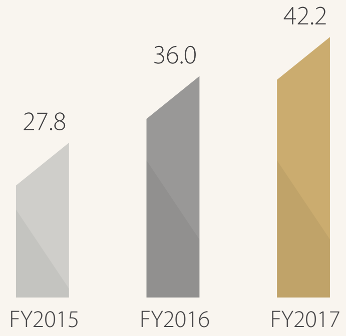
ValueMax Group also encourages its management team to participate in and contribute to the community. Mr Yeah Hiang Nam, CEO and Managing Director, is currently a Patron of Clementi Consultative Committee, and is also one of the Honorary Presidents of the Singapore Pawnbrokers' Association, Teo Yeonh Huai Kuan, and Yeow Si Kong Huay. In recognition for his contributions to society and the business community, Mr Yeah Hiang Nam was awarded the Public Service Medal in 2016. Ms Yeah Lee Ching, Executive Director, is on the executive committees of the Enterprise 50 Association, the Singapore Pawnbrokers' Association, and previously the Money Lenders Association of Singapore.

FINANCIAL HIGHLIGHTS

REVENUE ($'million)

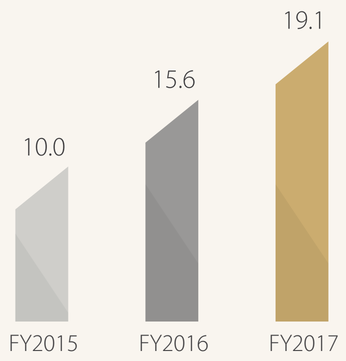


GROSS PROFIT ($'million)

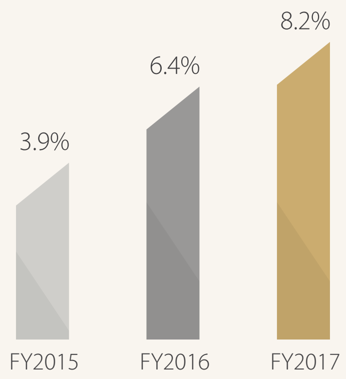


PROFIT ATTRIBUTABLE TO SHAREHOLDERS

($'million)

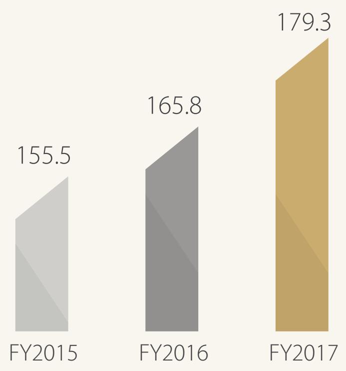


NET MARGIN



EQUITY ATTRIBUTABLE TO SHAREHOLDERS

($'million)



STORE LOCATIONS

NORTH

ANG MO KIO
703 Ang Mo Kio Avenue 8 #01-2529 S(560703)
T: 6456 7990
339 Ang Mo Kio Avenue 1 #01-1585 S(560339)
T: 6452 0679

BISHAN
282 Bishan Street 22 #01-151 S(570282)
T: 6452 0596

HOUGANG CENTRAL
809 Hougang Central #01-182 S(530809)
T: 6385 0186

KOVAN
204 Hougang Street 21 #01-121 S(530204)
T: 6285 7600

PUNGGOL MRT
70 Punggol Central #01-03 Punggol MRT Station S(828868)
T: 6886 0060

SENGKANG CENTRAL
10 Sengkang Square Shop 116/117 S(544829)
T: 6817 8711

SENGKANG MRT
5 Sengkang Square #02-03 Sengkang MRT Station S(545062)
T: 6384 9700

SERANGOON CENTRAL
262 Serangoon Central Drive #01-99 S(550262)
T: 6858 6500

WOODLANDS MRT
30 Woodlands Avenue 2 #01-50 Woodlands MRT Station S(738343)
T: 6362 0200

WOODLANDS VISTA POINT
548 Woodlands Drive 44 #01-17/18 Vista Point S(730548)
T: 6893 0871

YISHUN
292 Yishun Street 22 #01-275 S(760292)
T: 6752 2232

YISHUN CHONG PANG
101 Yishun Avenue 5 #01-63 S(760101)
T: 6754 2251

RIVERVALE PLAZA*
118 Rivervale Drive #01-14 Rivervale Plaza S(540118)
T: 6272 1800

CENTRAL

BOON KENG
25 Bendemeer Road #01-579 S(330025)
T: 6299 3550

HAVELOCK
77 Indus Road #01-527 S(160077)
T: 6272 1800

TEKKA
664 Buffalo Road #01-05/06 S(210664)
T: 6298 0018

TOA PAYOH
184 Toa Payoh Central #01-360 S(310184)
T: 6354 1488

WATERLOO CENTRE
261 Waterloo Street #01-33 S(180261)
T: 6255 0372

WEST

BOON LAY MRT
301 Boon Lay Way #01-21/22 Boon Lay MRT Station S(649846)
T: 6790 0955

BUKIT GOMBAK
372 Bukit Batok Street 31 #01-368 S(650372)
T: 6569 0500

CHOA CHU KANG
303 Choa Chu Kang Avenue 4 #01-723 S(680303)
T: 6765 6200

EAST

ALJUNIED
119 Aljunied Avenue 2 #01-40 S(380119)
T: 6742 0057

BEDOK TOWN CENTRE
213 Bedok North Street 1 #01-121 S(460213)
T: 6243 2126
218 Bedok North Street 1 #01-31 S(460218)
T: 6441 2480

PASIR RIS EAST
442 Pasir Ris Drive 6 #01-24 S(510442)
T: 6583 8398

PASIR RIS MRT
10 Pasir Ris Central #01-12/13 Pasir Ris MRT Station S(519634)
T: 6582 2388

TAMPINES
138 Tampines Street 11 #01-102 S(521138)
T: 6817 6158

TAMPINES CENTRAL
513 Tampines Central 1 #01-168 S(520513)
T: 6787 3738

TAMPINES EASTLINK MALL
8 Tampines Central 1 #01-16 Eastlink Mall S(529543)
T: 6789 3390

* held by an associated company in Singapore

FINANCIAL REPORT

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 2017. 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 pages 18 and 19 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 2017.

This statement on the corporate governance practices of ValueMax describes the corporate governance policies practised by ValueMax during the financial year ended 31 December 2017, 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 2017 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;
- Approval of Corporate Strategies; and
- Material Acquisitions and Disposals of assets.

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 judgement 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.

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.

CORPORATE GOVERNANCE 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, or is not 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 8 to 9 and 23 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 business. 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 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. Mr Yeah Hiang Nam and Mr Lim Hwee Hai will be subject to retirement by rotation at the forthcoming AGM, pursuant to the requirements of Article 98 of the Company's Constitution. Both Mr Yeah Hiang Nam and Mr Lim Hwee Hai have indicated that they will be seeking re-election as Directors of the Company.

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 auditor, 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.

Individual assessment is conducted through a peer review process and the results of the assessment are 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.

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 2017 (2016: $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) $250,000 and below; (ii) between $250,001 and $500,000; and between $500,001 and $1,000,000 for the financial year ended 31 December 2017, 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:

		Percentage (%) Remuneration earned through:	
	Base/fixed salary	**Variable or performance related income/bonuses**	**Director Fees/ Attendance Fees**
<u>$250,000 and below</u>			
Phua Tin How	–	–	100%
Lim Tong Lee	–	–	100%
Lim Hwee Hai	–	–	100%
<u>Between $250,001 and $500,000</u>			
Yeah Lee Ching	73%	27%	–
Yeah Chia Kai, Steven	73%	27%	–
<u>Between $500,001 and $1,000,000</u>			
Yeah Hiang Nam	73%	26%	1%

Of the remunerations of the three key management personnel who are not Directors or the CEO of the Company for the financial year ended 31 December 2017, the remunerations of two executives fell within the remuneration band of $250,000 and below and the remuneration of one executive fell within the remuneration band of between $250,001 and $500,000. The annual aggregate remuneration paid to the top three key management personnel of the Company (who are not Directors or the CEO) for the financial year ended 31 December 2017 is $672,000.

No termination, retirement and post-employment benefits were granted to any Director, the CEO or any key management personnel for the financial year ended 31 December 2017.

No share awards were granted during the financial year ended 31 December 2017.

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 $150,000 and $200,000 for the financial year ended 31 December 2017.

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.

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 87 to 91 under Note 31 to the financial statements.

The Audit Committee, through the assistance of internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, established by Management.

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.

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 54 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 ("**IA**") of the Company. The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls for selected scope of review annually, as approved by the Audit Committee. Procedures are in place for the IA to report independently on their findings and recommendations to the Audit Committee for review.

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.

The Audit Committee is satisfied that the internal audit function has adequate resources to perform its function effectively. The Audit Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The IA is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc.. The audit work carried out is guided by KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA.

The Audit Committee reviews the adequacy and effectiveness of the internal audit function of the Company annually.

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.

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.

CORPORATE GOVERNANCE REPORT

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 2017. 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 results.

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.

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.

The Company has obtained a general mandate from shareholders of the Company for interested person transactions pursuant to Rule 920 of the Listing Manual in the AGM held on 25 April 2015.

The aggregate value of interested person transactions above $100,000 entered into during FY2017 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate ($'000)	Aggregate value of all interested person transactions (excluding transactions conducted under shareholders' mandate) ($'000)
Sale of pre-owned jewellery and gold		
Hwa Goldsmith and Jewellers	1,481	–
Lee Heng Jewellers	164	–
Mei Zhi Jewellery	341	–
Lucky Jewellery	343	–
Purchase of pre-owned jewellery and gold		
Lee Heng Jewellers	151	–
Mei Zhi Jewellery	86	–
Lease of premises		–
Yeah Properties Pte Ltd	312	–
Yeah Capital	174	–
Interest paid/due to a director		
Yeah Hiang Nam	–	1,210

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 2017.

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 2017 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 Hiang Nam and Lim Hwee Hai 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 is, 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.

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 2018**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2018**
Ordinary shares of the Company						
Yeah Hiang Nam	42,727,000	–	–	378,797,960	421,524,960	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	–	–	–

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (cont'd)

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 $Nil, $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 June 2018. There is no change in the term notes held by the directors as at 21 January 2018.

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.

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
23 March 2018

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2017

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 2017, 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 2017 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.

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.

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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

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 Teo Li Ling.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	4	239,401	253,250
Cost of sales		(197,249)	(217,288)
Gross profit		42,152	35,962
Other item of income			
Other operating income	5	3,359	3,270
Other items of expense			
Marketing and distribution expenses		(1,132)	(558)
Administrative expenses		(20,429)	(18,905)
Finance costs	6	(3,742)	(2,375)
Other operating expenses	7	(955)	(1,666)
Share of results of associates		2,724	2,090
Profit before tax	8	21,977	17,818
Income tax expense	11	(2,417)	(1,673)
Profit for the year		19,560	16,145
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		190	(181)
Total comprehensive income for the year		19,750	15,964
Profit for the year attributable to:			
Owners of the Company		19,093	15,559
Non-controlling interests		467	586
		19,560	16,145
Total comprehensive income for the year attributable to:			
Owners of the Company		19,283	15,378
Non-controlling interests		467	586
		19,750	15,964
Earnings per share (cents per share)			
Basic and diluted	12	3.58	2.92

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 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	13	29,984	28,909	142	124
Intangible assets	14	578	451	–	–
Investments in subsidiaries	15	–	–	60,807	51,832
Investments in associates	16	13,870	8,923	1,002	1,002
Other investments	17	688	688	688	688
Trade and other receivables	19	58,552	60,516	4,743	3,006
		103,672	99,487	67,382	56,652
Current assets					
Inventories	18	57,662	56,206	–	–
Trade and other receivables	19	252,063	229,831	127,983	131,266
Prepaid operating expenses		1,210	1,241	24	23
Cash and bank balances	20	7,464	7,112	689	1,021
		318,399	294,390	128,696	132,310
Total assets		422,071	393,877	196,078	188,962
Current liabilities					
Trade and other payables	21	4,451	4,692	6,091	3,519
Other liabilities	22	3,713	2,711	1,394	1,046
Interest-bearing loans and borrowings	23	212,381	151,640	49,899	–
Income tax payable		2,434	1,784	185	209
		222,979	160,827	57,569	4,774
Net current assets		95,420	133,563	71,127	127,536
Non-current liabilities					
Other payables	21	48	–	–	–
Provisions	24	332	280	–	–
Deferred tax liabilities	11	1,972	1,802	19	12
Interest-bearing loans and borrowings	23	12,933	59,681	–	49,662
		15,285	61,763	19	49,674
Total liabilities		238,264	222,590	57,588	54,448
Net assets		183,807	171,287	138,490	134,514

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 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	78,313	78,313	78,313	78,313
Treasury shares	25	(26)	–	(26)	–
Retained earnings		107,496	94,164	60,203	56,201
Other reserves	26	(6,499)	(6,689)	–	–
		179,284	165,788	138,490	134,514
Non-controlling interests		4,523	5,499	–	–
Total equity		183,807	171,287	138,490	134,514
Total equity and liabilities		422,071	393,877	196,078	188,962

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 2017

	Note	Attributable to owners of the Company								
		Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
2017										
At 1 January 2017		78,313	–	1,984	(7,599)	(1,074)	94,164	165,788	5,499	171,287
Profit for the year		–	–	–	–	–	19,093	19,093	467	19,560
Other comprehensive income										
Foreign currency translation		–	–	–	–	190	–	190	–	190
Total comprehensive income for the year		–	–	–	–	190	19,093	19,283	467	19,750
Contributions by and distributions to owners										
Dividends paid on ordinary shares	33	–	–	–	–	–	(5,761)	(5,761)	–	(5,761)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(397)	(397)
Purchase of treasury shares	25	–	(26)	–	–	–	–	(26)	–	(26)
Return of investment to non-controlling shareholders	15	–	–	–	–	–	–	–	(1,046)	(1,046)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	(26)	–	–	–	(5,761)	(5,787)	(1,443)	(7,230)
At 31 December 2017		78,313	(26)	1,984	(7,599)	(884)	107,496	179,284	4,523	183,807

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 2017

	Note	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		$'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 2017

	Note	Share capital	Treasury shares	Retained earnings	Total equity
		$'000	$'000	$'000	$'000
Company					
At 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 and 1 January 2017		78,313	–	56,201	134,514
Profit for the year, representing total comprehensive income for the year		–	–	9,763	9,763
Contributions by and distributions to owners					
Dividends paid on ordinary shares	33	–	–	(5,761)	(5,761)
Purchase of treasury shares	25	–	(26)	–	(26)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	(26)	(5,761)	(5,787)
At 31 December 2017		78,313	(26)	60,203	138,490

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 2017

	Note	2017	2016
		$'000	$'000
Operating activities			
Profit before tax		21,977	17,818
Adjustments for:			
Depreciation of property, plant and equipment	13	1,534	1,218
Amortisation of intangible assets	14	88	–
Allowance for doubtful trade receivables	7	551	219
Allowance for write-down of inventories	7	354	956
Impairment of convertible notes in an unquoted investment	7	50	–
Write-back of provision for restoration costs	24	(14)	(10)
Interest income	5	(631)	(484)
Finance costs	6	6,571	4,756
Write-off of property, plant and equipment	8	–	105
Loss on remeasuring previously held equity interest	7	–	101
Dividend income from an unquoted investment	5	(48)	(32)
Increase in fair value of inventories less point-of-sale costs	18	(85)	(244)
Net fair value loss on loan from an unrelated party	8	56	174
Gain on excess of fair value over consideration of interest acquired in subsidiaries	5	(39)	–
Write-off of excess of consideration over fair value of interest acquired in subsidiaries	7	–	234
Unrealised exchange (gain)/loss		(63)	35
Loss on liquidation of a subsidiary	8	54	–
Share of results of associates		(2,724)	(2,090)
Operating cash flows before changes in working capital		27,631	22,756
Changes in working capital			
Increase in inventories		(1,645)	(10,291)
Increase in trade and other receivables		(13,980)	(90,128)
Decrease/(increase) in prepaid operating expenses		41	(441)
Decrease in trade and other payables		(240)	(4,610)
Increase in other liabilities		966	274
Cash flows generated from/(used in) operations		12,773	(82,440)
Interest received		631	484
Interest paid		(6,334)	(4,620)
Income taxes paid		(1,802)	(1,034)
Net cash flows generated from/(used in) operating activities		5,268	(87,610)

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 2017

	Note	2017	2016
		$'000	$'000
Investing activities			
Purchase of property, plant and equipment	A	(1,040)	(12,999)
Net cash outflow on acquisition of subsidiaries	15	(7,795)	(6,023)
Additional capital injection in associates		(2,247)	–
Dividend income from associates		200	200
Dividend income from an unquoted investment	5	48	32
Purchase of convertible notes in an unquoted investment		(50)	–
Net cash flows used in investing activities		(10,884)	(18,790)
Financing activities			
Proceeds from interest-bearing loans and borrowings		61,382	128,130
Repayment of interest-bearing loans and borrowings		(50,316)	(19,948)
Term notes issuance expenses paid		–	(474)
Purchase of treasury shares	25	(26)	–
Dividends paid to non-controlling interests		(397)	(397)
Return of investment to non-controlling interests	15	(1,046)	(814)
Dividends paid on ordinary shares	33	(5,761)	(5,068)
Net cash flows from financing activities		3,836	101,429
Net decrease in cash and cash equivalents		(1,780)	(4,971)
Cash and cash equivalents at beginning of the year		5,072	10,043
Cash and cash equivalents at end of the year	20	3,292	5,072

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2017	2016
		$'000	$'000
Current year additions to property, plant and equipment	13	1,106	13,025
Less: Provision for restoration costs included in "Renovations"	24	(66)	(26)
Net cash outflow for purchase of property, plant and equipment		1,040	12,999

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

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.

Convergence with International Financial Reporting Standards

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.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

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 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

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**
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
- INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Cu*stomers	1 January 2018
FRS 116 *Leases*	1 January 2019

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.

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.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) *Classification and measurement*

The Group currently measures certain of its investments in unquoted equity shares at cost of $688,000. Under FRS 109, the Group will be required to measure the investment at fair value. The difference between the current carrying amount and the fair value as at 31 December 2017 would be recognised in the opening retained earnings with the corresponding tax impact when the Group applies FRS 109.

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its 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 of its trade receivables. Upon application of the expected credit loss model, the Group expects that due to the unsecured nature of certain of the Group's trade receivables relating to its moneylending business, the loss allowance would increase.

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

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

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 has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

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.

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

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

(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.

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.

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

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

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

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.

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

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

2.7 Property, plant and equipment (cont'd)

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.

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 either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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.

(a) *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.

(b) *Lease assignment fee*

Lease assignment fee relates to the fee paid to the previous shareholders of one of the Group's acquired subsidiaries as consideration for the transfer of the subsidiary's lease to the Group. The lease assignment fee is amortised on a straight-line basis over the remaining lease period.

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.

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

2.9 Impairment of non-financial assets (cont'd)

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.

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, investments 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 investments 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.

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.

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.

(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.

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

2.13 Impairment of financial assets (cont'd)

(b) *Available-for-sale financial assets (cont'd)*

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 banks and on hand 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.

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

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.

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. Summary of significant accounting policies (cont'd)

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 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.

2.22 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.

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

2.22 Taxes (cont'd)

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

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.

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

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 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 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.

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. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has 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 $2,434,000 (2016: $1,784,000) and $1,972,000 (2016: $1,802,000) 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 2017 and 2016.

(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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 2017 would reduce by $78,000 (2016: $73,000).

(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 2017 and 2016.

4. Revenue

	Group	
	2017	**2016**
	$'000	$'000
Retail and trading of jewellery and gold	204,148	223,227
Interest income from pawnbroking services	24,276	22,285
Interest income from moneylending services	10,977	7,738
	239,401	253,250

5. Other operating income

		Group	
	Note	**2017**	**2016**
		$'000	$'000
Rental income from leasehold properties		640	904
Interest income on loans and receivables		631	484
Dividend income from an unquoted investment		48	32
Management fee income from associates		302	265
Special Employment Credit ("SEC")		85	102
Temporary Employment Credit		58	68
Wage Credit Scheme ("WCS")		90	206
Facility fees income		989	897
Gain on excess of fair value over consideration of interest acquired in subsidiaries	15	39	–
Others		477	312
		3,359	3,270

5. Other operating income (cont'd)

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 WCS 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

	Note	Group 2017	Group 2016
		$'000	$'000
Amortisation of term notes issuance expenses	23	237	136
Interest expense			
- Bank overdrafts		70	76
- Bank loans		3,440	2,889
- Term notes		2,750	1,575
- Loans from directors/shareholders of subsidiaries		74	80
		6,571	4,756
Included in the consolidated statement of comprehensive income under:			
- Cost of sales		2,829	2,381
- Finance costs		3,742	2,375
		6,571	4,756

7. Other operating expenses

	Note	Group 2017	Group 2016
		$'000	$'000
Allowance for write-down of inventories	18	354	956
Allowance for doubtful trade receivables	19	551	219
Impairment of convertible notes in an unquoted investment		50	–
Net foreign exchange loss		–	156
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
		955	1,666

8. Profit before tax

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

		Group	
	Note	2017	2016
		$'000	$'000
Audit fees paid to auditors of the Company		324	294
Non-audit fees paid to auditors of the Company		132	123
Depreciation of property, plant and equipment	13	1,534	1,218
Amortisation of intangible assets	14	88	–
Employee benefits expense	9	12,241	11,097
Inventories recognised as an expense in cost of sales	18	194,423	214,907
Increase in fair value of inventories less point-of-sale costs	18	(85)	(244)
Operating lease expense	27(a)	3,842	3,851
Net fair value loss on loan from an unrelated party		56	174
Loss on liquidation of a subsidiary		54	–
Write-off of property, plant and equipment	13	–	105

9. Employee benefits

	Group	
	2017	2016
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	10,787	9,785
Central Provident Fund contributions	1,138	1,030
Other personnel expenses	316	282
	12,241	11,097

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	
	2017	**2016**
	$'000	$'000
Sale of goods to director-related companies	2,329	2,483
Purchase of goods from associates	(553)	(1,508)
Purchase of goods from director-related companies	(237)	(874)
Dividend income from associates	200	200
Rental paid to director-related companies	(551)	(519)
Rental paid to a director	(98)	(92)
Management fee income received from associates	285	265
Interest received from associates	596	375
Interest paid on loans from directors/shareholders of subsidiaries	(74)	(80)
Interest paid/payable on term notes held by directors	(1,251)	(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	
	2017	**2016**
	$'000	$'000
Short-term employee benefits	2,213	2,009
Central Provident Fund contributions	91	95
Total compensation paid to key management personnel	2,304	2,104
Comprise amounts paid to:		
Directors of the Company	1,632	1,441
Other key management personnel	672	663
	2,304	2,104

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 and $64,900 in 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 and $38,940 in 2018 and 2019 respectively.

On 1 July 2016, ValueMax Precious Metals Pte. Ltd. ("VMPM") entered into a 24-month agreement ending 30 June 2018 with Yeah Management Pte. Ltd. ("Yeah Management"), a director-related company for the lease of VMPM's business premises. The Group expects rental to Yeah Management to be $17,400 in 2018.

On 1 July 2016, the Company entered into a 36-month agreement ending 30 June 2019 with Yeah Management for the lease of office space. The Group expects rental paid to Yeah Management to be $31,080 and $15,540 in 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 and $50,750 in 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 and $50,750 in 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 and $15,750 in 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 and $15,750 in 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 and $16,133 in 2018 and 2019 respectively.

On 28 February 2018, the VMPM entered into a 9-month agreement ending 31 December 2018 with YHN and THY for the lease of storage units. The Group expects the rental paid to YHN and THY to be $15,120 for 2018.

11. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group	
	2017	**2016**
	$'000	$'000
Current income tax		
Current income taxation	2,245	1,467
Under/(over) provision in respect of previous years	2	(154)
	2,247	1,313
Deferred income tax		
Origination and reversal of temporary differences	163	410
Under/(over) provision in respect of previous years	7	(50)
	170	360
Income tax expense recognised in profit or loss	2,417	1,673

(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 2017 and 2016 is as follows:

	Group	
	2017	**2016**
	$'000	$'000
Profit before tax	21,977	17,818
Tax at the domestic rates applicable to profits in the countries where the Group operates	3,736	3,142
Adjustments:		
- Non-deductible expenses	396	331
- Income not subject to taxation	(8)	(72)
- Effect of partial tax exemption and tax relief	(1,257)	(940)
- Deferred tax assets not recognised	2	10
- Under/(over) provision in respect of previous years	9	(204)
- Share of results of associates	(463)	(503)
- Others	2	(91)
Income tax expense recognised in profit or loss	2,417	1,673

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

11. Income tax expense (cont'd)

(c) *Deferred tax*

	Group	
	2017	2016
	$'000	$'000
Balance at 1 January	1,802	1,442
Tax expense	170	360
Balance at 31 December	1,972	1,802

Deferred tax as at 31 December relates to the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	241	187	–	–
Differences arising from unremitted interest income from an associate	19	12	19	12
Fair value adjustments on acquisitions of subsidiaries	1,712	1,603	–	–
	1,972	1,802	19	12

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $14,000 (2016: $59,000) 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 (2016: 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	
	2017	2016
Profit for the year attributable to owners of the Company ($'000)	19,093	15,559
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)*	533,418	533,498
Basic and diluted earnings per share (cents)	3.58	2.92

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

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 2017 and 2016.

13. Property, plant and equipment

	Leasehold properties	Motor vehicle	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 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 and 1 January 2017	28,557	78	2,473	682	2,173	33,963
Additions	–	–	822	86	198	1,106
Acquisition of subsidiaries (Note 15)	1,500	–	2	–	1	1,503
At 31 December 2017	30,057	78	3,297	768	2,372	36,572
Accumulated depreciation						
At 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 and 1 January 2017	1,841	4	1,462	260	1,487	5,054
Depreciation charge for the year	735	16	440	116	227	1,534
At 31 December 2017	2,576	20	1,902	376	1,714	6,588
Net carrying amount						
At 31 December 2016	26,716	74	1,011	422	686	28,909
At 31 December 2017	27,481	58	1,395	392	658	29,984

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

	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2016	155	22	54	231
Additions	105	11	17	133
At 31 December 2016 and 1 January 2017	260	33	71	364
Additions	67	1	–	68
At 31 December 2017	327	34	71	432
Accumulated depreciation				
At 1 January 2016	144	18	51	213
Depreciation charge for the year	23	2	2	27
At 31 December 2016 and 1 January 2017	167	20	53	240
Depreciation charge for the year	40	5	5	50
At 31 December 2017	207	25	58	290
Net carrying amount				
At 31 December 2016	93	13	18	124
At 31 December 2017	120	9	13	142

Restoration costs

Included in the Group's carrying amount of renovations is $74,000 (2016: $35,000) 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 $25,444,000 (2016: $25,984,000) as security for bank borrowings (Note 23).

14. Intangible assets

	Moneylending licence	Goodwill	Lease assignment fee	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
At 1 January 2016, 31 December 2016 and 1 January 2017	43	408	–	451
Additions	–	–	215	215
At 31 December 2017	43	408	215	666
Accumulated amortisation				
At 1 January 2016, 31 December 2016 and 1 January 2017	–	–	–	–
Amortisation	–	–	88	88
At 31 December 2017	–	–	88	88
Net carrying amount				
At 31 December 2016	43	408	–	451
At 31 December 2017	43	408	127	578

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% (2016: 10%) and an annual growth rate of 5% (2016: 5%) is applied thereafter. The pre-tax discount rates applied in the cash flow projections is 12% (2016: 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% (2016: 4%), with the business unit expected to stabilise thereafter. The pre-tax discount rates applied in the cash flow projections is 11% (2016: 11%), which reflects management's estimation of the risks specific to the business unit.

14. Intangible assets (cont'd)

Lease assignment fee

The lease assignment fee was paid when the Group acquired the entire issued and paid-up capital of Sengkang Pawnshop Pte. Ltd. ("SKP") during the financial year ended 31 December 2017. This relates to the fee paid to the previous shareholders of SKP as consideration for the transfer of SKP's lease to the Group, and is to be amortised over the remaining lease period.

15. Investments in subsidiaries

	Company	
	2017	**2016**
	$'000	$'000
Unquoted equity shares, at cost	60,919	51,944
Impairment losses	(112)	(112)
	60,807	51,832

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	
			2017	**2016**
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	50.55	50.55
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)]	Singapore	Pawnbroking	100.00	100.00
Ban Lian Pawnshop Pte. Ltd. [(1)(4)]	Singapore	Pawnbroking	–	67.44
Heng Leong Pawnshop (Pte.) Ltd. [(1)(3)]	Singapore	Pawnbroking	100.00	–
Sengkang Pawnshop Pte. Ltd. [(1)(3)]	Singapore	Pawnbroking	100.00	–
ValueMax Retail Pte. Ltd. [(1)]	Singapore	Retail sale of jewellery	100.00	100.00
ValueMax Management Pte. Ltd. [(1)]	Singapore	Provision of management and IT services	100.00	100.00

15. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2017	2016
Held by the Company (cont'd)				
ValueMax International Pte. Ltd. (1)	Singapore	Investment holding and provision of management services	100.00	100.00
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
Tai Eng Pawnbroker Pte. Ltd. (1)	Singapore	Property holding	100.00	100.00
Spring Jewellery (SG) Pte. Ltd. (1)	Singapore	Retail sale of 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 2017.
(4) Ban Lian Pawnshop Pte. Ltd. has undergone a voluntary liquidation during the financial year ended 31 December 2017.

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	
		2017	2016
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

15. Investments in subsidiaries (cont'd)

Summarised financial information of 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	
	2017	**2016**
	$'000	$'000
Current		
Assets	68,356	65,586
Liabilities	(47,547)	(42,155)
Net current assets	20,809	23,431
Non-current		
Assets	3,316	3,704
Liabilities	(64)	(365)
Net non-current assets	3,252	3,339
Net assets	24,061	26,770

Summarised statements of comprehensive income

	Pawnbroking subsidiaries with material NCI	
	2017	**2016**
	$'000	$'000
Revenue	20,124	20,336
Profit before income tax	4,192	3,933
Income tax expense	(557)	(375)
Profit after tax, representing total comprehensive income	3,635	3,558

Other summarised information

	Pawnbroking subsidiaries with material NCI	
	2017	**2016**
	$'000	$'000
Net cash flows (used in)/generated from operating activities	(1,511)	340
Profit allocated to NCI during the reporting period	490	586
Accumulated NCI at the end of reporting period	4,522	5,499
Dividends paid to NCI	(397)	(397)
Return of investment to NCI	(1,046)	(814)

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

Acquisition of Heng Leong Pawnshop (Pte.) Ltd.

On 4 August 2017, the Company acquired the entire equity interest in Heng Leong Pawnshop (Pte.) Ltd. ("HLP") for a cash consideration of $5,352,000. Consequent to the acquisition, HLP became a wholly-owned subsidiary of the Group.

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

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

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	1,501
Trade and other receivables	3,147
Prepaid operating expenses	4
Cash and bank balances	957
	5,609
Other liabilities	(23)
Income tax payable	(9)
Deferred tax liabilities	(186)
	(218)
Total identifiable net assets at fair value	5,391
Excess of fair value over consideration of interest acquired in a subsidiary	(39)
Cash paid, representing total consideration transferred	5,352

Effect of the acquisition of HLP on cash flows	
Cash paid	5,352
Less: Cash and cash equivalents of subsidiary acquired	(957)
Net cash outflow on acquisition	4,395

Impact of the acquisition on profit or loss

From the acquisition date, HLP contributed $369,000 of revenue and a profit of $33,000 to the Group's profit for the financial year ended 31 December 2017. If the business combination had taken place at the beginning of the year, the Group's revenue would have increased by $1,837,000 and the Group's profit, net of tax, would have increased by $164,000 for the financial year ended 31 December 2017.

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Sengkang Pawnshop Pte. Ltd.

On 9 October 2017, the Company acquired the entire equity interest in SKP for a cash consideration of $3,549,000. Consequent to the acquisition, SKP became a wholly-owned subsidiary of the Group.

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

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

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	2
Intangible assets	215
Trade and other receivables	3,622
Prepaid operating expenses	5
Inventories	79
Cash and bank balances	149
	4,072
Other liabilities	(13)
Bank loans	(500)
Income tax payable	(10)
	(523)
Total identifiable net assets at fair value	3,549
Cash paid, representing total consideration transferred	3,549
Effect of the acquisition of SKP on cash flows	
Cash paid	3,549
Less: Cash and cash equivalents of subsidiary acquired	(149)
Net cash outflow on acquisition	3,400

Impact of the acquisition on profit or loss

From the acquisition date, SKP contributed $309,000 of revenue and a loss of $118,000 to the Group's profit for the financial year ended 31 December 2017. If the business combination had taken place at the beginning of the year, the Group's revenue would have increased by $1,294,000 and the Group's profit, net of tax, would have increased by $24,000 for the financial year ended 31 December 2017.

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

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

Impact of the acquisition on profit or loss

From the acquisition date, TCP contributed $115,000 of revenue and a loss of $9,000 to the Group's profit for the financial year ended 31 December 2016. If the business combination had taken place at the beginning of the year, the Group's revenue would have increased by $1,185,000 and the Group's profit, net of tax, would have decreased by $1,000 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
Cash paid, representing total consideration transferred	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
Effect of the acquisition of BLP on cash flows	
Cash paid	2,939
Less: Cash and cash equivalents of subsidiary acquired	(294)
Net cash outflow on acquisition	2,645

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

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

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 financial year ended 31 December 2016. 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.

	Group	
	2017	**2016**
	$'000	$'000
Return of investment to owners of the Company	2,125	1,685
Return of investment to non-controlling shareholders	1,046	814
	3,171	2,499

The voluntary liquidation of BLP was completed on 29 November 2017.

16. Investments in associates

The Group's investments in associates are summarised below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Pawnbroking associates	9,190	6,662	1,002	1,002
Retail associate	2,282	1,145	–	–
Other associate	2,398	1,116	–	–
	13,870	8,923	1,002	1,002

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2017	**2016**
Held by the Company				
Soon Hong Pawnshop Pte. Ltd. [1]	Singapore	Pawnbroking	50.00	50.00
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. [2]	Malaysia	Investment holding	49.46	46.58
Thye Shing Pawnshop Sdn. Bhd. [3]	Malaysia	Pawnbroking	49.35	46.58
Kedai Emas Well Chip Sdn. Bhd. [2]	Malaysia	Retail and trading of jewellery	49.35	46.58
Kedai Pajak Well Chip Sdn. Bhd. [2]	Malaysia	Pawnbroking	49.35	46.58
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd. [2]	Malaysia	Pawnbroking	49.46	46.58
Pajak Gadai Shinegold Sdn. Bhd. [2]	Malaysia	Pawnbroking	49.46	46.58
Pajak Gadai Grand Chip Sdn. Bhd. [2]	Malaysia	Pawnbroking	49.46	46.58
Pajak Gadai Berlian Sdn. Bhd. [2]	Malaysia	Pawnbroking	49.46	46.58

[1] Audited by Teo Liang Chye & Co., Singapore.
[2] Audited by Lim & Company, Malaysia.
[3] Audited by Cheng & Co., Malaysia.

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

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

	2017	**2016**
	$'000	$'000
Profit for the year, representing total comprehensive income for the year	239	328

16. Investments in associates (cont'd)

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 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	$'000	$'000	$'000	$'000
Current assets	52,455	44,852	11,974	9,325
Non-current assets	318	446	103	148
Total assets	52,773	45,298	12,077	9,473
Current liabilities	(34,400)	(28,781)	(7,710)	(7,008)
Non-current liabilities	(12)	(2,489)	(1)	(7)
Total liabilities	(34,412)	(31,270)	(7,711)	(7,015)
Net assets	18,361	14,028	4,366	2,458
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	9,086	6,662	2,155	1,145
Other adjustments	104	–	127	–
Carrying amount of the investments	9,190	6,662	2,282	1,145

Summarised statements of comprehensive income

	Pawnbroking associates		Retail associate	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
	$'000	$'000	$'000	$'000
Revenue	15,424	12,785	12,680	9,912
Profit after tax, representing total comprehensive income	3,442	2,911	1,344	1,204

17. Other investments

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Unquoted investments, at cost	688	688	688	688

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

18. Inventories

	Group	
	2017	2016
	$'000	$'000
Consolidated statement of financial position:		
Commodity inventories at fair value	3,565	2,910
Other inventories at the lower of cost and net realisable value	54,097	53,296
	57,662	56,206
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	194,423	214,907
- Inventories written-down	354	956
- Increase in fair value of inventories less point-of-sale costs	(85)	(244)

A floating charge has been placed on the inventories with a carrying value of $51,862,000 (2016: $48,627,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Note	Group 2017	Group 2016	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Trade and other receivables (current)					
Trade receivables		241,405	221,790	–	–
Other receivables		356	323	231	176
Deposits		705	680	55	45
Loans to subsidiaries		–	–	114,226	120,336
Loans to associates		8,309	6,880	8,309	6,309
Amounts due from subsidiaries (trade)		–	–	864	245
Amounts due from subsidiaries (non-trade)		–	–	3,598	4,092
Amounts due from associates (trade)		503	6	–	4
Amounts due from associates (non-trade)		785	149	700	59
Amounts due from director-related companies (non-trade)		–	3	–	–
		252,063	229,831	127,983	131,266
Trade and other receivables (non-current)					
Trade receivables		57,931	60,027	–	–
Deposits		621	489	–	–
Amount due from a subsidiary (non-trade)		–	–	4,743	3,006
		58,552	60,516	4,743	3,006
Total trade and other receivables (current and non-current)		310,615	290,347	132,726	134,272
Add:					
Cash and bank balances	20	7,464	7,112	689	1,021
Total loans and receivables		318,079	297,459	133,415	135,293

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

Malaysian Ringgit	–	–	4,743	3,006

A floating charge has been placed on trade and other receivables with a carrying value of $275,586,000 (2016: $191,774,000) 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 (2016: 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 6.5% and 18.0% (2016: 6.0% 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 10.8% and 47.0% (2016: 6.0% and 47.0%) per annum.

19. Trade and other receivables (cont'd)

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.

Loans to associates are unsecured, bear interest at 5.00% to 8.00% (2016: 5.00% to 8.50%) 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% (2016: 3.00% 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 $1,795,000 (2016: $2,851,000) 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	
	2017	**2016**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	505	300
30 to 60 days	180	214
61 to 90 days	97	29
91 to 120 days	540	37
More than 120 days	473	2,271
	1,795	2,851

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	
	2017	**2016**
	$'000	$'000
Trade receivables – nominal amounts	203,014	158,039
Less: Allowance for impairment	(1,628)	(1,310)
	201,386	156,729

19. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group	
	2017	**2016**
	$'000	$'000
Movement in allowance accounts:		
At 1 January	1,310	1,036
Allowance on acquisition of BLP	–	69
Allowance on acquisition of TCP	–	24
Charge for the year	551	219
Written off	(233)	(38)
At 31 December	1,628	1,310

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:

	Gross carrying amounts	**Gross amounts offset in the statement of financial position**	**Net amounts in the statement of financial position**
2017	$'000	$'000	$'000
Trade receivables	1,870	(1,742)	128
Trade payables	1,742	(1,742)	–

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

20. Cash and bank balances

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks and on hand	7,464	7,112	689	1,021

Cash at banks do not earn interest.

There are no cash and bank balances denominated in foreign currencies as at 31 December 2017 and 2016.

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	2017	2016
		$'000	$'000
Cash and bank balances		7,464	7,112
Bank overdrafts	23	(4,172)	(2,040)
Cash and cash equivalents		3,292	5,072

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 $5,527,000 (2016: $4,962,000) as security for bank borrowings (Note 23).

21. Trade and other payables

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Trade and other payables (current)					
Trade payables		86	165	–	–
Other payables		969	1,016	86	59
Amounts due to subsidiaries (trade)		–	–	81	51
Amounts due to subsidiaries (non-trade)		–	–	1,151	76
Amount due to an associate (trade)		3	–	3	–
Amount due to an associate (non-trade)		36	3	3	3
Amounts due to director-related companies (non-trade)		–	3	–	–
Amounts due to directors (non-trade)		2	310	–	–
Amounts due to shareholders		33	81	–	–
Loan from a subsidiary		–	–	4,767	3,330
Loans from shareholders		3,322	3,114	–	–
		4,451	4,692	6,091	3,519

21. Trade and other payables (cont'd)

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Other payables (non-current)					
Deposits		48	–	–	–
		48	–	–	–
Total trade and other payables (current and non-current)		4,499	4,692	6,091	3,519
Add:					
Accrued operating expenses	22	3,309	2,379	1,394	1,046
Interest-bearing loans and borrowings	23	225,314	211,321	49,899	49,662
Less:					
Loan from an unrelated party	23	(1,726)	(1,670)	–	–
Total financial liabilities carried at amortised cost		231,396	216,722	57,384	54,227

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

	Group 2017	Group 2016	Company 2017	Company 2016
United States Dollar	1,742	7,008	–	–

Trade payables denominated in USD amounting to $1,742,000 (2016: $6,958,000) were offset against trade receivables from the same counterparty as disclosed in Note 19.

Trade and other payables

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% (2016: 3.00%) per annum and is repayable on demand.

Loans from shareholders are unsecured, bear interest at 1.50% to 3.00% (2016: 1.50% to 3.00%) per annum, and are repayable on demand.

22. Other liabilities

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Accrued operating expenses	3,309	2,379	1,394	1,046
Advances from customers	395	323	–	–
Deferred revenue from customer loyalty award	9	9	–	–
	3,713	2,711	1,394	1,046

22. Other liabilities (cont'd)

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	
	2017	2016
	$'000	$'000
At 1 January	9	9
Additions during the year	1	1
Recognised in profit or loss	(1)	(1)
At 31 December	9	9

23. Interest-bearing loans and borrowings

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Current					
Loan from an unrelated party		1,726	1,670	–	–
Bank overdrafts		4,172	2,040	–	–
Bank loans		156,584	147,930	–	–
Term notes		49,899	–	49,899	–
		212,381	151,640	49,899	–
Non-current					
Term notes		–	49,662	–	49,662
Bank loans		12,933	10,019	–	–
		12,933	59,681	–	49,662
Total current and non-current borrowings		225,314	211,321	49,899	49,662
Add:					
Loan from a subsidiary	21	–	–	4,767	3,330
Loans from shareholders	21	3,322	3,114	–	–
Total loans and borrowings		228,636	214,435	54,666	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 a subsidiary.

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

Bank loans

Bank loans are repayable on demand, except for bank loans amounting to $13,753,000 with remaining tenure ranging from 2 to 18 years (2016: 3 to 19 years). Bank loans are secured by a fixed and floating charge on all assets of certain subsidiaries, corporate guarantees by the Company 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.

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	
	2017	**2016**
	$'000	$'000
Nominal value of notes payable issued	50,000	50,000
Less: Issuance expenses	(474)	(474)
At date of issue	49,526	49,526
Cumulative amortisation of transaction costs	373	136
Net carrying amount of term notes	49,899	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	**2017**	**2016**	**2017**	**2016**
Bank overdrafts		2.70% to 5.64%	3.09% to 6.96%	5.00%	5.00%
Bank loans		1.68% to 3.50%	1.86% to 2.67%	–	–
Term notes		5.50%	5.50%	5.50%	5.50%
Loan from an unrelated party		2.50%	2.50%	–	–
Loan from a subsidiary	21	3.00%	3.00%	3.00%	3.00%
Loans from shareholders	21	1.50% to 3.00%	1.50% to 3.00%	–	–

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

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	2016	Net cash flows from financing activities	Acquisition of a subsidiary	Net fair value loss on loan from an unrelated party	Amortisation of term notes issuance expenses	Other	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loan from an unrelated party	1,670	–	–	56	–	–	1,726
Term notes							
- Current	–	–	–	–	237	49,662	49,899
- Non-current	49,662	–	–	–	–	(49,662)	–
Bank loans							
- Current	147,930	7,791	500	–	–	361	156,582
- Non-current	10,019	3,275	–	–	–	(361)	12,933
Total	209,281	11,066	500	56	237	–	221,140

The 'other' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

24. Provisions

	Group	
	2017	2016
	$'000	$'000
Provision for restoration costs:		
At 1 January	280	264
- Arose during the financial year	66	26
- Write-back during the financial year	(14)	(10)
At 31 December	332	280

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.

25. Share capital and treasury shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	$'000	$'000
2017				
Balance at 1 January	533,498	–	78,313	–
Treasury shares purchased	–	(100)	–	(26)
Balance at 31 January	533,498	(100)	78,313	(26)
2016				
At 1 January and 31 December	533,498	–	78,313	–

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

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 100,000 (2016: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $26,000 (2016: $Nil) and this was presented as a component within shareholders' equity.

26. Other reserves

	Note	Group	
		2017	2016
		$'000	$'000
Capital reserve	(a)	1,984	1,984
Merger reserve	(b)	(7,599)	(7,599)
Foreign currency translation reserve	(c)	(884)	(1,074)
		(6,499)	(6,689)

(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.

27. Commitments

(a) *Operating lease commitments - as lessee*

The Group has entered into commercial leases in respect of office, storage and 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 2017 amounted to $3,842,000 (2016: $3,851,000).

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

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	3,748	3,032
Later than one year but not later than five years	3,039	2,339
	6,787	5,371

(b) *Operating lease commitments - as lessor*

The Group has entered into commercial lease agreements on its office, storage and 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 $25,000 (2016: $20,000) per month.

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

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	854	599
Later than one year but not later than five years	503	189
	1,357	788

28. Contingencies

Guarantees

The Group has guaranteed part of the loans and borrowings of the associates to a maximum amount of $6,627,000 (2016: $10,933,000), 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 $180,316,000 (2016: $170,923,000) 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.

(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**	**Significant observable inputs other than quoted prices**	**Significant un-observable inputs**	**Total**
		(Level 1)	(Level 2)	(Level 3)	
		$'000	$'000	$'000	$'000
Group					
2017					
Assets measured at fair value					
Non-financial assets					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2017	18	3,565	–	–	3,565
Liabilities measured at fair value					
Non-financial liabilities					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2017	23	(1,726)	–	–	(1,726)

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

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

	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
		Fair value measurements at the end of the reporting period using			
Group (cont'd)					
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)

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:

	Note	Group				Company			
		2017	2017	2016	2016	2017	2017	2016	2016
		$'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	–

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

(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 (cont'd)*

* 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 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.

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 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 ten major customers amounted to $130,336,000 (2016: $145,145,000), arising from the retail and trading of jewellery and gold segment.

30. Segment information (cont'd)

	Pawnbroking	Retail and trading of jewellery and gold	Moneylending	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000	$'000		$'000
2017							
Revenue from external customers	24,276	204,151	10,974	–	–		239,401
Inter-segment revenue	26,607	–	–	–	(26,607)	A	–
Results:							
Interest income	–	–	–	6,018	(5,387)	A	631
Allowance for write-down of inventories	–	354	–	–	–		354
(Write-back)/allowance for doubtful trade receivables	(28)	–	579	–	–		551
Share of results of associates	–	–	–	2,724	–		2,724
Segment profit	10,636	1,994	5,201	1,422	2,724	B	21,977
Assets:							
Investments in associates	–	–	–	13,870	–		13,870
Segment assets	193,264	60,626	128,016	100,974	(60,809)	C	422,071
Segment liabilities	116,247	21,256	32,001	63,918	4,842	D	238,264
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:							
Investments 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

Notes

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

30. Segment information (cont'd)

Notes (cont'd)

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

	Group	
	2017	**2016**
	$'000	$'000
Share of results of associates	2,724	2,090

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

	Group	
	2017	**2016**
	$'000	$'000
Inter-segment assets	(60,809)	(51,831)

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

	Group	
	2017	**2016**
	$'000	$'000
Deferred tax liabilities	1,972	1,802
Income tax payable	2,434	1,784
Inter-segment liabilities	436	–
	4,842	3,586

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.

(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.

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

(a) *Credit risk (cont'd)*

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

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis.

At the end of the reporting period, approximately 30% (2016: 35%) of the Group's trade receivables were due from ten major debtors within the moneylending segment.

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.

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

(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.

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

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

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	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2017				
Group				
Financial assets:				
Trade and other receivables	260,596	39,584	54,119	354,299
Cash and bank balances	7,464	–	–	7,464
Total undiscounted financial assets	268,060	39,584	54,119	361,763
Financial liabilities:				
Trade and other payables	4,451	48	–	4,499
Accrued operating expenses	3,309	–	–	3,309
Interest-bearing loans and borrowings	211,685	5,060	13,320	230,065
Total undiscounted financial liabilities	219,445	5,108	13,320	237,873
Total net undiscounted financial assets	48,615	34,476	40,799	123,890
2016				
Group				
Financial assets:				
Trade and other receivables	231,154	27,110	40,939	299,203
Cash and bank balances	7,112	–	–	7,112
Total undiscounted financial assets	238,266	27,110	40,939	306,315
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)	77,979	(27,707)	30,971	81,243

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	1 to 5 years	Total
	$'000	$'000	$'000
2017			
Company			
Financial assets:			
Trade and other receivables	127,983	4,743	132,726
Cash and bank balances	689	–	689
Total undiscounted financial assets	128,672	4,743	133,415
Financial liabilities:			
Trade and other payables	6,091	–	6,091
Accrued operating expenses	1,394	–	1,394
Interest-bearing loans and borrowings	50,938	–	50,938
Total undiscounted financial liabilities	58,423	–	58,423
Total net undiscounted financial assets	70,249	4,743	74,992
2016			
Company			
Financial assets:			
Trade and other receivables	131,266	3,006	134,272
Cash and bank balances	1,021	–	1,021
Total undiscounted financial assets	132,287	3,006	135,293
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	(47,932)	76,803

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	
	2017	**2016**
	$'000	$'000
Group		
Financial guarantees	6,627	10,933
Company		
Financial guarantees	180,316	170,923

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

(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 (2016: 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 (2016: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $877,000 (2016: $800,000) 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 2017 and 2016. There was no outstanding forward currency contract as at 31 December 2017 and 2016.

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.

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.

	Profit before tax	
	2017	**2016**
	$'000	$'000
USD/SGD		
- strengthened 5% (2016: 5%)	(87)	(350)
- weakened 5% (2016: 5%)	87	350

(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% (2016: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been $92,000 (2016: $62,000) 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

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 2017 and 2016.

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	**2017**	**2016**
		$'000	$'000
Interest-bearing loans and borrowings	23	225,314	211,321
Trade and other payables	21	4,499	4,692
Other liabilities	22	3,713	2,711
Less: Cash and bank balances	20	(7,464)	(7,112)
Net debt		226,062	211,612
Equity attributable to owners of the Company		179,284	165,788
Capital and net debt		405,346	377,400
Gearing ratio		56%	56%

33. Dividends

	Group and Company	
	2017	**2016**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2016: 1.08 cents (2015: 0.95 cents) per share	5,761	5,068
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 2017: 1.26 cents (2016: 1.08 cents) per share	6,721	5,761

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 23 March 2018.

STATISTICS OF SHAREHOLDINGS

Issued and Fully Paid-up Capital	:	S$78,312,982
No. of Shares Issued	:	533,397,960 (excluding treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Treasury Shares	:	100,000

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	69	5.32	54,201	0.01
1,001 - 10,000	564	43.45	3,376,300	0.63
10,001 - 1,000,000	648	49.92	58,097,899	10.89
1,000,001 & above	17	1.31	471,869,560	88.47
Total	1,298	100.00	533,397,960	100.00

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

No.	Name of Shareholders	No. of Shares	% of Shares
1	YEAH HOLDINGS PTE LTD	189,069,960	35.45
2	CITIBANK NOMINEES SINGAPORE PTE LTD	170,873,700	32.03
3	DBS NOMINEES PTE LTD	46,953,600	8.80
4	TAN HONG YEE	39,728,000	7.45
5	MAYBANK KIM ENG SECURITIES PTE LTD	3,881,900	0.73
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,297,800	0.62
7	CGS-CIMB SECURITIES (S) PTE LTD	2,761,000	0.52
8	HO JUAT KENG	2,220,600	0.42
9	TEO CHONG HOCK	2,065,000	0.39
10	ONG PANG AIK	2,000,000	0.37
11	CHEONG SOON KIAT	1,726,000	0.32
12	PHILLIP SECURITIES PTE LTD	1,508,000	0.28
13	UOB KAY HIAN PTE LTD	1,379,000	0.26
14	LIM CHER KHIANG	1,205,700	0.23
15	OCBC SECURITIES PRIVATE LTD	1,133,400	0.21
16	ONG POH LIM @ ONG PAO LIM	1,040,100	0.19
17	SIK PEI SHAN (XUE PEISHAN)	1,025,800	0.19
18	HAN JUNE CHIN	1,000,000	0.19
19	LAU SING @ LIEW SING HUN	1,000,000	0.19
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	959,100	0.18
	TOTAL:	**474,828,660**	**89.02**

STATISTICS OF SHAREHOLDINGS

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

	Direct Interest		Deemed Interest	
	No. of Shares	% of Shareholders	No. of Shares	% of Shares
Name of Shareholder				
YEAH HOLDINGS PTE. LTD. [1]	189,069,960	35.45	150,000,000	28.12
YEAH HIANG NAM @ YEO HIANG NAM [2][3]	–	–	421,524,960	79.03
TAN HONG YEE [2][3]	39,728,000	7.45	381,796,960	71.54

(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 2018, approximately 20.78 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 ("AGM") of the Company will be held at 261 Waterloo Street, #01-35, Waterloo Street, Singapore 180261 on 25 April 2018 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 2017 and the Directors' Statement and the Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final one-tier tax exempt dividend of 1.26 cents per share for the financial year ended 31 December 2017.

   (Resolution 2)

3. To approve the Directors' fees of S$185,000/- for the financial year ended 31 December 2017 (31 December 2016: S$185,000/-).

   (Resolution 3)

4. To re-elect Mr. Lim Hwee Hai who is retiring by rotation pursuant to Article 98 of the Company's Constitution, and wishes to seek re-election as a Director of the Company.

   (Resolution 4)

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

5. To re-elect Mr. Yeah Hiang Nam who is retiring by rotation pursuant to Article 98 of the Company's Constitution, 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 AGM 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 (the "Act"), and Rule 806 of the Listing Manual, 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, 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, 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 AGM or the date by which the next AGM 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 Singapore Exchange Securities Trading Limited ("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)

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 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 Renewal of Shareholders' General Mandate for the Interested Person Transactions**

That approval be and is hereby given:

1. for the purposes of Chapter 9 of the Listing Manual ("**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 to Shareholders dated 10 April 2018 (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 Renewal of IPT Mandate**");

2. the Proposed Renewal of IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM 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 Renewal of 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 AGM to be held on 25 April 2018, the Share Transfer Books and the Register of Members of the Company will be closed on 4 May 2018 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 2018 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, 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 2018 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 2018.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

10 April 2018

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 AGM 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 AGM 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 AGM. 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.

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 registered office of the Company 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 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting of the Company to be held at 261 Waterloo Street, #01-35, Waterloo Street, Singapore 180261 on 25 April 2018 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 2017 and the Directors' Statement and Auditors' Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 1.26 cents per share for the financial year ended 31 December 2017.		
3.	To approve the Directors' fees of S$185,000/- for the financial year ended 31 December 2017.		
4.	To re-elect Mr. Lim Hwee Hai as a Director pursuant to Article 98 of the Company's Constitution.		
5.	To re-elect Mr. Yeah Hiang Nam as a Director pursuant to Article 98 of the Company's Constitution.		
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 Renewal of General Mandate for Interested Person Transactions.		

Dated this ________ day of ______________________ 2018

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 Constitution 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 the registered office of the Company 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.

AFFIX STAMP

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

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 72 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 72 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 2018.

VALUEMAX GROUP LIMITED

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