ValueMax GROUP

ANNUAL REPORT 2020

Dedicated to deliver Enduring Value

CONTENTS

Corporate Profile

ValueMax Group Limited ("**ValueMax**") provides pawnbroking and secured 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 of professional service and in-depth industry knowledge, ValueMax has expanded to 40 pawnbroking and retail outlets at strategic locations throughout Singapore and has one other pawnshop operated by an associated company. Abroad, ValueMax operates 14 outlets in Malaysia through its associated companies.

GROUP BUSINESSES

Pawnbroking

One of the key businesses 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 time pieces. Gold, platinum or silver bars and coins are also accepted as pledges.

Moneylending

The Group's licensed moneylending business grants both secured and unsecured term 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. Pre-owned gold and diamond jewellery undergo a makeover process to look new, while pre-owned watches are polished and the movements thoroughly checked. The rejuvenated pre-owned items are sold at attractive second-hand prices.

Gold Trading

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

Remittance

The newest addition to the Group's operations provides the service of remitting money to overseas countries.

Message From Chairman and CEO

We are confident that our businesses, supported by a well-established brand name and staffed by dedicated employees with highly professional skills, will allow us to pursue the strategy of building distinctive differentiation to stay ahead of competition and remain strong in the years ahead.

Another Year Of Growth

We are pleased to report that despite the challenging environment due to COVID-19 pandemic, the Group continued to perform well in FY2020. The Group recorded a profit before tax of $40.4 million for the financial year ended 31 December 2020, an increase of 29% over last year.

The increases in both revenue and gross profit were due mainly to our gold trading business which had performed well owing to increases in gold prices during the year. Despite a reduction in transactions for the pawnbroking and retail businesses in general during the Circuit Breaker period, the Group remained resilient and was able to ride through the challenging period by providing financing services to the many individuals affected by the COVID-19 pandemic.

At the retail front, we continued to broaden our core business in pawning gold, diamond jewellery and branded timepieces. Building on our knowledge of the pawnbroking industry, we duplicated our systems and service standards as we expanded our pawnbroking and retail network. Locally, we opened a new pawnbroking and two new retail outlets in Lucky Plaza, and one new outlet in Jurong Point Mall. We also relocated an outlet to Rivervale Mall and acquired one existing operator along Balestier Road. In Malaysia, we opened two new pawnbroking outlets. This brings the total number of pawnbroking and retail outlets in Singapore to 40 and the number in Malaysia to 17 (as of March 2021). Our premier pawnbroking service, which was introduced in 2016 to provide a unique pawning experience for customers with special requirements, continues to attract new clientele.

Meanwhile, our licensed moneylending business remains stable. The business primarily provides secured term loans for customers, which include businessmen and corporates with urgent cash needs for general working capital or investments.

The continuation of strong results in FY2020 demonstrates the Group's resilience in the face of adversity. Augmented by core competencies and loyal customers, ValueMax achieved another year of record earnings in FY2020. We are dedicated to deliver enduring value for our shareholders.

Looking Ahead

The year ahead will be challenging as the world continue to grapple with COVID-19 pandemic, global economic uncertainty and volatile gold prices. In addition, we continue to face intense competition and higher operating costs due to higher rental and manpower costs.

We have plans to open more pawnbroking outlets through acquisition and setting up new shops at suitable locations in Singapore and Malaysia. We also aim to grow our moneylending business. In our quest for sustainable long-term performance and growth, we will continue to foster a culture of learning and skill upgrading.

We believe that demand for pre-owned jewellery in the retail market will gradually increase as people become more conscious about conserving the environment. The process of rejuvenating pre-owned jewellery is meticulous and friendlier to the environment. The value proposition is integral to pre-owned jewellery as every piece undergoes a makeover process to look new, but is sold at second-hand price, which converts to direct savings for the consumer.

Message From Chairman and CEO

From left:
Yeah Hiang Nam
Managing Director and CEO

Phua Tin How
Non-Executive Chairman

We are confident that our businesses, supported by a well-established brand name and staffed by dedicated employees with highly professional skills, will allow us to pursue the strategy of building distinctive differentiation to stay ahead of competition and remain strong in the years ahead. The Group will also incorporate sustainability considerations in our decision-making processes where possible.

Achievements

During the year we were honoured to be awarded the certificate of achievement for 2020 by The Edge, Singapore under the Centurion Category in three sections, namely, the Overall Sector Winner; the Fastest-Growing Company and the Most Profitable Company in the Banking & Investment Services and Insurance Sector Category. The award is a recognition of excellence for companies listed on the Singapore Exchange.

Corporate Social Responsibility

Caring for society is a part of our corporate social responsibility. The COVID-19 pandemic had brought on economic hardship for some of our customers. In our effort to help lighten their financial burden, we waived one month's interest for those who had pawned with us for at least two months during the Circuit Breaker. We also contributed to UOB's charity campaign - Heartbeat.

Rewarding Shareholders

The Board of Directors has recommended a one-tier tax exempt cash/scrip dividend of 1.80 Singapore cents per ordinary share for the financial year ended 31 December 2020.

Appreciation

We would like to express our heartfelt gratitude to Mr Chow Wen Kwan who left the Board in July 2020, for his wise guidance and counsel during his tenure as Independent Director, and to extend a very warm welcome to Dr Tan Guan Hiang who joined the Board in August 2020. Dr Tan brings with her a wealth of experience in human resource management in the banking industry, and we look forward to benefitting from her contribution.

We would like express our utmost appreciation to ValueMax's team of dedicated staff for their tireless efforts, exemplary work and commitment towards the Group and to the Board of Directors for its guidance. To all our customers, it has been the Group's immense privilege to serve you. Thank you for your confidence in us. We would also like to register our appreciation to our bankers and business associates who have 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 consistent and ardent support. Thank you for staying invested in ValueMax.

Phua Tin How
Non-Executive Chairman and Independent Director

Yeah Hiang Nam
Managing Director and CEO

Operations Review

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

Financial Review

The Group achieved record profit for FY2020 despite strong competition as well as rising operation costs.

During the year, the Group's revenue increased from $235.9 million in FY2019 to $276.1 million in FY2020. Revenue from retail and trading of pre-owned jewellery and gold business increased by $41.0 million due to increase in gold price while revenue from moneylending business and pawnbroking decreased by $0.5 million and $0.3 million respectively.

Consequently, overall gross profit increased by $5.6 million in FY2020 as compared with the same period in FY2019. Gross profit margin declined from 23.0% in FY2019 to 21.7% in FY2020 as a result of the change in sales mix.

Administrative expenses comprise mainly employee benefits expenses, rental expenses, depreciation expenses, legal and professional fees, lease assignment fees and insurance premiums, increased from $24.8 million in FY2019 to $25.2 million in FY2020. The increase was mainly due to the increase in employee benefits expense of $0.4 million as a result of increase in headcount and salary adjustments.

Other operating expenses increased from $0.8 million in FY2019 to $2.7 million in FY2020 mainly due to the increase in allowance for write-down of inventories of $2.1 million which was partially offset by the decrease in allowance for expected credit losses of $0.2 million.

Contribution from share of results of associates increased from $3.9 million in FY2019 to $5.5 million in FY2020 due to increased contribution from the Malaysian associated companies.

As a result of the above, profit before tax increased by $9.2 million to $40.4 million in FY2020.

Balance Sheet and Cash Flow Highlights

In FY2020, non-current assets decreased by $5.5 million from $195.8 million as at 31 December 2019 to $190.3 million as at 31 December 2020. The decrease comprises decreases in trade and other receivables of $8.5 million, right-of-use assets of $1.2 million, property, plant and

Operations Review

equipment of $0.2 million and intangible assets of $0.2 million. These were partially offset by an increase in investment in associates of $4.6 million.

Concurrently, current assets increased by $38.9 million from $361.9 million as at 31 December 2019 to $400.8 million as at 31 December 2020. This was due to increases in trade and other receivables of $34.5 million, as well as inventories of $1.2 million, prepaid operating expenses of $0.3 million and cash and bank balances of $2.9 million.

Meanwhile, current liabilities increased by $23.5 million from $264.2 million as at 31 December 2019 to $287.7 million as at 31 December 2020 mainly as a result of increases in interest-bearing loans and borrowings of $20.4 million, other current liabilities of $2.0 million, lease liabilities of $0.2 million and provision for income tax of $1.7 million. These were partially offset by the decrease in trade and other payables of $0.8 million.

Non-current liabilities decreased by $23.4 million mainly due to the decrease in interest-bearing loans and borrowings of $22.6 million and lease liabilities of $1.3 million. These were partially offset by an increase in deferred tax liabilities of $0.5 million.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity increased from $221.7 million as at 31 December 2019 to $255.0 million as at 31 December 2020 mainly due to the increase in share capital and retained earnings.

During the year, net cash generated from operating activities was $13.0 million. This comprises operating cash flows before working capital adjustments of $50.2 million, adjusted by net working capital outflow of $25.2 million. In FY2020, the Group received interest income of $0.7 million, with net income tax paid of $3.8 million and interest paid of $8.9 million. The net working capital outflow was a result of the increases in trade and other receivables of $23.8 million, inventories of $2.1 million, prepaid operating expenses of $0.3 million and decrease in trade and other payables of $1.0 million. These were partially offset by the increase in other liabilities of $2.0 million.

On the same note, net cash used in investing activities amounted to $2.1 million arising from net cash outflows on the purchase of property, plant and equipment of $0.6 million and acquisition of new subsidiary of $2.1 million, which was partially offset by dividend income of $0.2 million and disposal of non-controlling interest without a change in control of $0.4 million.

The net cash used in financing activities in FY2020 amounted to $5.1 million comprising repayment of interest-bearing loans and borrowings of $75.0 million, payment of dividends of $1.7 million and repayment of lease liabilities of $4.0 million. These were partially offset by the proceeds from interest-bearing loans and borrowings of $75.6 million.

Outlook

Going forward, with the increasing economic and geopolitical uncertainties, as well as the global COVID-19 epidemic, gold price may continue to remain volatile. Meanwhile, keen competition, rising operating costs and uncertain interest rate movements will continue to pose challenges to our businesses.

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

REVENUE

$276.1m

Increased 17% from $235.9 million in FY2019

PROFIT

$40.4m

Increased 29.3% from $31.3 million in FY2019

NET ASSETS

$255.0m

Increased from $221.7 million in FY2019

Directors' Profile

Phua Tin How

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

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

Mr Phua held several senior appointments in public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore. From 1994 to 2003, Mr Phua was concurrently the Group president of DelGro Corporation Ltd and President and CEO of SBS Transit Ltd. Mr Phua had 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 and New Toyo International Holdings Ltd respectively.

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

Yeah Hiang Nam (PBM)

MANAGING DIRECTOR AND CEO

Yeah Hiang Nam (PBM) is our Managing Director and CEO. He was appointed to the Board of our Company on 7 August 2003 and is responsible for the overall strategy and business development of our Group.

Mr Yeah has over 50 years of experience dealing with gold and jewellery and over 30 years in the pawnbroking industry. He started as a jewellery salesman in 1969 and in 1979 founded Golden Goldsmith Jewellers, which manufactured and wholesaled gold ornaments. In 1989, he started Ban Soon Pawnshop Pte Ltd with other business partners.

Mr Yeah is a recipient of the EY Entrepreneur of the Year for Financial Services Category for 2019 as well as Top Entrepreneur in the Entrepreneur of the Year Award 2010 by the Rotary-ASME. He was awarded the Public Service Medal in 2016 for his contributions to society and business. He is a Patron of Clementi Citizens' Consultative Committee and the Honorary Presidents for Singapore Pawnbrokers Association, Teo Yeonh Huai Kuan, and Yeow Si Kong Huay.

Yeah Lee Ching

EXECUTIVE DIRECTOR

Yeah Lee Ching is our Executive Director appointed to the Board of our Company on 12 April 2013 and is responsible for overseeing valuation, gold trading, as well as the corporate communications 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 then the Marketing and Communications Manager (Asia Pacific) of Signity Management Pte Ltd (now known as Swarovski-Gems). Ms Yeah first joined our Group as Marketing Manager in 2004.

Ms Yeah obtained a Master of Business Administration degree from the National University of Singapore. She also holds a Graduate Gemologist Diploma from the Gemological Institute of America. She is currently Second Vice president of Enterprise 50 Association, Secretary of Singapore Pawnbrokers Association and Assistant Secretary of Yeow Si Gong Huay.

Directors' Profile

Yeah Chia Kai

EXECUTIVE DIRECTOR

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

Mr Yeah was conferred dual Master of Business Administration degrees from Columbia University and London Business School. He graduated from Curtin University of Technology with a Bachelor of Commerce – Marketing degree. He also holds a Certified Diamond Grader Diploma by the HRD Antwerp and a Foundation Certificate in Gemology from the Gemmological Association of Great Britain. Mr Yeah is an Executive Committee Member of the Credit Association of Singapore.

Lim Tong Lee

INDEPENDENT DIRECTOR

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

Datuk Lim started his career in Ernst & Young, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad from 1995 to 2007. From 2007 to 2012 and 2016, he was the Head of Corporate Finance of KGI Securities (Singapore) Pte Ltd. In 2013, he was the Chief Investment Officer of AmWater Investments Management Pte Ltd. From 2014 to 2015, he was the Senior Vice President of Venstar Capital Management Pte Ltd. He is also an Independent Director of Versalink Holdings Limited and IBS Bina Group Berhad (listed on Bursa Malaysia).

Datuk 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.

Tan Guan Hiang

INDEPENDENT DIRECTOR

Tan Guan Hiang was appointed as an Independent Director on 8 August 2020. She chairs the Remuneration Committee and is a member of the Audit Committee and Nominating Committee.

Dr Tan was the Head of Group Human Resources for OCBC for 16 years. Prior to her career with OCBC, she headed the Human Resource function for several global companies including the LVMH/ Duty Free Group and Apple Computer in Singapore. She started her career as a lecturer at the Ngee Ann Polytechnic, Singapore.

Dr Tan holds a Doctorate in Business Administration, Hong Kong Polytechnic University; MSc. in Gerontology, University of Southampton; MBA, University of Hull; and a Diploma in Personnel Management, University of Cardiff. She is a trained Executive Coach from Columbia University. She is currently an Independent Director of Kingsmen Creatives Ltd. and an Associate Lecturer in a local university. She also serves on the boards of several non-profit organizations.

Key Management

Carol Liew

CHIEF FINANCIAL OFFICER

Carol Liew is our Chief Financial officer since September 2012. She is in charge of overseeing all accounting and finance functions of the Group.

Ms Liew started her career with Cooper & Lybrand's audit division in 1993. She then joined Pricewaterhouse Coopers Corporate Finance Pte Ltd where she advised clients on matters relating to capital markets, mergers and acquisitions, corporate and debt restructuring, independent financial advisory and 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 Ltd respectively. Prior to joining our Group, she was the Associate Director for Corporate Development of SEF Group Ltd.

Ms Liew holds a Bachelor of Commerce degree from The University of Western Australia and a Certificate of 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

DIRECTOR OF BUSINESS DEVELOPMENT

Leong Koon Weng is our Director of Business Development since august 2014. 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 also has 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, Leong Koon Weng was a Director in Windsor Management Pte Ltd.

Mr Leong graduated with a Bachelor of Social Sciences (Honours in Economics) degree from the National University of Singapore. He is a member of the Singapore Institute of Directors.

Yeah Chia Wei

DIRECTOR FOR LOANS AND SPECIAL ASSISTANT TO CEO

Yeah Chia Wei is our Director for Loans and Special Assistant to CEO since 2014. He is responsible for credit assessment of our borrowers and assisting our CEO in strategic decisions.

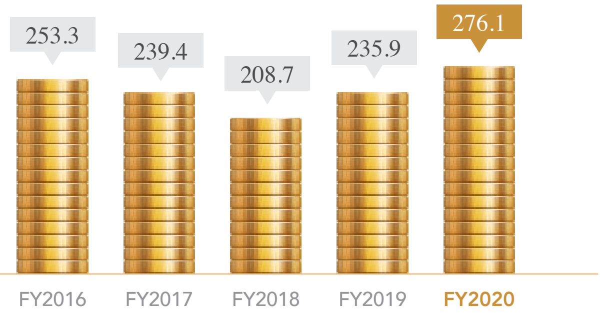
Mr Yeah began his career as a business analyst in Maybank Singapore from 1999 to 2001 generating information for management decision making. He joined our Group in 2001 as Finance Manager of ValueMax Pawnshop (BD) before becoming Finance Director of our Company from 2009 to 2013, where he was responsible for all the finance and administrative matters of our Group, including financial reporting, bank relationships, taxation, cashflow management, budgeting, compliance and corporate secretarial matters.

Mr Yeah graduated from University of Manchester with a Bachelor of Arts in Finance (First Class Honours) in 1998. He obtained the CFA® charterholder qualification in 2002.

Financial Highlights

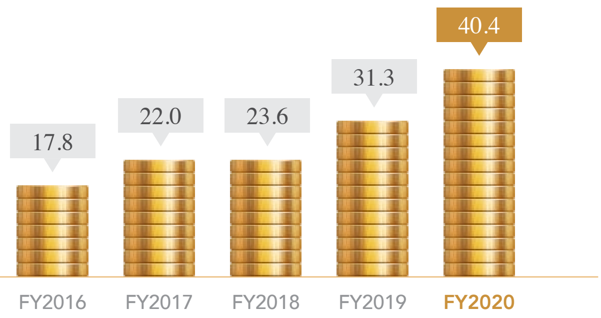
Revenue
$'million

$276.1m



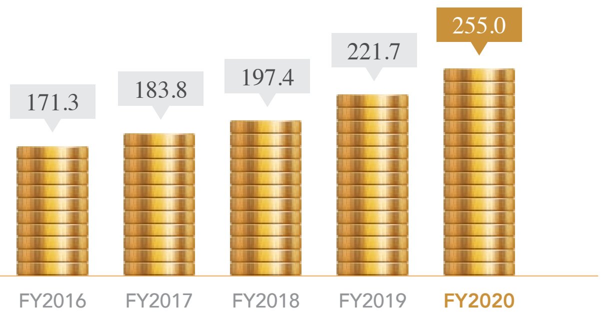
Profit Before Tax
$'million

$40.4m



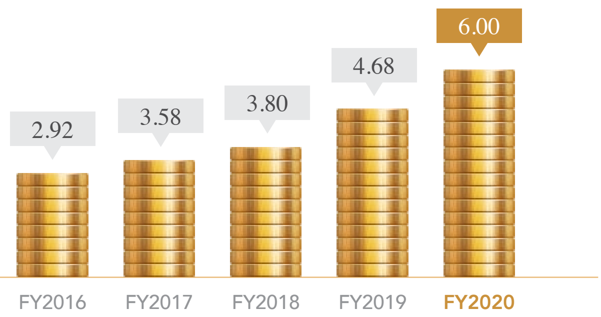
Net Asset Value
$'million

$255.0m



Earnings Per Share
Cents

6.00¢



Corporate Social Responsibility

WE ARE COMMITTED TO ACHIEVE TRIPLE BOTTOMLINE

People

Profit

Planet

At ValueMax, we embrace our corporate social responsibility with conviction and fervour. We believe our sustainable growth and success is only possible with the sustainable development of the communities we operate in, be it social, business or national communities.

Corporate social responsibility is in the DNA of our organisation. As one of the market leaders in both the pawnbroking and money-lending industries, we demonstrate our commitment through caring for society. The COVID-19 pandemic had brought on economic hardship for some of our customers. In our effort to help lighten their financial burden, we waived one month's interest for those who had pawned with us for at least two months during the Circuit Breaker.

Being a responsible corporate citizen, we believe in giving back to the society by actively participating in business and community initiatives. Over the years, we have taken the lead to implement several major key initiatives such as embarking on the E-shop Programme to monitor our water and energy consumption, donating to UOB's Heartbeat Charity Campaign, actively supporting the community through People's Association Citizens' Consultative Committees, and caring for the special needs children and lonely seniors staying in one-room flats.

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

Tan Guan Hiang
Independent Director

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

261 Waterloo Street
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Singapore 180261
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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.
CIMB Bank Berhad
Sing Investments & Finance Limited

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 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 provisions of corporate governance in line with the recommendations of the Code of Corporate Governance 2018 (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 2020. The Board is of the view that adequate disclosure of the remuneration of Directors and key management personnel had been made in keeping with the spirit of the Code. Due to the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that a detailed disclosure of remuneration as recommended by the Code would not be in the best interest of the Company. Please refer to page 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 2020.

This statement on the corporate governance practices of ValueMax describes the corporate governance policies practiced by ValueMax during the financial year ended 31 December 2020, with specific references made to each of the principles set out in the Code. Other than the above, ValueMax has complied substantially with the principles and provisions as set out in the Code. Explanations have been provided in the relevant sections below where there have been any deviations from the Code. Where there are deviations from the Code, the Board has taken into consideration the current alternative practices in place and are of the view that these are sufficient to meet the underlying objectives of the Code.

Board matters

Principle 1: Board Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

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.

Corporate Governance Report

Details of Directors' attendance at the Board and Board Committee Meetings held in the financial year ended 31 December 2020 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	4/4	NA	NA	NA
Lim Tong Lee	4/4	1/1	2/2	4/4
Chow Wen Kwan(1)	2/4	1/1	1/2	2/4
Tan Guan Hiang(2)	2/4	NA	1/2	2/4

Note
(1) Mr Chow Wen Kwan resigned and ceased to be a Director on 7 July 2020.
(2) Dr Tan Guan Hiang was appointed to the Board and respective Board Committees on 8 August 2020.

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.

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 the 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 for ensuring 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, Cap 50 (the "**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.

Corporate Governance Report

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 half-yearly result announcements;
- Approval of the annual report and accounts;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Interested person transactions during the quarters, and
- Material acquisitions and disposals of assets.

DISCLOSURE OF INTEREST

All Directors are required to objectively discharge their duties and responsibilities in the best interest and benefit of the Company. Directors and Chief Executive Officer who are in any way, directly or indirectly, interested in a transaction or proposed transaction, including those identified within the Code and provisions of the Act will declare the nature of their interests and not participate in any discussion and decision on the matter.

Each Director is aware of the requirements in respect of his/her disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

Principle 2: Board Composition and Balance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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

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

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

The appointment of each Director is based on his/her 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.

Corporate Governance Report

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, two of whom are female, is appropriate, taking into account the nature and scope of the Company's operations. Although non-Executive Directors of the Company do not make up a majority of the Board, the Nominating Committee is of the view that there is a strong and independent element on the Board thereby eliminating the risk of a particular group dominating the decision-making process. The Board ensures that the process of decision making by the Board is independent and is based on collective decision without any concentration of power.

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

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

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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.

The CEO is responsible for implementing the Group's strategies and policies as well as the daily management and operations of the Group.

The Board has no dissenting view on the Chairman's statement to the shareholders for the financial year under review.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The Nominating Committee comprises Mr Phua Tin How, Datuk Lim Tong Lee, Dr Tan Guan Hiang and Mr Yeah Hiang Nam. Mr Phua Tin How 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 five per centum or more in the voting shares of the Company). Datuk Lim Tong Lee and Dr Tan Guan Hiang 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/her 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 6 to 7 and 27 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/her candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments.

Article 98 provides that at least one-third of the Directors shall retire from office at every AGM. Mr Yeah Hiang Nam and Mr Yeah Chia Kai will be subject to retirement by rotation at the forthcoming AGM. Both Mr Yeah Hiang Nam and Mr Yeah Chia Kai have indicated that they will be seeking re-election as Director of the company.

Pursuant to Article 102 which provides that a director appointed during the year shall retire from office at the next following general meeting, Dr Tan Guan Hiang who was appointed on 8 August 2020 will be subject to retirement at the forthcoming AGM. Dr Tan Guan Hiang has indicated that she will be seeking re-election.

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 six board representations in companies whose shares are quoted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") may consult the Chairman before accepting any new appointments as a director.

Based on the changes to the Listing Rules of SGX-ST, an Independent Director who has been a director for an aggregate period of more than 9 years (whether before or after listing), will be required to seek re-election as an Independent Director of the Company at a General Meeting where his/her continued appointment as an independent director will need to be approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Company, and associates of such directors and chief executive officer. None of the existing Independent Directors have exceeded a term of nine years.

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, and the internal auditor, KPMG Services Pte Ltd. 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 Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

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.

Remuneration matters

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of Individual Directors and Key Executive Officers. No Director is involved in deciding his/her own remuneration.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and Key Executive Officers are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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

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/her own remuneration.

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/her 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 remuneration of the Independent Directors is in the form of a fixed fee after taking into consideration factors such as effort, time spent and responsibilities of the Independent Directors. Independent Directors' fees are subject to the shareholders' approval at the annual general meeting.

The Board will be recommending proposed Directors' Fees amounting to $152,544/- for the financial year ended 31 December 2020 (2019: $156,250/-) for shareholders' approval.

During the year, the Remuneration Committee met twice, discussing various remuneration matters and recording its decision by way of minutes. The Committee members present at the meeting were involved in the deliberations. No Director was involved in the fixing of his/her own remuneration. No external remuneration consultants were appointed for the financial year under review as no external consultation was deemed necessary during the year.

Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board is of the view that adequate disclosure of the remuneration of Directors and key management personnel had been made in keeping with the spirit of the Code. Due to the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that a detailed disclosure of remuneration as recommended by the Code would not be in the best interest of the Company. The remuneration of the Directors, however, is disclosed in the following table which sets out the names of Directors whose remuneration bands fell (i) below $250,000; (ii) between $500,000 and $750,000; and between $1,000,000 and $1,250,000 for the financial year ended 31 December 2020, 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>Below $250,000</u>			
Phua Tin How	–	–	100%
Lim Tong Lee	–	–	100%
Chow Wen Kwan	–	–	100%
<u>Between $500,000 and $750,000</u>			
Yeah Lee Ching	51%	49%	–
Yeah Chia Kai	51%	49%	–
<u>Between $1,000,000 and $1,250,000</u>			
Yeah Hiang Nam	52%	48%	–

The individual remunerations of the three key management personnel who are not Directors or the CEO of the Company for the financial year ended 31 December 2020, fell within the remuneration band of between $250,000 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 2020 is $903,000.

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 2020.

No share awards were granted during the financial year ended 31 December 2020.

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 $250,000 and $300,000 for the financial year ended 31 December 2020.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.

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.

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 96 to 105 under Note 32 to the financial statements.

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

The internal controls environment 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, in the course of its review of the reports presented by the external auditor, also reviewed the effectiveness of the Group's system of internal controls. The Audit Committee is satisfied that there were no material internal control deficiencies identified.

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. In addition, the Board, with the concurrence of the Audit Committee, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology risk as well as the Group's risk management systems are effective and adequate as at 31 December 2020. The Board and Audit Committee did not identify any major concern on the Group's internal controls or risk management systems for the financial year under review.

The system of internal controls provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks. However, the Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

INTERNAL AUDIT

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

The internal auditor reports 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 will, at least annually, review the adequacy, effectiveness and independence of the internal audit function. During the financial year under review, internal audit reviews were conducted on the operations of two subsidiaries within the Group.

Based on a review on the internal audit function and activities performed, the Audit Committee is of the view that the internal auditor is independent, effective, qualified and adequately resourced.

WHISTLE-BLOWING POLICY

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.

Principle 10 : Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The Audit Committee comprises three Independent non-Executive Directors, Datuk Lim Tong Lee, Mr Phua Tin How and Dr Tan Guan Hiang. Datuk 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 Management to the 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 SGX-ST 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 the Group's operating results and/or financial position.

Each member of the Audit Committee abstains 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/she 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 the auditors for the Company and subsidiaries, the company has complied with the requirements of Rules 712 and 715 of the Listing Manual.

Pursuant to Rule 1207 (6)(a), the fees payable to auditors is set out in Note 8 on page 58 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.

The Audit Committee also met with the external as well as the internal auditors during the year, without the presence of Management, and have received assurances from both the external and internal auditors, that they have been accorded full cooperation from all employees of the Group and have been given full access to all documents as and when required.

Shareholders rights and engagement

Principle 11: Shareholder Rights and Conduct of General Meeting

The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives its Shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: Engagement with shareholders

The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

Principle 13: Engagement with stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

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 half-yearly reporting as required by the Code. Financial results and annual reports will be announced or issued within the mandatory period.

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

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

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

The proceedings of the annual general meeting and extraordinary general meeting (if any) are properly recorded, including all comments or queries raised by shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings are available to shareholders upon their request.

However, for the forthcoming AGM, in line with the joint statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore, and Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 1 October 2020 on the updated checklist providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted, the Company is arranging for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 27 April 2021 at 10.00 a.m. in place of a physical meeting. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf, with specific instructions on how they wish to cast their votes.

DIVIDEND POLICY

The Company's dividend policy endeavors 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 proposed a final dividend for the financial year ended 31 December 2020. Any payouts are communicated to shareholders via announcement on SGXNET when the Company discloses its financial results.

CORPORATE SOCIAL RESPONSIBILITY

Apart from creating long term value for its stakeholders and upholding high standards of governance, the Company recognises the importance of environmental sustainability and social responsibilities. In addition, the Company has identified its stakeholders, the details of which have been set out in the Company's Sustainability Report for the year ended 31 December 2020.

The Company has put in place proper procedures for ensuring economic contribution to society, legal compliance and corporate governance, water and energy conservation as well as diversity and equal opportunity for members of its workforce.

The Company will publish its standalone sustainability report for the financial year under review within the prescribed timeline and the same will be uploaded on the Company's website and SGXNET.

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 half-year results and one month before the announcement of the Company's full year financial statements.

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

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS POLICY

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

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 24 June 2020.

The aggregate value of interested person transactions above $100,000 entered into during the financial year ended 31 December 2020 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 jewellery and gold		
Hwa Goldsmith and Jewellers	242	–
Lucky Jewellery	512	–
Purchase of jewellery and gold		
Hwa Goldsmith and Jewellers	318	–
Mei Zhi Jewellery	463	–
Kong Hin Goldsmith & Jeweller	499	
Lease of premises		–
Yeah Properties Pte Ltd	280	–
Yeah Capital Pte Ltd	145	–

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 2020.

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 2020 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
Tan Guan Hiang

In accordance with Article 98 of the Company's Constitution, Yeah Hiang Nam and Yeah Chia Kai retire and, being eligible, offer themselves for re-election. Pursuant to Article 102 of the Company's Constitution, Tan Guan Hiang retires and being eligible, offer herself 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 (the "**Act**"), 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 2021	At the beginning of financial year	At the end of financial year	At 21 January 2021
Ordinary shares of the Company						
Yeah Hiang Nam	–	–	–	445,473,364	471,030,653	471,030,653
Ordinary shares of the ultimate holding company						
Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001
Yeah Lee Ching	1,076,000	1,076,000	1,076,000	–	–	–
Yeah Chia Kai	1,076,000	1,076,000	1,076,000	–	–	–

By virtue of Section 7 of the Act, 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.

At the beginning and end of the financial year, Yeah Hiang Nam and Yeah Lee Ching held term notes, bearing a fixed interest rate of 5.1% per annum and due in April 2021, aggregating $23,750,000 and $250,000 respectively. There was no change in the term notes held by Yeah Hiang Nam and Yeah Lee Ching as at 21 January 2021.

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 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 comprises three directors, Phua Tin How, Lim Tong Lee and Tan Guan Hiang.

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 Act. 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
1 April 2021

Independent Auditor's Report

For the financial year ended 31 December 2020

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 2020, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2020 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 expected credit losses of trade receivables

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. The Group assessed the allowance for expected credit losses of trade receivables based on an expected credit losses ("ECL") provision matrix in accordance with the requirements of SFRS(I) 9 *Financial Instruments*.

<u>Pawnbroking segment</u>

Under the ECL provision matrix, the Group has determined the probability of default based on historical non-renewal and non-redemption data of individual pawnshop outlets, along with consideration of forward-looking macroeconomic factors for each portfolio. The amount of loss exposure at default is estimated after considering the expected realisable value of the pledged item. The use of data on historical non-renewals and non-redemptions of pawn loans based on their aging profile, and forecasting the forward-looking macroeconomic factors in deriving the probability of default involves significant estimation and requires management to apply significant judgement. Accordingly, we have identified the allowance for ECL of trade receivables from the Group's pawnbroking segment as a key audit matter.

KEY AUDIT MATTERS (CONT'D)

Pawnbroking segment (cont'd)

Our audit procedures include, amongst others, evaluating whether the ECL provision matrix applied by the Group is consistent with the requirements of SFRS(I) 9. This includes obtaining an understanding of the process and control environment in relation to the accumulation of historical non-renewal and non-redemption data used to determine the probability of default, as well as management's process in assessing forward-looking macro-economic factors used in the ECL provision matrix, including the monitoring of market gold price volatilities, a part of management's procedures in managing the risk of impairment. We reviewed the inputs and historical non-renewal and non-redemption data and evaluated management's assumptions used in the computation of the probability of default. We also reviewed the data and information used by management to make forward-looking adjustments and tested the arithmetic accuracy of the ECL provision. We also assessed the adequacy of the disclosures on trade receivables and related risks such as credit risk and liquidity risk in Note 19, 32(a) and 32(b) to the financial statements.

Unsecured moneylending business

The Group assesses the allowance for ECL of its unsecured loan portfolios based on an ECL provision matrix, with specific default indicators for each loan portfolio. The probability of default is determined based on historical loss experience, repayment patterns of the borrowers and forward-looking macroeconomic factors. The Group monitors any subsequent deterioration of the borrower's credit grading to determine the impact to the estimated ECL. Significant management judgement is required in the Group's assessment of credit risk of its borrowers and the use of forward-looking macroeconomic factors in deriving the probability of default. Accordingly, we have identified the allowance for ECL of trade receivables from the Group's unsecured moneylending business as a key audit matter.

Our audit procedures include, amongst others, evaluating whether the ECL model applied by the Group is consistent with the requirements of SFRS(I) 9. This includes obtaining an understanding on the overall process and control environment in relation to the collection of loan repayment data used in the ECL provision matrix. We tested the appropriateness of the key inputs and assumptions used by management in the ECL provision matrix with consideration of the Group's historical loss experience and management's assessment of credit risk of individual borrowers. We reviewed data and information on the industry and economic outlook used by management in assessing the forward-looking macroeconomic factors and tested the arithmetic accuracy of management's ECL provision. We also assessed the adequacy of the disclosures on trade receivables and related risks such as credit risk and liquidity risk in Note 19, 32(a) and 32(b) to the financial statements.

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 on physical safeguards over pledges, cash and inventories. On a sample basis, we attended and observed surprise outlet audits which included 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 attended year-end inventory counts, cash counts and sighted to pledges at the Group's pawnbroking and retail outlets. We also reviewed management's monitoring of cash ceiling limits at each outlet and the timeliness of deposits of excess cash on hand. To verify the existence of the Group's bank balances, we requested for bank confirmations. We also 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 to the financial statements.

Valuation of inventories

As at 31 December 2020, the Group's inventories amounted to $74,077,000 which consist of mainly gold, jewelleries, and branded merchandise. The determination of allowance for inventories involve significant estimate and judgement by management considering, amongst others, authenticity of inventories, marketability, and fluctuations in market price of gold. Management had also engaged an independent professional gemologist to authenticate the inventories on a sampling basis. We focused on management's assessment of net realisable value of jewellery held by the Group's retail segment due to the significant judgement involved in determining the net realisable value of these items.

KEY AUDIT MATTERS (CONT'D)

Valuation of inventories (cont'd)

As part of our audit, we evaluated the adequacy of management's assessment of allowance for inventories and net realisable value. We evaluated the net realisable values of inventories assessed by management by reference to, amongst others, the gross profit margins for sales made during and after the financial year ended, market price movement of gold and the subsequent sales price of inventory on a sampling basis. We evaluated the competence and objectivity of the independent gemologist and traced the results of their appraisal to the Group's inventory records to verify that they have been recorded at the lower of cost and net realisable value. We have also assessed the adequacy of the disclosures related to inventories in Note 18 to the financial statements.

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 SFRS(I), 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 skepticism 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

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

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

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

1 April 2021

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

(Amounts in Singapore Dollars)

	Note	2020 $'000	2019 $'000
Revenue	4	276,113	235,947
Cost of sales		(216,300)	(181,768)
Gross profit		59,813	54,179
Other item of income			
Other operating income	5	8,212	3,812
Other items of expense			
Marketing and distribution expenses		(1,205)	(896)
Administrative expenses		(25,159)	(24,768)
Finance costs	6	(4,055)	(4,113)
Other operating expenses	7	(2,699)	(839)
Share of results of associates		5,540	3,896
Profit before tax	8	40,447	31,271
Income tax expense	11	(5,843)	(5,207)
Profit for the year		34,604	26,064
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(16)	(163)
Total comprehensive income for the year		34,588	25,901
Profit for the year attributable to:			
Owners of the Company		33,873	25,465
Non-controlling interests		731	599
		34,604	26,064
Total comprehensive income for the year attributable to:			
Owners of the Company		33,857	25,302
Non-controlling interests		731	599
		34,588	25,901
Earnings per share (cents per share)			
Basic and diluted	12	6.00	4.68

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

Statements of Financial Position

As at 31 December 2020

(Amounts in Singapore Dollars)

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	13	27,481	27,690	24	69
Intangible assets	14	318	468	–	–
Right-of-use assets	24	7,302	8,451	42	93
Investments in subsidiaries	15	–	–	70,622	66,470
Investments in associates	16	23,393	18,825	1,002	1,002
Other investment	17	688	688	688	688
Trade and other receivables	19	131,148	139,657	–	–
		190,330	195,779	72,378	68,322
Current assets					
Inventories	18	74,077	72,880	–	–
Trade and other receivables	19	313,993	279,534	182,322	162,175
Prepaid operating expenses		880	572	40	47
Cash and bank balances	20	11,818	8,922	82	1,814
		400,768	361,908	182,444	164,036
Total assets		591,098	557,687	254,822	232,358
Current liabilities					
Trade and other payables	21	4,404	5,263	23,373	13,691
Other liabilities	22	5,518	3,472	2,076	1,121
Interest-bearing loans and borrowings	23	267,011	246,641	55,013	5,000
Lease liabilities	24	3,807	3,566	28	51
Income tax payable		6,965	5,297	1,075	1,329
		287,705	264,239	81,565	21,192
Net current assets		113,063	97,669	100,879	142,844
Non-current liabilities					
Other payables	21	44	39	–	–
Provisions	25	421	403	–	–
Deferred tax liabilities	11	2,345	1,834	460	9
Interest-bearing loans and borrowings	23	41,916	64,509	–	49,864
Lease liabilities	24	3,679	4,999	15	43
		48,405	71,784	475	49,775
Total liabilities		336,110	336,023	82,040	71,108
Net assets		254,988	221,664	172,782	161,250

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

Statements of Financial Position

As at 31 December 2020

(Amounts in Singapore Dollars)

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Equity attributable to owners of the Company					
Share capital	26	91,971	84,230	91,971	84,230
Treasury shares	26	(26)	(26)	(26)	(26)
Retained earnings		164,370	139,438	80,837	77,046
Other reserves	27	(6,577)	(6,602)	–	–
		249,738	217,040	172,782	161,250
Non-controlling interests		5,250	4,624	–	–
Total equity		254,988	221,664	172,782	161,250
Total equity and liabilities		591,098	557,687	254,822	232,358

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

Statement of Changes In Equity

As at 31 December 2020

(Amounts in Singapore Dollars)

	Note	Share capital	Treasury shares	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	$'000
Group										
2020										
At 1 January 2020		84,230	(26)	1,984	(7,599)	(987)	139,438	217,040	4,624	221,664
Profit for the year		–	–	–	–	–	33,873	33,873	731	34,604
Other comprehensive income										
Foreign currency translation		–	–	–	–	(16)	–	(16)	–	(16)
Total comprehensive income for the year		–	–	–	–	(16)	33,873	33,857	731	34,588
Contributions by and distributions to owners										
Dividends paid on ordinary shares	34	–	–	–	–	–	(8,941)	(8,941)	–	(8,941)
Shares issued under scrip dividend scheme	26	7,741	–	–	–	–	–	7,741	–	7,741
Disposal of non-controlling interest without a change of control		–	–	41	–	–	–	41	384	425
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(489)	(489)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		7,741	–	41	–	–	(8,941)	(1,159)	(105)	(1,264)
At 31 December 2020		91,971	(26)	2,025	(7,599)	(1,003)	164,370	249,738	5,250	254,988

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

Statement of Changes In Equity

As at 31 December 2020

(Amounts in Singapore Dollars)

	Note	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company								
Group										
2019										
At 1 January 2019		78,313	(26)	1,984	(7,599)	(824)	121,067	192,915	4,532	197,447
Profit for the year		–	–	–	–	–	25,465	25,465	599	26,064
Other comprehensive income										
Foreign currency translation		–	–	–	–	(163)	–	(163)	–	(163)
Total comprehensive income for the year		–	–	–	–	(163)	25,465	25,302	599	25,901
Contributions by and distributions to owners										
Dividends paid on ordinary shares	34	–	–	–	–	–	(7,094)	(7,094)	–	(7,094)
Shares issued under scrip dividend scheme	26	5,917	–	–	–	–	–	5,917	–	5,917
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(507)	(507)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		5,917	–	–	–	–	(7,094)	(1,177)	(507)	(1,684)
At 31 December 2019		84,230	(26)	1,984	(7,599)	(987)	139,438	217,040	4,624	221,664

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

Statement of Changes In Equity

As at 31 December 2020

(Amounts in Singapore Dollars)

	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Company					
At 1 January 2019		78,313	(26)	69,308	147,595
Profit for the year, representing total comprehensive income for the year		–	–	14,832	14,832
<u>Contributions by and distributions to owners</u>					
Dividends paid on ordinary shares	34	–	–	(7,094)	(7,094)
Shares issued under scrip dividend scheme	26	5,917	–	–	5,917
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		5,917	–	(7,094)	(1,177)
At 31 December 2019 and 1 January 2020		84,230	(26)	77,046	161,250
Profit for the year, representing total comprehensive income for the year		–	–	12,732	12,732
<u>Contributions by and distributions to owners</u>					
Dividends paid on ordinary shares	34	–	–	(8,941)	(8,941)
Shares issued under scrip dividend scheme	26	7,741	–	–	7,741
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		7,741	–	(8,941)	(1,200)
At 31 December 2020		91,971	(26)	80,837	172,782

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 2020

(Amounts in Singapore Dollars)

	Note	2020 $'000	2019 $'000
Operating activities			
Profit before tax		40,447	31,271
Adjustments for:			
Depreciation of property, plant and equipment	13	1,739	1,767
Amortisation of intangible assets	14	150	25
Depreciation of right-of-use assets	8/24	4,113	3,655
(Reversal of)/allowance of expected credit losses	5/7	(555)	232
Allowance for inventories	7	2,699	575
Interest income	5	(757)	(806)
Finance costs	6	9,036	10,713
Dividend income from an unquoted investment	5	(52)	(53)
Increase in fair value of inventories less point-of-sale costs	18	(1,695)	(979)
Write off of property, plant and equipment	13	2	–
Net fair value loss on loan from an unrelated party	8	(6)	34
Loss on liquidation of subsidiaries	7	–	32
Unrealised exchange loss		827	559
Gain on excess of fair value over consideration of interest acquired in a subsidiary	15	(245)	–
Share of results of associates		(5,540)	(3,896)
Operating cash flows before changes in working capital		50,163	43,129
Changes in working capital			
Increase in inventories		(2,083)	(8,426)
Increase in trade and other receivables		(23,789)	(51,347)
Increase in prepaid operating expenses		(305)	(21)
(Decrease)/increase in trade and other payables		(980)	584
Increase/(decrease) in other liabilities		2,024	(838)
Cash flows generated from/(used in) operations		25,030	(16,919)
Interest received		757	806
Interest paid		(8,933)	(10,609)
Income taxes paid		(3,817)	(3,022)
Net cash flows generated from/(used in) operating activities		13,037	(29,744)
Investing activities			
Purchase of property, plant and equipment	A	(564)	(348)
Net cash inflow on liquidation of subsidiaries		–	8
Dividend received from associates		130	159
Dividend received from an unquoted investment	5	52	53
Acquisition of new subsidiary, net of cash acquired	15	(2,133)	–
Disposal of non-controlling interest without a change in control		425	–
Lease assignment fee	14	–	(450)
Net cash flows used in investing activities		(2,090)	(578)

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 2020

(Amounts in Singapore Dollars)

	Note	2020 $'000	2019 $'000
Financing activities			
Proceeds from interest-bearing loans and borrowings		75,595	70,729
Repayment of interest-bearing loans and borrowings		(74,966)	(39,088)
Payment of principal portion of lease liabilities	24	(4,043)	(3,541)
Dividends paid to non-controlling interests		(489)	(507)
Dividends paid on ordinary shares		(1,200)	(1,177)
Net cash flows (used in)/generated from financing activities		(5,103)	26,416
Net increase/(decrease) in cash and cash equivalents		5,844	(3,906)
Cash and cash equivalents at beginning of the year		5,222	9,128
Cash and cash equivalents at end of the year	20	11,066	5,222

NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Property, plant and equipment

	Note	2020 $'000	2019 $'000
Current year additions to property, plant and equipment	13	582	386
Less: Provision for restoration costs included in "Renovations"	25	(18)	(38)
Net cash outflow for purchase of property, plant and equipment		564	348

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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., 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 and associates are disclosed in Note 15 and Note 16 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 (International) ("SFRS(I)").

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.

2.2 *CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES*

The accounting policies adopted are consistent with those of previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 *STANDARDS ISSUED BUT NOT YET EFFECTIVE*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale: or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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

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. The subsidiaries are deconsolidated from the date that control ceases.

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

(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.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

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.

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

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

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

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

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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.

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

2.6 FUNCTIONAL AND FOREIGN CURRENCY (CONT'D)

(a) *Transactions and balances (cont'd)*

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

(b) *Consolidated financial statements*

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

2.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

The 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.

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

2.8 *INTANGIBLE ASSETS (CONT'D)*

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 (i) 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, and (ii) the fee paid to acquire the lease of outlet premises. 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.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

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 balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

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

2.11 *ASSOCIATES*

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

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

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents 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 associates. 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*

<u>Initial recognition and measurement</u>

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

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

2.12 *FINANCIAL INSTRUMENTS (CONT'D)*

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

Subsequent measurement

Financial assets carried at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or 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.

(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 in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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. Summary of significant accounting policies (cont'd)

2.13 *IMPAIRMENT OF FINANCIAL ASSETS*

Trade receivables – Pawnbroking and moneylending segments

The Group recognises an allowance for expected credit losses ("ECLs") for trade receivables from the pawnbroking and moneylending segments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Trade receivables – Retail and trading of jewellery and gold segment

For trade receivables from the retail and trading of jewellery and gold segment, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments exceed a prescribed number of days past due, as established within the Group's credit risk management practices. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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 measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

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.

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

2.19 *EMPLOYEE BENEFITS (CONT'D)*

(c) ***Employee share award plan (cont'd)***

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*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	–	2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment (Note 2.9).

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

2.20 *LEASES (CONT'D)*

As a lessee (cont'd)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and property that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 *REVENUE*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies the performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Sale of good***

The Group is in the business of retail and trading of jewellery and gold. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return within a stipulated period.

(b) ***Interest income***

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

(c) ***Rental income***

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

(d) ***Rendering of services***

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

(e) ***Dividend income***

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

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

2.22 TAXES

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

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

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

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

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

2.22 TAXES (CONT'D)

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.23 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.

2.24 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.

2.25 GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3. Significant accounting judgements and estimates

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

3.1 JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, management has made the following 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 $6,965,000 (2019: $5,297,000) and $2,345,000 (2019: $1,834,000) 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) ***Provision for expected credit losses of trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 32(a).

The carrying amount of trade receivables as at 31 December 2020 is $433,079,000 (2019: $405,369,000).

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

The Group assesses periodically the allowance for write-down of inventories to record inventories at the lower of cost and 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 2020 would reduce by $1,052,000 (2019: $162,000).

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

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(c) *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 2020 and 2019.

(d) *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR reflects the financing expenses committed by the Group, which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions, or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as Singapore Savings Bonds and other market rates, when available.

(e) *Determination of lease term of contracts with extension options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

As at 31 December 2020, the potential future undiscounted cash outflows of approximately $9,102,000 (2019: $6,344,000) have not been included in lease liabilities because the Group is not reasonably certain that the leases will be extended.

4. Revenue

	Group 2020 $'000	Group 2019 $'000
Retail and trading of jewellery and gold	231,289	190,306
Interest income from pawnbroking services	28,370	28,696
Interest income from moneylending services	16,454	16,945
	276,113	235,947

Revenue from retail and trading of jewellery and gold is recognised at a point in time.

5. Other operating income

	Group 2020 $'000	Group 2019 $'000
Rental income from leasehold properties	706	728
Interest income on loans and receivables	757	806
Dividend income from an unquoted investment	52	53
Management fee income from associates	539	430
Facility fee income	1,447	964
Corporate guarantee fee	152	127
Government grant-Job support scheme ("JSS")	1,991	–
Government grant-Rental concessions	1,106	–
Reversal of allowance for doubtful receivables	555	–
Others	907	704
	8,212	3,812

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.

The JSS was introduced to provide wage support for employers to retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. All active employers are eligible for the JSS. Under the JSS, the Government co-funds a proportion of the first $4,600 of gross monthly wages paid to each local employee up to March 2021.

5. Other operating income (cont'd)

Property tax rebate was introduced to qualifying non-residential properties as part of the Resilience Budget announced on 26 Mar 2020 for the period of 1 Jan 2020 to 31 Dec 2020. The property tax rebate is enhanced by extending the rebate to additional types of properties and increasing the amount of rebate for certain types of properties. Under the Resilience Budget, owners of qualifying properties are granted rebates of up to 100% on their property tax payable. For most properties that are eligible for 100% property tax rebate, this is equivalent to about 1.2 months of rental. Owners of qualifying properties are required to unconditionally and fully pass on to their tenant(s) the rebate for the property tax account that is attributable to the rented property, by either reducing or offsetting current or future rentals or through a payment to their tenant(s), within the prescribed timeframe.

The Government announced on 26 May 2020 as part of the Fortitude Budget, a Government cash grant to qualifying property owners that help support rental relief for Small and Medium Enterprises and specified Non-Profit Organisations tenant-occupiers of prescribed properties. The amendments to the COVID-19 (Temporary Measures) Act 2020, as well as the related subsidiary legislation, COVID-19 (Temporary Measures) (Rental and Related Measures) Regulations 2020, which provide the Rental Relief Framework for SMEs and specified NPOs, have come into force on 31 July 2020. From early August 2020, IRAS started issuing a notice of cash grant and disburse the Government cash grant to qualifying property owners. The notice of cash grant will inform property owners of the rental concessions they should provide to their tenants under the Rental Relief Framework.

6. Finance costs

	Group	
	2020	2019
	$'000	$'000
Amortisation of term notes issuance expenses	103	103
Interest expense on:		
- Bank overdrafts	58	164
- Bank loans	5,955	7,513
- Term notes	2,556	2,550
- Lease liabilities	298	299
- Loans from directors/shareholders of subsidiaries	66	84
	9,036	10,713
Included in the consolidated statement of comprehensive income under:		
- Cost of sales	4,981	6,600
- Finance costs	4,055	4,113
	9,036	10,713

7. Other operating expenses

	Note	Group 2020 $'000	Group 2019 $'000
Allowance for inventories	18	2,699	575
Allowance for expected credit losses	19	–	232
Loss on liquidation of subsidiaries	15	–	32
		2,699	839

8. Profit before tax

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

	Note	Group 2020 $'000	Group 2019 $'000
Audit fees paid to auditor of the Company		286	277
Non-audit fees paid to auditor of the Company		155	152
Depreciation of property, plant and equipment	13	1,739	1,767
Amortisation of intangible assets	14	150	25
Depreciation of right-of-use assets	24	4,113	3,655
Employee benefits expense	9	15,601	15,177
Inventories recognised as an expense in cost of sales	18	211,319	175,169
Increase in fair value of inventories less point-of-sale costs	18	(1,695)	(979)
Operating lease expense	28(a)	517	978
Net fair value (gain)/loss on loan from an unrelated party		(6)	34
Write-off of property, plant and equipment	13	2	–
Government grants expense		162	–

Government grants expense relates to the property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent rebates during the financial year and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grant.

9. Employee benefits

	Group 2020 $'000	Group 2019 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	13,923	13,391
Central Provident Fund contributions	1,268	1,289
Other personnel expenses	410	497
	15,601	15,177

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 2020 $'000	Group 2019 $'000
Sale of goods to director-related companies	834	1,822
Purchase of goods from associates	(343)	(423)
Purchase of goods from director-related companies	(4,228)	(407)
Dividend received from associates	130	160
Rental paid to director-related companies	(482)	(567)
Rental paid to a director and spouse	(83)	(98)
Management fee income received from associates	477	519
Interest received from associates	669	800
Interest paid on loans from directors/shareholders of subsidiaries	(65)	(69)
Interest paid/payable on term notes held by directors	(1,224)	(1,224)

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 are due and payable under normal payment terms.

10. Related party transactions (cont'd)

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group	
	2020	2019
	$'000	$'000
Short-term employee benefits	3,304	2,772
Central Provident Fund contributions	93	107
Total compensation paid to key management personnel	3,397	2,879
Comprise amounts paid to:		
Directors of the Company	2,494	2,090
Other key management personnel	903	789
	3,397	2,879

11. Income tax expense

(A) MAJOR COMPONENTS OF INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	2019
	$'000	$'000
Current income tax		
Current income taxation	5,420	4,364
(Over)/under provision in respect of previous years	(88)	957
	5,332	5,321
Deferred income tax		
Origination and reversal of temporary differences	139	(149)
Under provision in respect of previous years	372	35
	511	(114)
Income tax expense recognised in profit or loss	5,843	5,207

11. Income tax expense (cont'd)

(B) *RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020	2019
	$'000	$'000
Profit before tax	40,447	31,271
Tax at the domestic rates applicable to profits in the countries where the Group operates	6,941	5,355
Adjustments:		
- Non-deductible expenses	240	128
- Income not subject to taxation	(374)	(142)
- Effect of partial tax exemption and tax relief	(289)	(523)
- Deferred tax assets not recognised	–	29
- Under provision in respect of previous years	285	992
- Share of results of associates	(942)	(662)
- Others	(18)	30
Income tax expense recognised in profit or loss	5,843	5,207

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

(C) *DEFERRED TAX*

	Group	
	2020	2019
	$'000	$'000
Balance at 1 January	1,834	1,948
Movement during the year	511	(114)
Balance at 31 December	2,345	1,834

11. Income tax expense (cont'd)

(C) *DEFERRED TAX (CONT'D)*

Deferred tax as at 31 December relates to the following:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	645	223	–	–
Differences arising from unremitted interest income from an associate	–	–	460	9
Fair value adjustments on acquisitions of subsidiaries	1,700	1,611	–	–
	2,345	1,834	460	9

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $Nil (2019: $14,000) 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 (2019: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

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	
	2020	2019
Profit for the year attributable to owners of the Company ($'000)	33,873	25,465
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000) *	564,912	544,264
Basic and diluted earnings per share (cents)	6.00	4.68

* The weighted average number of shares takes into account the weighted average effect of the issuance of shares pursuant to the Company's scrip dividend scheme.

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 2020 and 2019.

13. Property, plant and equipment

	Leasehold properties $'000	Motor vehicle $'000	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Group						
Cost						
At 1 January 2019	30,057	78	3,726	931	2,646	37,438
Additions	–	–	243	59	84	386
At 31 December 2019 and 1 January 2020	30,057	78	3,969	990	2,730	37,824
Additions	–	–	322	66	194	582
Acquisition of subsidiary	950	–	121	29	84	1,184
Written off	–	–	(2)	–	–	(2)
At 31 December 2020	31,007	78	4,410	1,085	3,008	39,588
Accumulated depreciation						
At 1 January 2019	3,343	36	2,516	504	1,968	8,367
Depreciation charge for the year	767	16	579	138	267	1,767
At 31 December 2019 and 1 January 2020	4,110	52	3,095	642	2,235	10,134
Depreciation charge for the year	767	15	549	156	252	1,739
Acquisition of subsidiary	–	–	121	29	84	234
At 31 December 2020	4,877	67	3,765	827	2,571	12,107
Net carrying amount						
At 31 December 2019	25,947	26	874	348	495	27,690
At 31 December 2020	26,130	11	645	258	437	27,481

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 2019, 31 December 2019, 1 January 2020 and 31 December 2020	391	34	71	496
Accumulated depreciation				
At 1 January 2019	277	28	62	367
Depreciation charge for the year	54	3	3	60
At 31 December 2019 and 1 January 2020	331	31	65	427
Depreciation charge for the year	39	2	4	45
At 31 December 2020	370	33	69	472
Net carrying amount				
At 31 December 2019	60	3	6	69
At 31 December 2020	21	1	2	24

RESTORATION COSTS

Included in the Group's carrying amount of renovations is $50,000 (2019: $70,000) 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 $26,448,565 (2019: $27,467,000) as security for bank borrowings (Note 23).

14. Intangible assets

	Money-lending licence $'000	Lease assignment fee $'000	Total $'000
Group			
Cost			
At 1 January 2019	43	215	258
Additions	–	450	450
At 31 December 2019, 1 January 2020 and 31 December 2020	43	665	708
Accumulated amortisation			
At 1 January 2019	–	215	215
Amortisation	–	25	25
At 31 December 2019 and 1 January 2020	–	240	240
Amortisation	–	150	150
At 31 December 2020	–	390	390
Net carrying amount			
At 31 December 2019	43	425	468
At 31 December 2020	43	275	318

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.

In the Group's impairment assessment, management has considered the profitability and solvency of the underlying business unit to which the moneylending licence is attributable to.

LEASE ASSIGNMENT FEE

During the financial year ended 31 December 2019, an additional lease assignment fee was paid as part of the consideration to a third party for transferring a leased premise to the Group. The assignment fee is to be amortised over the remaining lease period.

15. Investments in subsidiaries

	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares, at cost		
As at 1 January	66,470	66,370
Additions	8,114	2,000
Disposal	(425)	(1,900)
Impairment losses	(3,537)	–*
As at 31 December	70,622	66,470

* Less than $1,000.

The Company carried out a review of the recoverable amounts of its investments in subsidiaries as at the end of the reporting period. The recoverable amounts of the investments were determined based on the net identifiable assets of the subsidiaries which approximate the fair value of the assets as well as the profitability of the subsidiaries. As a result, impairment loss amounting to $3,537,000 was recognised.

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 2020	Proportion (%) of ownership interest 2019
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 (CCK) Pte. Ltd.(1)	Singapore	Pawnbroking	78.75	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
ValueMax Pawnshop (JP) Pte. Ltd.(1)	Singapore	Pawnbroking	100.00	100.00
Teck Chong Pawnshop Pte. Ltd.(1)	Singapore	Property holding	100.00	100.00
Heng Leong Pawnshop (Pte.) Ltd.(1)	Singapore	Property holding	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	
			2020	2019
Held by the Company (cont'd)				
VM Worldwide Services Pte. Ltd.[(1)]	Singapore	Remittance services	100.00	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 services	100.00	100.00
ValueMax International Pte. Ltd.[(1)]	Singapore	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	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	Property holding and provision of IT services	100.00	100.00
VM Cash Services 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
Thye Lian Pawnshop Pte Ltd [(1)(3)]	Singapore	Pawnbroking	100.00	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by RSM Malaysia.
(3) Acquired during the financial year.

15. Investments in subsidiaries (cont'd)

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

Name of subsidiaries	Principal place of business	Proportion (%) of ownership interest held by NCI	
		2020	2019
Pawnbroking subsidiaries:			
Ban Soon Pawnshop Pte. Ltd.	Singapore	49.45	49.45
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
ValueMax Pawnshop (CCK) Pte. Ltd.	Singapore	21.25	–

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

	Subsidiaries with material NCI	
	2020 $'000	2019 $'000
Current		
Assets	59,125	71,599
Liabilities	(33,585)	(51,395)
Net current assets	25,540	20,204
Non-current		
Assets	5,153	4,741
Liabilities	(3,456)	(347)
Net non-current assets	1,697	4,394
Net assets	27,237	24,598

15. Investments in subsidiaries (cont'd)

SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NCI (CONT'D)

Summarised statements of comprehensive income

	Subsidiaries with material NCI	
	2020	2019
	$'000	$'000
Revenue	13,639	17,432
Profit before income tax	4,091	4,067
Income tax expense	(609)	(635)
Profit after tax, representing total comprehensive income	3,483	3,432

Other summarised information

	Subsidiaries with material NCI	
	2020	2019
	$'000	$'000
Net cash flows generated from operating activities	15,871	1,989
Profit allocated to NCI during the reporting period	731	599
Accumulated NCI at the end of reporting period	5,250	4,624
Dividends paid to NCI	(489)	(507)

15.Investments in subsidiaries (cont'd)

ACQUISITION OF SUBSIDIARY

Acquisition of Thye Lian Pawnshop Pte Ltd

On 21 December 2020, the Company acquired the entire equity interest in Thye Lian Pawnshop Pte Ltd ("TLP") for a cash consideration of $3,964,000. Consequent to the acquisition, TLP became a wholly-owned subsidiary of the Group.

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

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

	Fair value recognised on acquisition $'000
Property, plant and equipment	950
Trade and other receivables	1,606
Prepaid operating expenses	4
Cash and cash equivalent	1,831
Inventory	119
	4,510
Trade and other payable	(126)
Other liabilities	(22)
Income tax payable	(3)
Deferred tax liabilities	(150)
	(301)
Total identifiable net assets at fair value	4,209
Excess of fair value over consideration of interest acquired in a subsidiary	(245)
Cash paid, representing total consideration transferred	3,964
<u>Effect of the acquisition of TLP on cash flows</u>	
Cash paid	3,964
Less: Cash and cash equivalents of subsidiary acquired	(1,831)
Net cash outflow on acquisition	2,133

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

As the acquisition of TLP was completed on 21 December 2020, its contribution to both revenue and profit of the Group was insignificant. If business combination had taken place at the beginning of the year, the Group's revenue would have increased by $525,000 and the Group's profit, net of tax, would be increased by $37,000 for the financial year ended 31 December 2020.

16. Investments in associates

The Group's investments in associates are summarised below:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Pawnbroking associates	12,545	11,272	1,002	1,002
Retail associate	5,784	3,527	–	–
Other associate	5,064	4,026	–	–
	23,393	18,825	1,002	1,002

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2020	Proportion (%) of ownership interest 2019
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	49.46
Kedai Pajak Well Chip Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.35	49.35
Thye Shing Pawnshop Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.35	49.35
Kedai Emas Well Chip Sdn. Bhd.(2)	Malaysia	Retail and trading of jewellery	49.35	49.35
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Shinegold Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Grand Chip Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Berlian Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Cahaya Damai Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Jubli Intan Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Pajak Gadai Mutiara Pesona Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
Rubi Kristal Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46

16. Investments in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
Held through SYT Pavilion Sdn. Bhd. (cont'd)				
Swift Paragon Sdn. Bhd.(2)	Malaysia	Moneylending	49.46	49.46
Pajak Gadai Fajar Tebrau Sdn. Bhd.(2)	Malaysia	Pawnbroking	49.46	49.46
SYT Nilam Sdn Bhd.(2) (3)	Malaysia	Retail sale of jewellery	49.46	–
SYT Delima Sdn Bhd.(2) (3)	Malaysia	Retail sale of jewellery	49.46	–
Well Chip (1) Sdn. Bhd.(4)	Malaysia	Retail sale of jewellery	49.46	–
Well Chip (2) Sdn. Bhd.(4)	Malaysia	Retail sale of jewellery	49.46	–
Well Chip (3) Sdn. Bhd.(4)	Malaysia	Retail sale of jewellery	49.46	–

(1) Audited by Teo Liang Chye & Co., Singapore.
(2) Audited by RSM Malaysia.
(3) Acquired during the financial year
(4) Newly incorporated during the financial year and not required to be audited.

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:

	Group	
	2020	2019
	$'000	$'000
Profit for the year, representing total comprehensive income for the year	2,108	1,952

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current assets	66,767	59,674	14,385	12,542
Non-current assets	289	243	92	41
Total assets	67,056	59,917	14,477	12,583
Current liabilities	(41,880)	(27,312)	(3,012)	(5,699)
Non-current liabilities	(15)	(10,028)	–	–
Total liabilities	(41,895)	(37,340)	(3,012)	(5,699)
Net assets	25,161	22,577	11,465	6,884
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	12,441	11,166	5,658	3,397
Other adjustments	104	106	126	129
Carrying amount of the investments	12,545	11,272	5,784	3,526

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

	Pawnbroking associates		Retail associate	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Revenue	16,954	19,956	22,867	20,742
Profit after tax, representing total comprehensive income	4,336	3,946	4,774	2,029

17. Other investment

	Group and Company	
	2020	2019
	$'000	$'000
At fair value through other comprehensive income		
- Equity security (unquoted)		
Ban Seng Pawnshop Pte. Ltd.	688	688

The Group has elected to measure this equity security at FVOCI due to the Group's intention to hold this equity instrument for long-term appreciation.

The Group recognised a dividend of $52,000 (2019: $53,000) from Ban Seng Pawnshop Pte. Ltd. during the financial year ended 31 December 2020.

18. Inventories

	Group	
	2020	2019
	$'000	$'000
Consolidated statement of financial position:		
Commodity inventories at fair value	11,937	7,608
Other inventories at the lower of cost and net realisable value	62,140	65,272
	74,077	72,880

	Group	
	2020	2019
	$'000	$'000
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	211,319	175,169
- Inventories written-down	2,699	575
- Increase in fair value of inventories less point-of-sale costs	(1,695)	(979)

A floating charge has been placed on the inventories with a carrying value of $73,959,000 (2019: $72,880,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade and other receivables (current)				
Trade receivables	303,001	266,394	–	–
Other receivables	1,032	503	659	339
Deposits	528	890	9	9
Loans to subsidiaries	–	–	163,956	143,654
Loans to associates	7,941	10,235	7,941	10,235
Amounts due from subsidiaries (trade)	–	–	580	629
Amounts due from subsidiaries (non-trade)	–	–	8,251	6,363
Amounts due from associates (trade)	520	516	39	34
Amounts due from associates (non-trade)	971	996	887	912
	313,993	279,534	182,322	162,175
Trade and other receivables (non-current)				
Trade receivables	130,078	138,975	–	–
Deposits	1,070	682	–	–
	131,148	139,657	–	–
Total trade and other receivables (current and non-current)	445,141	419,191	182,322	162,175
Add:				
Cash and bank balances (Note 20)	11,818	8,922	82	1,814
Total financial assets carried at amortised cost	456,959	428,113	182,404	163,989

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

Malaysian Ringgit ("MYR")	120	–	3,914	4,607

A floating charge has been placed on trade and other receivables with a carrying value of $426,541,000 (2019: $375,972,000) 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 seven 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 eight months.

19. Trade and other receivables (cont'd)

TRADE RECEIVABLES – SECURED AND UNSECURED MONEYLENDING

Secured loans to customers in the moneylending segment are loans which are interest-bearing at interest rates between 6.0% and 12.0% (2019: 6.0% and 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 between 12.0% to 47.0% (2019: 12.0% to 47.0% per annum).

TRADE RECEIVABLES – GOLD TRADING

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

RELATED PARTY BALANCES

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

Loans to associates are unsecured, bears interest at 3.6% to 8.0% (2019: 3.6% to 8.0%) per annum, repayable on demand and are to be settled in cash.

Loans to subsidiaries are unsecured, bear interest at 3.0% to 5.0% (2019: 3.0% to 5.0%) per annum, repayable on demand and are to be settled in cash.

EXPECTED CREDIT LOSSES

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020	2019
	$'000	$'000
Movement in allowance accounts:		
At 1 January	3,056	3,087
(Reversal)/charge for the year	(555)	232
Written off	(1,454)	(263)
At 31 December	1,047	3,056

19. Trade and other receivables (cont'd)

RECEIVABLES SUBJECT TO OFFSETTING ARRANGEMENTS

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

The Group's trade receivables and trade payables that are offset are as follows:

31 December 2020	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	$'000	$'000	$'000
Trade receivables	3,873	(3,065)	808
Trade payables	3,065	(3,065)	–

31 December 2019	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	$'000	$'000	$'000
Trade receivables	1,926	(1,613)	313
Trade payables	1,613	(1,613)	–

20. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at banks and on hand	11,818	8,922	82	1,814

Cash at banks do not earn interest.

Cash and bank balances denominated in foreign currencies as at 31 December 2020 and 2019 are not material to the financial statements.

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	
	2020	2019
	$'000	$'000
Cash and bank balances	11,818	8,922
Bank overdrafts (Note 23)	(752)	(3,700)
Cash and cash equivalents	11,066	5,222

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 $6,766,000 (2019: $5,408,000) as security for bank borrowings (Note 23).

21.Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade and other payables (current)				
Trade payables	275	187	–	–
Other payables	844	1,821	70	78
Amounts due to subsidiaries (trade)	–	–	15	15
Amounts due to subsidiaries (non-trade)	–	–	11,911	41
Amount due to an associate (trade)	79	–	79	–
Amount due to an associate (non-trade)	192	200	–	–
Amounts due to shareholders	19	21	–	–
Loans from subsidiaries	–	–	11,298	13,557
Loans from shareholders	2,995	3,034	–	–
	4,404	5,263	23,373	13,691
Other payables (non-current)				
Deposits	44	39	–	–
Total trade and other payables (current and non-current)	4,448	5,302	23,373	13,691
Add:				
Accrued operating expenses (Note 22)	4,441	2,982	1,783	1,121
Interest-bearing loans and borrowings (Note 23)	308,927	311,150	55,013	54,864
Lease liabilities (Note 24)	7,486	8,565	43	94
Less:				
Loan from an unrelated party (Note 23)	(1,768)	(1,775)	–	–
Total financial liabilities carried at amortised cost	323,534	326,224	80,212	69,770

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

United States Dollars ("USD")	3,065	1,613	–	–
Malaysia Ringgit	271	–	10	–

Trade payables denominated in USD amounting to $3,065,000 (2019: $1,613,000) 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.

21. Trade and other payables (cont'd)

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.

Loans from subsidiaries are unsecured, bear interest at 3.0% (2019: 3.0%) per annum and is repayable on demand.

Loans from shareholders are unsecured, bear interest at 1.5% to 3.0% (2019: 1.5% to 3.0%) per annum and are repayable on demand.

22. Other liabilities

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accrued operating expenses	4,441	2,982	1,783	1,121
Advances from customers	678	475	–	–
Deferred government grant	390	–	293	–
Deferred revenue from customer loyalty award	9	15	–	–
	5,518	3,472	2,076	1,121

Deferred government grant represents grant received under the job support scheme that will be recognised as grant income on a systematic basis over the months in which the related salary costs are recognised as expense in the subsequent year.

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	
	2020	2019
	$'000	$'000
At 1 January	15	9
Additions during the year	–	6
Utilised	(6)	–
At 31 December	9	15

23. Interest-bearing loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current				
Loan from an unrelated party	1,768	1,775	–	–
Bank overdrafts	752	3,700	46	–
Bank loans	214,524	241,166	5,000	5,000
Term notes	49,967	–	49,967	–
	267,011	246,641	55,013	5,000
Non-current				
Term notes	–	49,864	–	49,864
Bank loans	41,916	14,645	–	–
	41,916	64,509	–	49,864
Total current and non-current borrowings	308,927	311,150	55,013	54,864
Add:				
Loans from subsidiaries (Note 21)	–	–	11,298	13,557
Loans from shareholders (Note 21)	2,995	3,034	–	–
Total loans and borrowings	311,922	314,184	66,311	68,421

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.

BANK LOANS

Bank loans are repayable on demand, except for bank loans amounting to $45,308,000 (2019: $11,988,000) with remaining tenure ranging from 1 to 15 years (2019: 1 to 16 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.

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

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	
	2020	2019	2020	2019
Bank overdrafts	1.85% to 5.00%	3.49% to 5.00%	–	–
Bank loans	2.00% to 3.90%	1.98% to 3.93%	2.35% to 2.36%	3.55% to 3.66%
Loan from an unrelated party	2.50%	2.50%	–	–
Loans from subsidiaries (Note 21)	3.00%	3.00%	3.00%	3.00%
Loans from shareholders (Note 21)	1.50% to 3.00%	1.50% to 3.00%	–	–

TERM NOTES

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	
	2020 $'000	2019 $'000
Nominal value of term notes issued	50,000	50,000
Less: Issuance expenses	(311)	(311)
At date of issue	49,689	49,689
Cumulative amortisation of transaction costs	278	175
Net carrying amount of term notes	49,967	49,864

Date issued	Interest rate	Maturity dates	Group and Company 2020 $'000	Group and Company 2019 $'000
26 April 2018	5.10%	26 April 2021	49,967	49,864

During the financial year ended 31 December 2018, unsecured term notes due 2021 ("Series002 Notes") issued by the Group and the Company under the MTN Programme amounted to $50,000,000, with issuance expenses amounting to $311,000.

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts upon maturity.

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

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

			Non-cash changes				
	1.1.2020	Net cash flows from financing activities	Net fair value loss on loan from an unrelated party	Amortisation of term notes issuance expenses	Accretion of interest for lease liabilities	Other	31.12.2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loan from an unrelated party	1,775	–	(7)	–	–	–	1,768
Term notes							
- Current	–	–	–	–	–	49,967	49,967
- Non-current	49,864	–	–	103	–	(49,967)	–
Bank loans							
- Current	241,166	629	–	–	–	(27,271)	214,524
- Non-current	14,645	–	–	–	–	27,271	41,916
	307,450	629	(7)	103	–	–	308,175
Lease liabilities							
- Current	3,566	(4,341)	–	–	298	4,284	3,807
- Non-current	4,999	–	–	–	–	(1,320)	3,679
Total	316,015	(3,712)	(7)	103	298	2,964	315,661

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

			Non-cash changes				
	1.1.2019	Net cash flows from financing activities	Net fair value loss on loan from an unrelated party	Amortisation of term notes issuance expenses	Accretion of interest for lease liabilities	Other	31.12.2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loan from an unrelated party	1,741	–	34	–	–	–	1,775
Term notes							
- Non-current	49,761	–	–	103	–	–	49,864
Bank loans							
- Current	212,228	31,641	–	–	–	(2,703)	241,166
- Non-current	11,942	–	–	–	–	2,703	14,645
	275,672	31,641	34	103	–	–	307,450
Lease liabilities							
- Current	2,455	(3,840)	–	–	299	4,652	3,566
- Non-current	3,364	–	–	–	–	1,635	4,999
Total	281,491	27,801	34	103	299	6,287	316,015

The 'other' column relates to reclassification of non-current portion of bank loans and lease liabilities due to the passage of time, partially offset by additions of new lease contracts during the year.

24. Leases

(A) AS A LESSEE

The Group has lease contracts for property in relation to its outlet and office premises. Leases of property generally have lease terms ranging from one to six years. Generally, lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leases.

There are several lease contracts that include extension and termination options.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Property	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
As at 1 January	8,451	5,819	93	–
Additions	2,964	6,287	–	115
Depreciation of right-of-use assets	(4,113)	(3,655)	(51)	(22)
As at 31 December	7,302	8,451	42	93

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Property	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
As at 1 January	8,565	5,819	94	–
Additions	2,964	6,287	–	115
Accretion of interest	298	299	3	2
Payments	(4,341)	(3,840)	(54)	(23)
As at 31 December	7,486	8,565	43	94
Current	3,807	3,566	28	51
Non-current	3,679	4,999	15	43

The maturity analysis of lease liabilities is disclosed in Note 32.

24. Leases (cont'd)

(A) AS A LESSEE (CONT'D)

The following are the amounts recognised in profit or loss:

	Note	Group		Company	
		2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Depreciation of right-of-use assets (included in administrative expenses)		4,113	3,655	51	22
Interest expense on lease liabilities	6	298	299	3	2
Expense relating to short-term leases (included in administrative expenses)		516	977	34	65
Expense relating to leases of low-value assets (included in administrative expenses)		1	1	–	–
Total amount recognised in profit or loss		4,928	4,932	88	89

The Group had total cash outflows for leases of $4,043,000 in 2020 (2019: $3,541,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $2,964,000 (2019: $6,287,000) in 2020.

(B) AS A LESSOR

The Group has entered into operating leases on its properties. These leases have terms ranging between one to three years. All lease contracts include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Rental income recognised by the Group during the year is $706,000 (2019: $728,000).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2020	2019
	$'000	$'000
Within one year	548	626
After one year but not more than five years	230	176
	778	802

25. Provisions

	Group 2020 $'000	Group 2019 $'000
Provision for restoration costs:		
At 1 January	403	365
- Arose during the financial year	18	38
At 31 December	421	403

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.

26. Share capital and treasury shares

	No. of ordinary shares		Amount	
Group and Company	Issued share capital '000	Treasury shares '000	Share capital $'000	Treasury shares $'000
Balance at 1 January 2020	555,411	(100)	84,230	(26)
Shares issued under scrip dividend scheme	26,695	–	7,741	–
Balance at 31 December 2020	582,106	(100)	91,971	(26)
Balance at 1 January 2019	533,498	(100)	78,313	(26)
Shares issued under scrip dividend scheme	21,913	–	5,917	–
Balance at 31 December 2019	555,411	(100)	84,230	(26)

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.

During the financial year ended 31 December 2020, the Company issued 26,695,000 ordinary shares under the Company's scrip dividend scheme.

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

27. Other reserves

	Note	Group 2020 $'000	Group 2019 $'000
Capital reserve	(a)	2,025	1,984
Merger reserve	(b)	(7,599)	(7,599)
Foreign currency translation reserve	(c)	(1,003)	(987)
		(6,577)	(6,602)

(a) ***Capital reserve***

The capital reserve arose from the issuance of bonus shares by subsidiaries and the disposal of shares of subsidiary without loss of control.

(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.

28. Commitments

OPERATING LEASE COMMITMENTS - AS LESSEE

The Group has entered into commercial leases in respect of office, storage and outlet premises. Certain leases contain contingent rent provision while 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 2020 amounted to $517,000 (2019: $978,000).

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

	Group 2020 $'000	Group 2019 $'000
Not later than one year	1,200	311
Later than one year but not later than five years	1,826	1
	3,206	312

29. Contingencies

GUARANTEES

The Group has guaranteed part of the loans and borrowings of the associates to a maximum amount of $14,607,000 (2019: $19,681,000), which is severally liable for in the event of default by the associates.

The Company has provided corporate guarantees to banks for an aggregate of $271,798,000 (2019: $279,193,000) in respect of bank facilities utilised by certain subsidiaries and associates.

30. 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.

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

(B) *ASSETS AND LIABILITIES MEASURED AT FAIR VALUE*

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

		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Group					
2020					
Assets measured at fair value					
Financial assets:					
<u>Equity security at FVOCI</u>					
– Unquoted equity security, representing total financial assets as at 31 December 2020	17	–	–	688	688
Non-financial assets:					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2020	18	11,937	–	–	11,937
Liabilities measured at fair value					
Non-financial liabilities:					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2020	23	(1,768)	–	–	(1,768)

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

(B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONT'D)

	Note	Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
		$'000	$'000	$'000	$'000
Group					
2019					
Assets measured at fair value					
Financial assets:					
Equity security at FVOCI					
– Unquoted equity security, representing total financial assets as at 31 December 2019	17	–	–	688	688
Non-financial assets:					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2019	18	7,608	–	–	7,608
Liabilities measured at fair value					
Non-financial liabilities:					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2019	23	(1,775)	–	–	(1,775)

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

(C) LEVEL 3 FAIR VALUE MEASUREMENTS

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.

Unquoted equity security

The fair value of the unquoted equity security is determined using the dividend discount model, adjusted for factors such as the cost of equity and lack of market liquidity.

In selecting appropriate valuation models and inputs to be adopted for each valuation that uses significant unobservable inputs, management will calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, management will use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

31. 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.

31. Segment information (cont'd)

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 $183,248,000 (2019: $131,051,000), arising from the retail and trading of jewellery and gold segment.

	Pawnbroking	Retail and trading of jewellery and gold	Moneylending	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000	$'000		$'000
Year ended 31 December 2020							
Revenue from external customers	28,370	231,289	16,454	–	–		276,113
Inter-segment revenue	16,750	–	–	–	(16,750)	A	–
Results:							
Interest income	–	–	–	7,922	(7,165)	A	757
Allowance for write-down of inventories	–	2,699	–	–	–		2,699
Reversal for expected credit losses on trade receivables	(431)	–	(124)	–	–		(555)
Share of results of associates	–	–	–	5,540	–		5,540
Segment profit	11,997	8,828	8,180	5,902	5,540	B	40,447
Assets:							
Investments in associates	–	–	–	23,393	–		23,393
Segment assets	213,248	76,712	244,324	127,501	(70,687)	C	591,098
Segment liabilities	(132,518)	(39,570)	(75,606)	(77,777)	(10,639)	D	336,110

31. 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
Year ended 31 December 2019							
Revenue from external customers	28,696	190,306	16,945	–	–		235,947
Inter-segment revenue	32,242	–	–	–	(32,242)	A	–
Results:							
Interest income	–	–	–	7,303	(6,497)	A	806
Allowance for write-down of inventories	–	575	–	–	–		575
Allowance for expected credit losses on trade receivables	278	–	(46)	–	–		232
Share of results of associates	–	–	–	3,896	–		3,896
Segment profit	9,784	5,439	8,647	3,505	3,896	B	31,271
Assets:							
Investments in associates	–	–	–	18,825	–		18,825
Segment assets	212,459	76,020	206,056	129,724	(66,572)	C	557,687
Segment liabilities	144,265	28,399	78,159	77,265	7,935	D	336,023

31.Segment information (cont'd)

NOTES

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

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

	Group	
	2020	2019
	$'000	$'000
Share of results of associates	5,540	3,896

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

	Group	
	2020	2019
	$'000	$'000
Inter-segment assets	(70,687)	(66,572)

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

	Group	
	2020	2019
	$'000	$'000
Deferred tax liabilities	1,400	1,834
Income tax payable	(332)	5,297
Inter-segment liabilities	9,571	804
	10,639	7,935

32. 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 minimise credit risk by dealing exclusively with high credit rating counterparties.

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

The Group considers the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset based on the Group's historical information, internal credit risk management practices, and statutory requirements of the Singapore Law. Default event on trade receivables from the pawnbroking segment is determined to be when the counterparty fails to make contractual payments more than eight months past due. Default event on trade receivables from the moneylending, and retail and trading of jewellery and gold segments is determined to be when the counterparty fails to make contractual payments more than 60 to 180 days past due.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

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

(A) CREDIT RISK (CONT'D)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group assesses a loan or receivable for potential write-off based on the nature and segment of the loan or receivable. Trade receivables from the pawnbroking segment are categorised for potential write-off when a debtor fails to make contractual payments more than eight months past due. Trade receivables from the moneylending, and retail and trading of jewellery and gold segments are categorised for potential write-off when a debtor fails to make contractual payments more than 60 to 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The loss allowance provision for the Group's trade receivables held at amortised cost as at 31 December 2020 and 2019 reconciles to the opening loss allowance for that provision as follows:

Loss allowance provision for the Group's trade receivables

	2020 $'000	2019 $'000
As at 1 January	3,056	3,087
Loss allowance measured with the general approach:		
12-month ECL	–	278
Lifetime ECL		
- Credit risk has increased significantly since initial recognition	(555)	(46)
Loss allowance measured with the simplified approach:		
Lifetime ECL	–	–
ECL written off	(1,454)	(263)
As at 31 December	1,047	3,056

The gross carrying amount of trade receivables of the Group is disclosed in Note 19.

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

(A) CREDIT RISK (CONT'D)

The following are credit risk management practices and information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables – Pawnbroking segment

The Group uses two categories of internal credit risk ratings for pawnbroking trade receivables which reflect their credit risk and how the loss provision is determined. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss, the Group considers implied probability of default from historical non-renewal and non-redemption data, and adjusts for forward-looking macroeconomic data obtained from the monitoring process of the volatility of market prices of gold.

A summary of the Group's internal grading category used in the computation of the Group's expected credit loss model for the trade receivables from the pawnbroking segment is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision	Basis for calculating interest income
Grade I	Customers have a low risk of default and a strong capacity to meet contractual cash flows, and receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	8-month expected credit losses which represents lifetime expected credit losses	Gross carrying amount
Grade II	Interest and/or principal repayments are eight months past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

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

(A) CREDIT RISK (CONT'D)

(ii) Trade receivables – Moneylending segment

The Group uses three categories of internal credit risk ratings for trade receivables from its moneylending business which reflect their credit risk and how the loss provision is determined. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from the Credit Bureau Singapore supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss, the Group considers implied probability of default from the external rating agency where available and historical loss rates for each category of counterparty, and adjusts for forward-looking macroeconomic data such as, amongst others, GDP growth, property prices and motor vehicle prices.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the trade receivables from the moneylending segment is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision	Basis for calculating interest income
Grade I	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses	Gross carrying amount
Grade III	Interest and/or principal repayments are 60 to 180 days past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

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

(A) CREDIT RISK (CONT'D)

(iii) Trade receivables – Retail and trading of jewellery and gold segment

The Group provides for lifetime expected credit losses of trade receivables from the retail and trading of jewellery and gold segment using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers. The expected credit losses incorporates forward-looking information such as forecast of gold prices as the economic conditions.

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 29.

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 25% (2019: 28%) 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

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

(B) *LIQUIDITY RISK*

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

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

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	One to five years	Over five years	Total
	$'000	$'000	$'000	$'000
Group				
2020				
Financial assets:				
Trade and other receivables	328,185	125,379	24,519	478,083
Cash and bank balances	11,818	–	–	11,818
Total undiscounted financial assets	340,003	125,379	24,519	489,901
Financial liabilities:				
Trade and other payables	4,403	44	–	4,447
Accrued operating expenses	4,441	–	–	4,441
Lease liabilities	3,807	3,679	–	7,486
Interest-bearing loans and borrowings	268,798	33,602	9,999	312,399
Total undiscounted financial liabilities	281,449	37,325	9,999	328,773
Total net undiscounted financial assets	58,554	88,054	14,520	161,128

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

(B) LIQUIDITY RISK (CONT'D)

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

	One year or less	One to five years	Over five years	Total
	$'000	$'000	$'000	$'000
Group				
2019				
Financial assets:				
Trade and other receivables	303,715	119,650	52,207	475,572
Cash and bank balances	8,922	–	–	8,922
Total undiscounted financial assets	312,637	119,650	52,207	484,494
Financial liabilities:				
Trade and other payables	5,263	39	–	5,302
Accrued operating expenses	2,982	–	–	2,982
Lease liabilities	3,819	5,204	–	9,023
Interest-bearing loans and borrowings	248,786	58,075	8,759	315,620
Total undiscounted financial liabilities	260,850	63,318	8,759	332,927
Total net undiscounted financial assets	51,787	56,332	43,448	151,567

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

(B) *LIQUIDITY RISK (CONT'D)*

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

	One year or less $'000	One to five years $'000	Total $'000
Company			
2020			
Financial assets:			
Trade and other receivables	182,322	–	182,322
Cash and bank balances	82	–	82
Total undiscounted financial assets	182,404	–	182,404
Financial liabilities:			
Trade and other payables	23,373	–	23,373
Lease liabilities	29	15	44
Accrued operating expenses	2,076	–	2,076
Interest-bearing loans and borrowings	56,285	–	56,285
Total undiscounted financial liabilities	81,763	15	81,778
Total net undiscounted financial assets/(liabilities)	100,641	(15)	100,626
2019			
Financial assets:			
Trade and other receivables	162,175	–	162,175
Cash and bank balances	1,814	–	1,814
Total undiscounted financial assets	163,989	–	163,989
Financial liabilities:			
Trade and other payables	13,691	–	13,691
Lease liabilities	53	44	97
Accrued operating expenses	1,121	–	1,121
Interest-bearing loans and borrowings	7,990	50,695	58,685
Total undiscounted financial liabilities	22,855	50,739	73,594
Total net undiscounted financial assets/(liabilities)	141,134	(50,739)	90,395

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

(B) LIQUIDITY RISK (CONT'D)

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

	One year or less	
	2020	2019
	$'000	$'000
Group		
Financial guarantees	14,607	19,681
Company		
Financial guarantees	271,798	279,193

(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 (2019: 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 (2019: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $1,295,000 (2019: $1,281,000) 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 USD.

The Group did not hedge any of its foreign currency payable during the financial years ended 31 December 2020 and 2019. There was no outstanding forward currency contract as at 31 December 2020 and 2019.

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.

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

(D) FOREIGN CURRENCY RISK (CONT'D)

Sensitivity analysis for foreign currency risk

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

	Profit before tax	
	2020	2019
	$'000	$'000
USD/SGD		
- strengthened 5% (2019: 5%)	(153)	(81)
- weakened 5% (2019: 5%)	153	81

(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% (2019: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been $508,000 (2019: $292,000) 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.

33. 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 2020 and 2019.

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, lease liabilities, trade and other payables, other liabilities, less cash and bank balances. Capital refers to equity attributable to owners of the Company.

		Group	
	Note	2020	2019
		$'000	$'000
Interest-bearing loans and borrowings	23	308,927	311,150
Lease liabilities	24	7,486	8,565
Trade and other payables	21	4,448	5,302
Other liabilities	22	5,518	3,472
Less: Cash and bank balances	20	(11,818)	(8,922)
Net debt		314,561	319,567
Equity attributable to owners of the Company		254,988	217,040
Capital and net debt		569,549	536,607
Gearing ratio		55%	60%

34. Dividends

	Group and Company	
	2020	2019
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2019: 1.61 cents (2018: 1.33 cents) per share	8,941	7,094
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 2020: 1.80 cents (2019: 1.61 cents) per share	10,476	8,941

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 1 April 2021.

Additional Information On Directors Seeking Re-Election

Mr Yeah Hiang Nam, Mr Yeah Chia Kai and Dr Tan Guan Hiang are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 April 2021 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	Mr Yeah Hiang Nam	Mr Yeah Chia Kai	Dr Tan Guan Hiang
Age	73	42	70
Date of Appointment	7 August 2003	27 September 2013	8 August 2020
Date of last re-appointment	25 April 2018	30 April 2019	N.A.
Job Title	• Executive Director • Member of Nominating Committee	• Executive Director	• Independent Director • Chairman of the Remuneration Committee and member of the Nominating and Audit Committees
Country of principal residence	Singapore	Singapore	Singapore
Board's comments on the re-election (including rationale)	Factors considered by the Board on the re-election of Mr Yeah Hiang Nam, Mr Yeah Chia Kai and Dr Tan Guan Hiang: • The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of these three Directors. • The Board have reviewed and concluded that the three Directors possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.		
Whether appointment is executive, and if so, the area of responsibility	Chief Executive Officer	Executive, responsible for overseeing the operations of the pawnbroking and retail businesses	No

Additional Information On Directors Seeking Re-Election

	Mr Yeah Hiang Nam	Mr Yeah Chia Kai	Dr Tan Guan Hiang
Working experience, occupation(s) and professional qualification during the past 10 years	Chief Executive Officer and Managing Director	Executive Director 2013 - 2009 General Manager – Pawnbroking 2007 – 2009 Operations Manager – Pawnbroking Master of Business Administration from both Columbia University and London Business School Bachelor of Commerce (Marketing) Degree from Curtin University of Technology Certified Diamond Grader Diploma from HRD Antwerp Foundation Certificate in Gemology from the Gemmological Association of Great Britain Committee member of the Credit Association of Singapore	Independent Director 2000-2015 Overseas-Chinese Banking Corporation Limited, Executive Vice President, Head of Group Human Resource Doctorate, Business Administration, Hong Kong Polytechnic University MBA (with distinction) University of Hull Diploma in HR and Industrial Relations, University of Cardiff Trained Executive Coaching, Columbia Business School Certified Diversity Practioner, Cornell University
Shareholding interest in the Company and its subsidiaries	Nil	Please refer to Directors' statement on page 27	Nil
Relationship (including immediate family relationship) with any existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Father of Ms Yeah Lee Ching and Mr Yeah Chia Kai	Son of Mr Yeah Hiang Nam and brother of Ms Yeah Lee Ching	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to ValueMax Group Limited	Yes	Yes	Yes

Additional Information On Directors Seeking Re-Election

	Mr Yeah Hiang Nam	Mr Yeah Chia Kai	Dr Tan Guan Hiang
Other Principal Commitments (Including Directorships) - Present	ValueMax Group Limited ValueMax Pawnshop Pte. Ltd. ValueMax Pawnshop (BD) Pte. Ltd. ValueMax Pawnshop (PR) Pte. Ltd. ValueMax Pawnshop (SG) Pte. Ltd. ValueMax Pawnshop (JP) Pte. Ltd. ValueMax Pawnshop (CCK) Pte. Ltd. ValueMax Pawnshop (WL) Pte. Ltd. ValueMax Pawnshop (EL) Pte. Ltd. Ban Soon Pawnshop Pte Ltd VM Cash Services Pte. Ltd. VM Worldwide Services Pte. Ltd. Teck Chong Pawnshop Pte. Ltd. Heng Leong Pawnshop Pte. Ltd Thye Lian Pawnshop Pte Ltd ValueMax Precious Metal Pte. Ltd. Spring Jewellery (SG) Pte. Ltd. ValueMax Retail Pte. Ltd. ValueMax International Pte. Ltd. ValueMax Management Pte. Ltd. Valuemax Properties Pte. Ltd. VM Credit Pte. Ltd. VM Capital Pte. Ltd. VM AutoFinance Pte. Ltd. VMM Holdings Sdn Bhd Soon Hong Pawnshop Pte Ltd Ban Seng Pawnshop Pte. Ltd. Yeah Holdings Pte. Ltd. Yeah Investment Pte. Ltd. Yeah Properties Pte. Ltd. Yeah Capital Pte. Ltd.	ValueMax Group Limited ValueMax Pawnshop Pte. Ltd. ValueMax Pawnshop (BD) Pte. Ltd. ValueMax Pawnshop (PR) Pte. Ltd. ValueMax Pawnshop (SG) Pte. Ltd. ValueMax Pawnshop (JP) Pte. Ltd. ValueMax Pawnshop (CCK) Pte. Ltd. ValueMax Pawnshop (WL) Pte. Ltd. ValueMax Pawnshop (EL) Pte. Ltd. VM Cash Services Pte. Ltd. VM Worldwide Services Pte. Ltd. Teck Chong Pawnshop Pte. Ltd. Heng Leong Pawnshop Pte. Ltd Thye Lian Pawnshop Pte Ltd ValueMax Precious Metal Pte. Ltd. Spring Jewellery (SG) Pte. Ltd. ValueMax Retail Pte. Ltd. ValueMax International Pte. Ltd. ValueMax Management Pte. Ltd. Valuemax Corporate Services Pte. Ltd. Valuemax Executives Pte. Ltd. Valuemax Properties Pte. Ltd. VM Credit Pte. Ltd. VM Capital Pte. Ltd. VM AutoFinance Pte. Ltd. Soon Hong Pawnshop Pte Ltd VMM Holdings Sdn Bhd	Independent director of Kingsmen Creative Limited Member of the Advisory Board – Singapore Human Resource Institute Director of YMCA Board Executive Committee of the Dyslexia Association of Singapore Program Director for the APAC Chief Human Resources Officer Council for The Conference Board
Other Principal Commitments (Including Directorships) - Past (for the last 5 years)	Nil	Nil	Nil
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of Singapore Exchange Securities Trading limited	Responses to questions (a) to (k) are negative.	Responses to questions (a) to (k) are negative.	Responses to questions (a) to (k) are negative.

Statistics of Shareholdings

Issued and Fully Paid-up Capital	:	S$91,970,931
No. of Shares Issued	:	582,005,613
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	63	5.55	41,653	0.01
1,001 - 10,000	499	44.00	2,798,143	0.48
10,001 - 1,000,000	553	48.77	49,550,783	8.51
1,000,001 & above	19	1.68	529,615,034	91.00
Total	1,134	100.00	582,005,613	100.00

Twenty-one largest shareholders

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

	Name of Shareholders	No. of Shares	% of Shares
1	YEAH HOLDINGS PTE LTD	375,523,791	64.52
2	DBS NOMINEES PTE LTD	59,720,536	10.26
3	TAN HONG YEE	43,999,207	7.56
4	RAFFLES NOMINEE (PTE) LIMITED	21,086,128	3.62
5	PHILLIP SECURITIES PTE LTD	3,188,683	0.55
6	SIK PEI SHAN (XUE PEISHAN)	3,054,024	0.52
7	SIK SOO CHING SUSAN	2,893,036	0.50
8	GAN SUAT LUI	2,713,000	0.47
9	MOH TSER LOONG ALVIN	2,492,719	0.43
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,116,506	0.36
11	ONG PANG AIK	2,000,000	0.34
12	CGS-CIMB SECURITIES (S) PTE LTD	1,757,219	0.30
13	CHEONG SOON KIAT	1,531,823	0.26
14	ONG POH LIM @ ONG PAO LIM	1,469,167	0.25
15	LIM CHER KHIANG	1,375,933	0.24
16	GOH CHER NGANN	1,295,314	0.22
17	SIK LEY BOY	1,269,257	0.22
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,120,512	0.19
19	LIM YUXIAN (LIN YUXIAN)	1,008,179	0.17
20	HAN JUNE CHIN	1,000,000	0.17
21	LIEW SHIAU WEI OR LIEW SHIAU MIN	1,000,000	0.17
	TOTAL:	531,615,034	91.32

Statistics of Shareholdings

Substantial shareholdings

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

Name of Shareholder	Direct Interest No. of shares	Direct Interest % of shares	Deemed Interest No. of shares	Deemed Interest % of shares
YEAH HOLDINGS PTE. LTD. (1)	375,523,791	64.52	–	–
YEAH HIANG NAM @ YEO HIANG NAM (2)(3)	–	–	471,030,653	80.93
TAN HONG YEE (2)(3)	43,999,207	7.56	427,031,446	73.37

(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 375,523,791 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 25 March 2021, approximately 18.88 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 via electronic means on 27 April 2021 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 2020 and the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 1.80 cents per share for the financial year ended 31 December 2020. **(Resolution 2)**

3. To approve the Directors' fees of S$152,544/- for the financial year ended 31 December 2020 (31 December 2019: S$156,250/-). **(Resolution 3)**

4. To re-elect Dr Tan Guan Hiang who is retiring pursuant to Article 102 of the Company's Constitution, and wishes to seek re-election as a Director of the Company. **(Resolution 4)**

   Dr Tan Guan Hiang will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, as well as a member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**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-elect Mr Yeah Chia Kai 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 6)**

7. 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 7)**

As special business

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

8. **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 8)

(See Explanatory Note 1)

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

That approval be and is hereby given:

(a) 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 9)

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.

10. **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 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 annual general meeting of the Company; and

3. the Board of Directors of the Company and any of them be and are hereby authorised to complete and perform 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 10)

Notice of Annual General Meeting

Notice of books closure

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 27 April 2021, the Share Transfer Books and the Register of Members of the Company will be closed on 10 May 2021 at 5.00 p.m. ("**Record Date**") 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 the Record Date by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be entitled to the Proposed First and Final Dividend.

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

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

9 April 2021

EXPLANATORY NOTES:-

1. The ordinary resolution no. 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTES

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the AGM 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 office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not later than 72 hours before the time appointed for the Meeting.

Measures to Minimise Risk of Community Spread of COVID-19

The Company is arranging for a live webcast of the AGM proceedings (the "Live AGM Webcast") which will take place on 27 April 2021 at 10.00 a.m. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.valuemax.com.sg/corporate/investor-relations/news-announcements/. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

The 2020 Annual Report may be accessed at the https://www.valuemax.com.sg/corporate/investor-relations/annual-reports/ by clicking on the links for "2020 Annual Report and the SGX website at the URL https://www.sgx.com/securities/annual reports.

Participation in the AGM via live webcast or live audio feed

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate in the AGM proceedings by accessing a live webcast. To do so, shareholders are required to pre-register their participation in the AGM ("**Pre-registration**") at this link: http://globalmeeting.bigbangdesign.co/valuemax/ ("**AGM Registration and Q&A Link**") by 10.00 a.m. on 24 April 2021 ("**Registration Deadline**") for verification of their status as shareholders (or the corporate representatives of such shareholders).

2. Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the Live AGM Webcast must approach their respective depository agents to pre-register by **5.00 p.m. on 15 April 2020** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

3. Upon successful verification, each such shareholder or its corporate representative will receive an email by 10.00 a.m. on 26 April 2021. The email will contain instructions to access the live webcast of the AGM proceedings. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by 10.00 a.m. on 26 April 2021 may contact the Company for assistance at by email to AGM2021@valuemax.com.sg before 5.00 p.m. on 26 April 2021.

Voting by proxy

4. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.valuemax.com.sg/corporate/investor-relations/news-announcements/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

5. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf and must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

6. The duly executed proxy form must be submitted via one of the following means:

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

   (b) submitted by email to Proxy2021@valuemax.com.sg

   not later than 72 hours before the time set for the AGM.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

7. A Depositor shall not be regarded as a member of the Company unless his/her name appears on the Depository Register 72 hours before the time appointed for the AGM.

8. This Proxy Form is not valid for use by investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Act), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators at least seven working days before the AGM to specify voting instructions.**

Submission of Questions

9. Shareholders may submit questions relating to the items on the agenda of the AGM via the AGM Registration and Q&A Link. All questions must be submitted by 10:00 a.m. on 20 April 2021

10. The Company will endeavour to address the substantial and relevant questions received in advance of the AGM either before or during the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on SGXNet and the Company's website within one month after the date of the AGM.

11. Please note that shareholders will not be able to ask questions at the AGM "live" during the webcast and therefore it is important for shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Important reminder

12. Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in light of the current COVID-19 measures, which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA POLICY

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) administration and analysis of the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and 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;

(iii) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);

(iv) the processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(v) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(vi) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(vii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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

Proxy Form

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.

*I / We, ____ (Name) __________________________ (NRIC/Passport no.)

of ____ (Address)

being *a member/members of ValueMax Group Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us at the Annual General Meeting ("**AGM**") of the Company to be held by electronic means on Tuesday, 27 April 2021 at 10.00 a.m., and at any adjournment thereof.

We have indicated with an "X" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

No.	Ordinary Resolutions	For	Against	Abstain**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' Statement and Auditor's Report thereon.			
2.	To declare a first and final one-tier tax exempt dividend of 1.80 cents per share for the financial year ended 31 December 2020.			
3.	To approve the Directors' fees of S$152,544/- for the financial year ended 31 December 2020.			
4.	To re-elect Dr Tan Guan Hiang as a Director pursuant to Article 102 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-elect Mr Yeah Chia Kai as a Director pursuant to Article 98 of the Company's Constitution.			
7.	To re-appoint Messrs. Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
9.	To approve the proposed Renewal of Share Buyback Mandate.			
10.	To approve the proposed Renewal of General Mandate for Interested Person Transactions			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _______ day of _____________________, 2021

Total No. of Shares

____
Signature(s) of Member(s)/ Common Seal
IMPORTANT: Please Read Notes before Completing this Proxy Form

Notes:

1. This 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.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

3. This Proxy Form is not valid for use by investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Act), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators at least seven working days before the AGM to specify voting instructions.**

4. The instrument appointing Chairman of the AGM as proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be submitted to the Company:

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

   (b) submitted by email to Proxy2021@valuemax.com.sg not later than 72 hours before the time set for the Annual General Meeting.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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AFFIX
POSTAGE
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

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5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf 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 of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

6. The Company shall be entitled to reject the instrument appointing the Chairman as proxy 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 AGM as certified by The Central Depository (Pte) Limited to the Company.

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 9 April 2021.

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

925 Yishun Central 1
#01-227 S(760925)
T: 6817 8712

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: 6881 1232

RIVERVALE
11 Rivervale Crescent
#01-23/24 Rivervale Mall
S(545082)
T: 6978 5089

Central

BALESTIER
621 Balestier Road
S(329913)
T: 6253 2254

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

BUGIS
66 Queen Street Bugis Village
S(188545)
T: 6817 8976

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

PEOPLE'S PARK CENTRE
101 Upper Cross Street
#01-14 People's Park Centre
S(058357)
T: 6950 5621

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

* held by an associated company in Singapore

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

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

261 Waterloo Street
#01-31 Waterloo Centre S(180261)
T: 6481 1788
(Moneylending Outlet)

261 Waterloo Street
#01-35 Waterloo Centre S(180261)
T: 6817 8919
(Remittance Outlet)

LUCKY PLAZA
304 Orchard Road
#01-22 Lucky Plaza S(238863)
T: 6950 5533

304 Orchard Road
#01-24/25 Lucky Plaza S(238863)
T: 6978 5088
(Jewellery Retail Outlet)

West

BUKIT BATOK
1 Bukit Batok Central Link
#01-24 Westmall S(658713)
T: 6817 8763

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
309 Choa Chu Kang Avenue 4
#01-02 Choa Chu Kang Centre
S(680309)
T: 6817 2958

JURONG POINT
1 Jurong West Central 2
#01-05/06/07 Jurong Point
S(648886)
T: 6817 2878

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

213 Bedok North Street 1
#01-119 S(460213)
T: 6449 6300
(Jewellery Retail Outlet)

JOO CHIAT
1 Joo Chiat Road
#01-1023 Joo Chiat Complex
S(420001)
Tel: 6817 6176
(Ar Rahnu Pawnshop)

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

PASIR RIS MRT
10 Pasir Ris Central
#01-13 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

ANNUAL REPORT

2020

Dedicated to deliver

Enduring Value

VALUEMAX GROUP LIMITED

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