ValueMax
GROUP

LENDING STRENGTH TO CREATE VALUE

ANNUAL REPORT 2018

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)
Chow Wen Kwan (Independent Director)

COMPANY SECRETARY
Lotus Isabella Lim Mei Hua

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

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

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

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Teo Li Ling
(Since financial year ended 31 December 2017)

CONTENTS

CORPORATE PROFILE

ValueMax Group Limited ("ValueMax") provides pawnbroking, moneylending, retail of jewellery and timepieces, as well as gold trading services. With a history dating back to 1988 when the Group's first pawnbroking outlet was set up, ValueMax grew over the years and in 2013 became the first pawnbroking chain to be listed on the Mainboard of the Singapore Stock Exchange. Drawing on a solid track record of professional service and in-depth industry knowledge, ValueMax has expanded to 33 pawnbroking and retail outlets, a jewellery retail store and a moneylending outlet at strategic locations throughout Singapore, and has two pawnshops operated by associated and investee companies. Abroad, ValueMax operates 10 outlets in Malaysia through its associated companies.

OUR BUSINESSES

PAWN BROKING

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

MONEY LENDING

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

RETAIL OF JEWELLERY AND WATCHES

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

GOLD TRADING

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

MESSAGE FROM CHAIRMAN

Against a backdrop of challenging economic conditions—ranging from rising interest rates to increasing operating costs and strong competition—the Group thrived and grew in profitability, strengthening its net asset value.

Phua Tin How
Non-Executive Chairman

Dear Shareholders,

2018 marked another year of steady progress for ValueMax. Against a backdrop of challenging economic conditions—ranging from rising interest rates to increasing operating costs and strong competition—ValueMax thrived and grew in profitability, strengthening its net asset value. The Group registered a 7.4% year-on-year increase in profit before tax, from $22.0 million in FY2017 to $23.6 million this year. On the whole, the underlying performance of the Group demonstrated significant resilience, largely underscored by growing core offerings.

MESSAGE FROM CHAIRMAN

The year in review

In line with our main focus for the year, we remained firmly dedicated to our core expertise in authenticating and appraising gold, diamond jewellery and branded timepieces in our pawnbroking business. We also saw growth in both secured and unsecured moneylending, and gained more clients for our premier service. Both the pawnbroking and moneylending businesses have become our main growth engines, empowering the Group to lend strength to our customers as the businesses generate value for the Group.

Achievements

This year, we were awarded a Green Eco Certification for our flagship store at Waterloo Centre for adopting eco-friendly initiatives and practices at the outlet to promote environmental sustainability.

ValueMax is also honoured to have received a Service Excellence Award from Spring Singapore in January 2018. This is a testament to the hard work and commitment of our staff in providing quality service and for bringing our core values to life.

Corporate Social Responsibility

To share the joy and festivity of Christmas with the less privileged members of the society, our employees at the corporate office bought individualised gifts, played and danced together with students with special needs at AWWA Special Student Care Centre in December 2018. In line with our new theme of lending strength to people, ValueMax also incorporates caring for society as a part of our corporate social responsibility.

Rewarding shareholders

The Board of Directors has recommended a one-tier tax exempt cash/scrip dividend of 1.33 Singapore cents per ordinary share for the financial year ended 31 December 2018, subject to the approval of shareholders at the Annual General Meeting to be held on 30 April 2019.

Appreciation

Leadership rejuvenation at both the Management and Board level is a process that requires a multi-year plan to execute. In April 2018, Mr Lim Hwee Hai who chaired our Nominating Committee retired from the Board to pursue his own interests. He has performed his directorial duties with incredible distinction, offering important guidance on business decisions for which we would like to express our deep appreciation. He will be missed for his invaluable experience and wise counsel to the Group.

We are pleased to welcome Mr Chow Wen Kwan, who chairs the Remuneration Committee, to the Board. With many years of experience in corporate legal practice, he brings with him a deep understanding of acquisitions, corporate finance and cross border transactions in Asia. I have replaced Mr Lim Hwee Hai as Chairman of the Nominating Committee.

We would like to express our utmost appreciation to ValueMax's team of dedicated staff for their tireless efforts, exemplary work and commitment towards the Group. To all our customers, it has been ValueMax's immense privilege to serve you. Thank you for your confidence in us. We would also like to register our appreciation to our 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)

MESSAGE FROM CEO

Yeah Hiang Nam
Managing Director and CEO

Augmented by core competencies and supportive loyal customers, ValueMax has brought in another consecutive year of record earnings in FY2018.

Dear Shareholders,

During the year, we continued to broaden and deepen our businesses. 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 five new pawnbroking and retail outlets in Singapore, bringing the total number of pawnbroking outlets in Singapore to 33. These new outlets are located at Sengkang Square, Yishun Central, Bugis Village, Buangkok, and in West Mall—our first outlet in a shopping mall. Our premier pawnbroking service, the only such service provider in the market, continues to attract new clientele.

Meanwhile, our licensed moneylending business continues to grow healthily. The business primarily provides secured term loans to customers, which includes businessmen and corporates with urgent cash needs for general working capital or investments. Unsecured loans take up a relatively small portion of the moneylending business, but is positive on earnings. We have also expanded our auto financing business.

The continuation of strong results from the pawnbroking and moneylending businesses in FY2018 from the previous year demonstrates the Group's resilience and consistency. Augmented by core competencies and supportive loyal customers, ValueMax has brought in another consecutive year of record earnings in FY2018.

Adaptability and resilience

Nonetheless, the year was not without its challenges. We faced higher operating costs due to rising wages, higher rental and interest rates. Towards the end of the year, a change in regulations has enabled efficient utilisation of manpower by allowing the sharing of staff between both the retail and pawnbroking businesses. On the backend, we expanded our digital team to ensure that our digital technology stays ahead of the industry.

Looking ahead

In the coming year, we plan to open more pawnbroking outlets — through acquisition and setting up new shops at suitable locations in Singapore and Malaysia. We will also continue to grow our moneylending business. In our drive to build sustainable long-term performance and growth, we will continue to drive a culture of learning and skills upgrading.

We believe that demand for pre-owned jewellery in the retail market will gradually increase. The average cost of processing pre-owned jewellery and watches has lowered compared to previous years due to economies of scale, allowing for lower retail prices. Our retail business has also benefited from an increase in the range of merchandise available for retail sales since the abolishment of public auctions in end 2015. In the coming year, we plan to educate the market on the value of such items through advertising campaigns and social media to improve the image and perception of pre-owned jewellery to a larger audience of potential customers.

In August 2018, we obtained a remittance licence from the Monetary Authority of Singapore. The remittance business will complement the other suite of alternative financial services we are currently providing. It is expected to begin operations at our Waterloo Centre outlet in 2019.

We will continue to face challenges such as global economic uncertainty, stiffer competition, volatile gold prices, increasing interest and operating costs. However, I am confident that our businesses, fronted by a well-established brand name and staffed by loyal employees with strong appraising skills, will allow us to pursue the strategy of building distinctive differentiation to stay ahead of competition and remain strong in 2019. The Group will also incorporate sustainability considerations in our decision-making processes where possible.

Yeah Hiang Nam (PBM)
(Managing Director and CEO)

OPERATIONS REVIEW

$208.7
Revenue (million)

$23.6
Profit (million)

22.7%
Gross Profit Margin

Financial Review

ValueMax achieved record profit for FY2018 despite strong competition in the pawnbroking industry as well as rising operating costs.

During the year, the Group's revenue declined from $239.4 million in FY2017 to $208.7 million in FY2018. Revenue from retail and trading of pre-owned jewellery and gold business decreased by $37.9 million while revenue from pawnbroking and moneylending businesses increased by $3.2 million and $4.0 million respectively in FY2018.

Consequently, overall gross profit increased by $5.3 million in FY2018 as compared with the same period in FY2017. Gross profit margin improved from 17.6% in FY2017 to 22.7% in FY2018.

Administrative expenses increased from $20.4 million in FY2017 to $23.9 million in FY2018. The increase was mainly due to the increases in employee benefits expense of $2.1 million, depreciation expenses of $0.4 million, and rental expenses of $0.9 million. The increase in employee benefits expense was due to increase in headcount and salary adjustments.

Other operating expenses increased from $1.0 million in FY2017 to $1.9 million in FY2018 mainly due to the increase in allowance for expected credit losses of trade receivables of $0.9 million, and goodwill written off of $0.4 million. These are partially offset by the decrease in allowance for write-down of inventories of $0.4 million.

Contribution from share of results of associates increased from $2.7 million in FY2017 to $2.9 million in FY2018 due to increased contribution from the Malaysian associated companies.

As a result of the above, profit before tax increased by $1.6 million to $23.6 million in FY2018.

Balance Sheet and Cash Flow Highlights

In FY2018, non-current assets increased by $51.4 million from $103.7 million as at 31 December 2017 to $155.1 million as at 31 December 2018. The increase comprises increases in trade and other receivables of $50.9 million and investment in associates of $1.9 million. These were partially offset by a decrease in property, plant and equipment of $0.9 million and intangible assets of $0.5 million.

Concurrently, current assets increased by $19.9 million from $318.4 million as at 31 December 2017 to $338.3 million as at 31 December 2018. This was due to increases in trade and other receivables of $11.4 million, inventories of $6.4 million and cash and bank balances of $2.7 million. These were partially offset by a decrease in prepaid operating expenses of $0.6 million.

Meanwhile, current liabilities increased by $8.9 million from $223.0 million as at 31 December 2017 to $231.9 million as at 31 December 2018 mainly as a result of increases in trade and other payables of $5.0 million, interest-bearing loans and borrowings of $2.7 million, other liabilities of $0.6 million and income tax payable of $0.6 million.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity attributable to owners of the Company increased from $179.3 million as at 31 December 2017 to $192.9 million as at 31 December 2018 mainly due to the increase in retained earnings.

During the year, net cash used in operating activities was $40.6 million. This comprises operating cash flows before working capital adjustments of $33.4 million, adjusted by net working capital outflow of $64.0 million. In FY2018, the Group received interest income of $0.7 million, with net income tax paid of $2.2 million and interest paid of $8.5 million. The net working capital outflow was a result of the increases in trade and other receivables of $63.9 million and inventories of $6.4 million. These were partially offset by the increase in trade and other payables of $5.0 million and other liabilities of $0.6 million, and decrease in prepaid operating expenses of $0.7 million.

On the same note, net cash used in investing activities amounted to $0.6 million arising from net cash outflow on the purchase of property, plant and equipment of $0.9 million, which was partially offset by dividend income from associates of $0.3 million.

The net cash generated from financing activities in FY2018 amounted to $47.1 million comprising the proceeds from interest-bearing loans and borrowings of $150.9 million. This was offset by repayment of interest-bearing loans and borrowings of $96.3 million, payment of dividends of $7.2 million and term notes issuance expenses of $0.3 million.

Outlook

Going forward, with the increasing economic and geopolitical uncertainties, gold prices may continue to be volatile in 2019. 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 to grow the moneylending business.

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 our Audit Committee and Remuneration Committee.

Phua Tin How held several senior appointments in the public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore. From 1994 to 2003, Phua Tin How was concurrently the Group President of DelGro Corporation Ltd and President and CEO of SBS Transit Ltd. Phua Tin How 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.

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

Yeah Hiang Nam (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.

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

Yeah Hiang Nam was a recipient for Top Entrepreneur in the Entrepreneur of the Year Award 2010 from the Rotary-ASME. He was awarded the Public Service Medal in 2016 for his contributions to society and businesses. He is a Patron of Clementi Citizens' Consultative Committee and the Honorary President of Singapore Pawnbrokers Association, Teo Yeonh Huai Kuan, and Yeow Si Gong Huay respectively.

Yeah Lee Ching
Executive Director

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

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

Yeah Lee Ching holds 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 the Honorary Secretary of the Singapore Pawnbrokers Association and the Assistant Secretary of the Enterprise 50 Association.

Yeah Chia Kai
Executive Director

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

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

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

Lim Tong Lee started his career in Ernst & Young, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad from 1995 to 2007. From 2007 to 2012 and 2016, he was the Head of Corporate Finance of KGI Securities (Singapore) Pte Ltd (formerly known as AmFraser Securities 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 LBS Bina Group Berhad listed on Bursa Malaysia.

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

Chow Wen Kwan
Independent Director

Chow Wen Kwan was appointed to the Board of our Company on 17 September 2018 as an Independent Director. He chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Chow Wen Kwan has more than 16 years of experience in legal practice, focusing on mergers and acquisitions, corporate finance, and cross border transactions within Asia. Chow Wen Kwan has previously worked at several international law firms in New York, Hong Kong and Singapore. He has also been serving as Independent Directors of various companies listed on SGX since 2009.

Chow Wen Kwan graduated with a LL.B. (Hons) from the National University of Singapore in 1998 and obtained his LL.M. from the University of Virginia School of Law, USA in 1999. He also holds a certificate in Governance as Leadership from Harvard Kennedy School of Government since 2010. Chow Wen Kwan is qualified to practice in both Singapore and New York, USA.

KEY MANAGEMENT

Carol Liew

Chief Financial Officer

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

Carol Liew started her career with Cooper & Lybrand's audit division in 1993. She 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.

Carol 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 has been 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.

He 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.

Leong Koon Weng 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.

Tan Yam Hong

Senior Operations Manager (Pawnbroking)

Tan Yam Hong has been our Senior Operations Manager (Pawnbroking) since 2013. He is responsible for assisting our Executive Directors in managing our pawnshops and jewellery retail outlets as well as ensuring that our employees are provided with adequate valuation and sales training.

Tan Yam Hong has approximately 25 years of experience in the jewellery and pawnbroking industry. He started his career in Golden Beauty Jewellery Pte Ltd in 1993. He was later the sole proprietor of Progold Trading Pte Ltd from 1998 to 2008, in the wholesaling of gold and jewellery. He joined our Group in 2008 as a trainee appraiser and was later promoted to branch manager of ValueMax Pawnshop (SG) Pte. Ltd. in 2010.

Tan Yam Hong holds a diploma of certified diamond grader by the HRD Antwerp and has completed a productivity training course organised by the Singapore Business Federation in 2012.

Vincent Goh

Head of Digital

Vincent Goh has been our Head of Digital since July 2018. He is responsible for the technology direction and digital strategy of our Group, positioning the business for innovation and growth.

As a scholarship holder, Vincent Goh started his career with the Infocomm Development Authority of Singapore, where he was involved in national IT infrastructure projects, technology start-ups, and served as the Special Assistant to the CEO. Prior to joining our Group, he was the co-founder and Chief Technology Officer of e-commerce company Ministry of Retail Pte Ltd from 2009 to 2018, where he was responsible for overseeing technology, e-commerce, digital marketing, as well as business development.

Vincent Goh holds a Master of Science degree in Management Science and Engineering from Stanford University, USA, and a Bachelor of Science degree in Computer Engineering from Carnegie Mellon University, USA.

CORPORATE SOCIAL RESPONSIBILITY

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

Over the last three years, ValueMax has actively participated in various business and community initiatives, including UOB Heartbeat Lunar New Year Outreach Charity Drive to raise funds for charitable causes and to volunteer at the school for special needs.

ValueMax also encourages its employees to care for the less privileged. In December 2018, our employees from the corporate office brought joy and laughter to students with special needs at AWWA Special Student Care Centre by chatting, playing, and dancing with them, as well as fulfilling their Christmas wishes by surprising them with individualised Christmas presents.

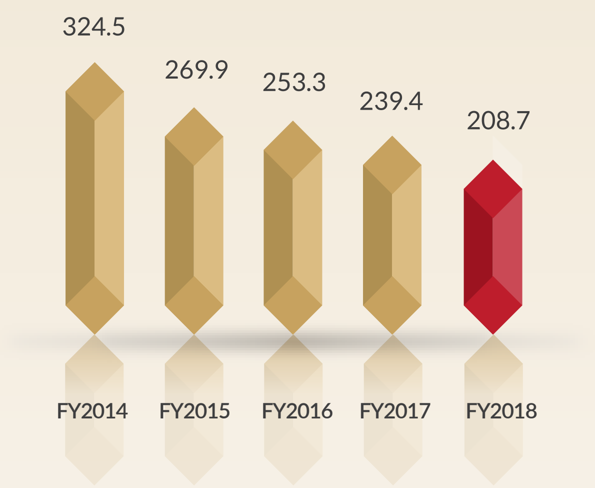
Furthermore, the management of ValueMax actively participates in and contributes to the community. Mr Yeah Hiang Nam (PBM), CEO and Managing Director, is currently a Patron of the Clementi Citizens' Consultative Committee (CCC), and is also the Honorary President of Singapore Pawnbrokers Association, Teo Yeonh Huai Kuan, and Yeow Si Gong Huay respectively.

In addition, ValueMax adopts eco-friendly initiatives and practices at our retail outlets to promote environmental sustainability. In recognition of the efforts, we have been awarded the Green Eco Certification for our flagship store, located at Waterloo Centre as well as for our outlets in Woodlands MRT, Pasir Ris MRT and Boon Lay MRT.

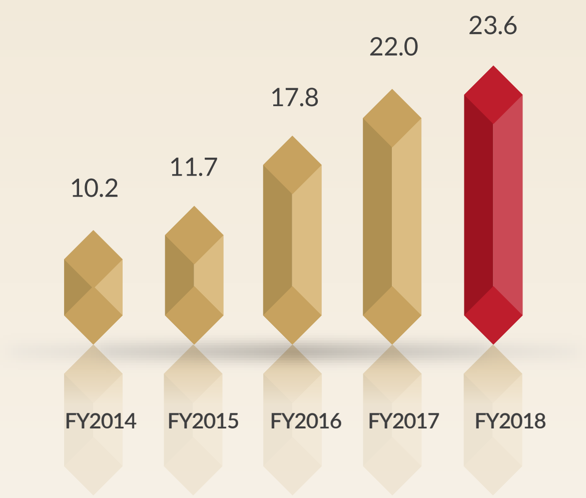
Please refer to our Sustainability Report 2018 for more information.

FINANCIAL HIGHLIGHTS

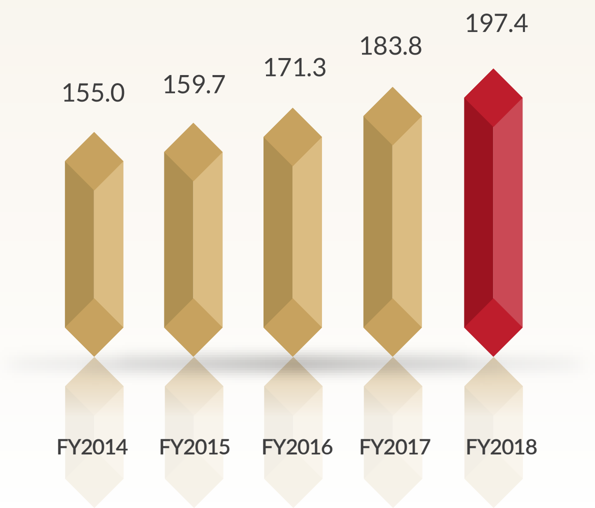
REVENUE ($'million)



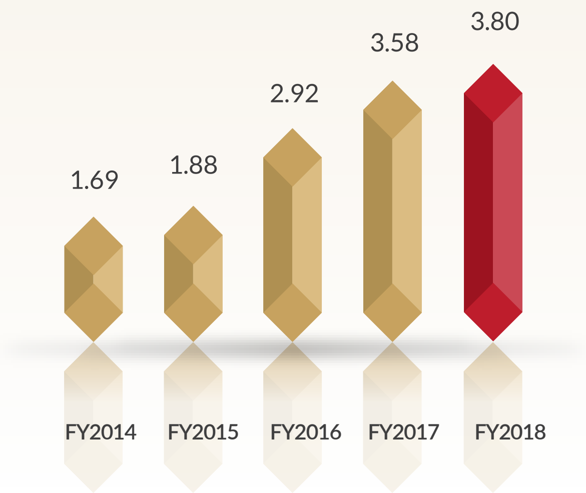
PROFIT BEFORE TAX ($'million)



NET ASSET VALUE ($'million)



EARNINGS PER SHARE (cents)



FINANCIAL REPORT

CORPORATE GOVERNANCE REPORT

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

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

The Company has adopted, as far as possible, the principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**") except in the disclosure of remuneration to directors and key management personnel who are not directors or Chief Executive Officer of the Company for the financial year ended 31 December 2018. 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 20 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 2018.

This statement on the corporate governance practices of ValueMax describes the corporate governance policies practiced by ValueMax during the financial year ended 31 December 2018, with specific references made to each of the principles set out in the Code.

BOARD MATTERS

Principle 1: Board Conduct of its Affairs

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

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

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

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

Details of Directors' attendance at the Board and Board Committee Meetings held in the financial year ended 31 December 2018 are disclosed in the table below:

Board Members	Board	Nominating Committee	Remuneration Committee	Audit Committee
Phua Tin How	4/4	2/2	2/2	4/4
Yeah Hiang Nam	4/4	2/2	NA	NA
Yeah Lee Ching	4/4	NA	NA	NA
Yeah Chia Kai	4/4	NA	NA	NA
Lim Tong Lee	4/4	2/2	2/2	4/4
Lim Hwee Hai(1)	1/1	1/1	1/1	1/1
Chow Wen Kwan(2)	1/1	NA	1/1	1/1

Note
(1) Mr Lim Hwee Hai did not seek re-election at the last AGM and ceased to be a Director on 25 April 2018.
(2) Mr Chow Wen Kwan was appointed to the Board and respective Board Committees on 17 September 2018.

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

Matters Requiring Board Approval

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

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

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

The Board also meets to consider the following corporate matters:

- Approval of quarterly results announcements;
- Approval of annual reports and accounts;
- Convening of shareholders' meetings;
- Approval of corporate strategies; and
- Material acquisitions and disposals of assets.

Principle 2: Board Composition and Balance

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

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

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

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

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

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

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

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

Principle 3: Chairman and Chief Executive Officer

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

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

Principle 4: Board Membership

The Nominating Committee comprises Mr Phua Tin How, Mr Lim Tong Lee, Mr Chow Wen Kwan 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 ten per centum or more in the voting shares of the Company). Mr Lim Tong Lee and Mr Chow Wen Kwan are both Independent Directors.

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

Key information on the Directors and their shareholdings in the Company are found on pages 10 to 11 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 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 of the Company's Constitution provides that at least one-third of the Directors shall retire from office at every AGM. Mr Phua Tin How and Mr Yeah Chia Kai will be subject to retirement by rotation at the forthcoming AGM, pursuant to the requirements of Article 98. Both Mr Phua Tin How and Mr Yeah Chia Kai have indicated that they will be seeking re-election as Directors 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, Mr Chow Wen Kwan who was appointed on 17 September 2018 will be subject to retirement at the forthcoming AGM. Mr Chow Wen Kwan has indicated that he 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.

The Directors are provided with briefings and updates on an on-going basis in areas of directors' duties and responsibilities, corporate governance, and 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 Nominating Committee will use its best efforts to ensure that directors appointed to the Board possess the necessary background, experience and knowledge to enable balanced and well-considered decisions to be made by the Board.

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

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

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

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

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities, Management is required to provide adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision, as well as ongoing reports relating to the 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. Together with Management, the Company Secretary is responsible for compliance with all rules and regulations which are applicable to the Company. The appointment and removal of the Company Secretary are subject to the Board's approval.

REMUNERATION MATTERS

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

The Remuneration Committee comprises three Independent non-Executive Directors. The members of the Remuneration Committee are Mr Chow Wen Kwan who is also the Chairman of the Remuneration Committee, Mr Phua Tin How and Mr 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 own remuneration. No external consultation was deemed necessary during the year.

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

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

The Board will be recommending proposed Directors' Fees amounting to $138,380/- for the financial year ended 31 December 2018 (2017: $185,000/-) for shareholders' approval.

Principle 9: Disclosure on Remuneration

The Board is of the view that adequate disclosure of the remuneration of Directors and key management personnel had been made in keeping with the spirit of the Code. Due to the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that a detailed disclosure of remuneration as recommended by the Code would not be in the best interest of the Company. The remuneration of the Directors, however, is disclosed in the following table which sets out the names of Directors whose remuneration bands fell (i) below $250,000; (ii) between $250,000 and $500,000; and between $500,001 and $1,000,000 for the financial year ended 31 December 2018, 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**
Below $250,000			
Phua Tin How	–	–	100%
Lim Tong Lee	–	–	100%
Chow Wen Kwan	–	–	100%
Between $250,000 and $500,000			
Yeah Lee Ching	71%	29%	–
Yeah Chia Kai	71%	29%	–
Between $500,001 and $1,000,000			
Yeah Hiang Nam	71%	28%	1%

Of the remunerations of the four key management personnel who are not Directors or the CEO of the Company for the financial year ended 31 December 2018, the remunerations of three executives fell within the remuneration band of $250,000 and below and the remuneration of one executive fell within the remuneration band of between $250,000 and $500,000. The annual aggregate remuneration paid to the top four key management personnel of the Company (who are not Directors or the CEO) for the financial year ended 31 December 2018 is $778,000.

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 2018.

No share awards were granted during the financial year ended 31 December 2018.

The employees who are immediate family members of a Director or the CEO are Mr Yeah Chia Wei and Madam Yeow Mooi Gaik, son and sister respectively, of our Executive Director and CEO, Mr Yeah Hiang Nam. Madam Yeow Mooi Gaik received a remuneration of between $50,000 and $100,000 while Mr Yeah Chia Wei received a remuneration of between $150,000 and $200,000 for the financial year ended 31 December 2018.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

Principle 11: Risk Management and Internal Controls

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

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

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The risk issues are highlighted on pages 95 to 104 under Note 31 to the financial statements.

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

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

Principle 12: Audit Committee

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

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

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

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

(c) review the co-operation given by 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 shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Audit Committee in respect of matters in which he is interested.

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

In appointing our auditors for the Company and its subsidiaries, we have 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.

Principle 13: Internal Audit

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

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

The Company has declared a final dividend for the financial year ended 31 December 2018. Any payouts are communicated to shareholders via announcement on SGXNET when the Company discloses its financial results.

DEALING IN SECURITIES

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

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

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 Annual General Meeting held on 25 April 2018.

The aggregate value of interested person transactions above $100,000 entered into during the financial year ended 31 December 2018 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate ($'000)	Aggregate value of all interested person transactions (excluding transactions conducted under shareholders' mandate) ($'000)
Sale of pre-owned jewellery and gold		
Hwa Goldsmith and Jewellers	1,142	–
Mei Zhi Jewellery	151	–
Lucky Jewellery	1,349	–
Purchase of pre-owned jewellery and gold		
Mei Zhi Jewellery	346	–
Lease of premises		–
Yeah Properties Pte Ltd	312	–
Yeah Capital Pte Ltd	174	–
Subscription of 3-year 5.10 percent fixed rate note due 2021		
Yeah Hiang Nam	–	3,634

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 2018.

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 2018 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
Chow Wen Kwan (appointed on 17 September 2018)

In accordance with Article 98 of the Company's Constitution, Phua Tin How and Yeah Chia Kai retire and, being eligible, offer themselves for re-election. Pursuant to Article 102 of the Company's Constitution, Chow Wen Kwan retires and, being eligible, offers himself for re-election.

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

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

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2019**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2019**
Ordinary shares of the Company						
Yeah Hiang Nam	–	–	–	421,524,960	424,559,860	424,559,860
Ordinary shares of the ultimate holding company						
Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001
Yeah Lee Ching	1,076,000	1,076,000	1,076,000	–	–	–
Yeah Chia Kai	1,076,000	1,076,000	1,076,000	–	–	–

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

At the beginning of the financial year, Yeah Hiang Nam and Yeah Lee Ching held term notes, bearing a fixed interest rate of 5.5% per annum and due in June 2018, aggregating $22,000,000 and $250,000 respectively. These term notes were fully redeemed in June 2018.

On 26 April 2018, Yeah Hiang Nam and Yeah Lee Ching subscribed to term notes aggregating $23,750,000 and $250,000 respectively. The term notes bear a fixed interest rate of 5.1% per annum and are due in April 2021. At the end of the financial year, Yeah Hiang Nam and Yeah Lee Ching held term notes 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 2019.

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

5. Options

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

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

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

6. Audit committee

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

7. Auditor

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

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
25 March 2019

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 2018, 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 2018 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 adopted SFRS(I) 9 *Financial Instruments* on 1 January 2018, and assessed the allowance for expected credit losses of trade receivables based on an expected credit losses ("ECL") provision matrix.

<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, with consideration of forward-looking macroeconomic factors for each portfolio. The amount of loss exposure at default is estimated after factoring in the expected realisable value of the pledged item. Significant judgement and estimation is involved in using the historical non-renewal and non-redemption data, and forward-looking macroeconomic factors to derive the probability of default as the pawn loan ages. Accordingly, we have identified the allowance for expected credit losses 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 the Group's implementation of SFRS(I) 9 and whether the ECL provision matrix applied by the Group is consistent with the requirements of SFRS(I) 9. This includes testing the appropriateness of the inputs and assumptions used by management in the ECL provision matrix with consideration of the Group's historical loss experience and fluctuations in gold prices. We also reviewed management's assessment of forward-looking macroeconomic factors used in the ECL provision matrix, which includes management's monitoring process of the volatility of market prices of gold, as part of management's procedures in respect of managing the risk of impairment. Furthermore, we obtained an understanding of the overall process and control environment in relation to the collection of non-renewal and non-redemption data used in the ECL provision matrix, and tested the arithmetic accuracy of management's ECL provision. We have also assessed the adequacy of the disclosures related to trade receivables in Note 19.

Unsecured moneylending business

To manage the Group's credit risk, the Group sets a specific credit limit for each borrower by reviewing the borrower's credit grading and credit risk associated with the borrower. The Group assesses the allowance for expected credit losses based on an ECL provision matrix for the loan portfolio, 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 judgement is involved in the Group's credit assessment of individual borrowers and the use of forward-looking macroeconomic factors to derive the probability of default. Accordingly, we have identified the allowance for expected credit losses of trade receivables from the Group's unsecured moneylending business as a key audit matter.

Our audit procedures include, amongst others, evaluating the Group's implementation of SFRS(I) 9 and whether the ECL model applied by the Group is consistent with the requirements of SFRS(I) 9. This includes testing the appropriateness of the inputs and assumptions used by management in the ECL provision matrix with consideration of the Group's historical loss experience and management's credit assessments of individual borrowers. We also reviewed management's assessment of forward-looking macroeconomic factors used in the ECL provision matrix against the economic and industry outlook. Furthermore, we obtained an understanding of the overall process and control environment in relation to the collection of loan repayment data used in the ECL provision matrix, and tested the arithmetic accuracy of management's ECL provision. We have also assessed the adequacy of the disclosures related to trade receivables in Note 19.

Existence of pledges, cash and inventories

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

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

Other information

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

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

Other information (cont'd)

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 scepticism throughout the audit. We also:

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

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

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

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

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

- 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
25 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

	Note	2018 $'000	2017 $'000
Revenue	4	**208,711**	239,401
Cost of sales		**(161,233)**	(197,249)
Gross profit		**47,478**	42,152
Other item of income			
Other operating income	5	**3,903**	3,359
Other items of expense			
Marketing and distribution expenses		**(962)**	(1,132)
Administrative expenses		**(23,866)**	(20,429)
Finance costs	6	**(3,894)**	(3,742)
Other operating expenses	7	**(1,938)**	(955)
Share of results of associates		**2,877**	2,724
Profit before tax	8	**23,598**	21,977
Income tax expense	11	**(2,775)**	(2,417)
Profit for the year		**20,823**	19,560
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**60**	190
Total comprehensive income for the year		**20,883**	19,750
Profit for the year attributable to:			
Owners of the Company		**20,292**	19,093
Non-controlling interests		**531**	467
		20,823	19,560
Total comprehensive income for the year attributable to:			
Owners of the Company		**20,352**	19,283
Non-controlling interests		**531**	467
		20,883	19,750
Earnings per share (cents per share)			
Basic and diluted	12	**3.80**	3.58

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

	Note	Group			Company		
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Non-current assets							
Property, plant and equipment	13	**29,071**	29,984	28,909	**129**	142	124
Intangible assets	14	**43**	578	451	**–**	–	–
Investments in subsidiaries	15	**–**	–	–	**66,370**	60,807	51,832
Investments in associates	16	**15,811**	13,870	8,923	**1,002**	1,002	1,002
Other investments	17	**688**	688	688	**688**	688	688
Trade and other receivables	19	**109,486**	58,552	60,516	**–**	–	–
		155,099	103,672	99,487	**68,189**	62,639	53,646
Current assets							
Inventories	18	**64,050**	57,662	56,206	**–**	–	–
Trade and other receivables	19	**263,455**	252,063	229,831	**147,922**	132,726	134,272
Prepaid operating expenses		**551**	1,210	1,241	**54**	24	23
Cash and bank balances	20	**10,204**	7,464	7,112	**664**	689	1,021
		338,260	318,399	294,390	**148,640**	133,439	135,316
Total assets		**493,359**	422,071	393,877	**216,829**	196,078	188,962
Current liabilities							
Trade and other payables	21	**9,504**	4,451	4,692	**17,510**	6,091	3,519
Other liabilities	22	**4,310**	3,713	2,711	**1,688**	1,394	1,046
Interest-bearing loans and borrowings	23	**215,045**	212,381	151,640	**–**	49,899	–
Income tax payable		**2,998**	2,434	1,784	**261**	185	209
		231,857	222,979	160,827	**19,459**	57,569	4,774
Net current assets		**106,403**	95,420	133,563	**129,181**	75,870	130,542
Non-current liabilities							
Other payables	21	**39**	48	–	**–**	–	–
Provisions	24	**365**	332	280	**–**	–	–
Deferred tax liabilities	11	**1,948**	1,972	1,802	**15**	19	12
Interest-bearing loans and borrowings	23	**61,703**	12,933	59,681	**49,760**	–	49,662
		64,055	15,285	61,763	**49,775**	19	49,674
Total liabilities		**295,912**	238,264	222,590	**69,234**	57,588	54,448
Net assets		**197,447**	183,807	171,287	**147,595**	138,490	134,514

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

		Group			Company		
	Note	**31.12.2018**	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
Equity attributable to owners of the Company							
Share capital	25	**78,313**	78,313	78,313	**78,313**	78,313	78,313
Treasury shares	25	**(26)**	(26)	–	**(26)**	(26)	–
Retained earnings		**121,067**	107,496	94,164	**69,308**	60,203	56,201
Other reserves	26	**(6,439)**	(6,499)	(6,689)	**–**	–	–
		192,915	179,284	165,788	**147,595**	138,490	134,514
Non-controlling interests		**4,532**	4,523	5,499	**–**	–	–
Total equity		**197,447**	183,807	171,287	**147,595**	138,490	134,514
Total equity and liabilities		**493,359**	422,071	393,877	**216,829**	196,078	188,962

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

		Attributable to owners of the Company								
	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
Group										
2018										
At 1 January 2018		78,313	(26)	1,984	(7,599)	(884)	107,496	179,284	4,523	183,807
Profit for the year		–	–	–	–	–	20,292	20,292	531	20,823
Other comprehensive income										
Foreign currency translation		–	–	–	–	60	–	60	–	60
Total comprehensive income for the year		–	–	–	–	60	20,292	20,352	531	20,883
Contributions by and distributions to owners										
Dividends paid on ordinary shares	33	–	–	–	–	–	(6,721)	(6,721)	–	(6,721)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(522)	(522)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	–	–	–	–	(6,721)	(6,721)	(522)	(7,243)
At 31 December 2018		78,313	(26)	1,984	(7,599)	(824)	121,067	192,915	4,532	197,447

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

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

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018
(Amounts in Singapore Dollars)

	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Company					
At 1 January 2017		78,313	–	56,201	134,514
Profit for the year, representing total comprehensive income for the year		–	–	9,763	9,763
Contributions by and distributions to owners					
Dividends paid on ordinary shares	33	–	–	(5,761)	(5,761)
Purchase of treasury shares	25	–	(26)	–	(26)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	(26)	(5,761)	(5,787)
At 31 December 2017 and 1 January 2018		**78,313**	**(26)**	**60,203**	**138,490**
Profit for the year, representing total comprehensive income for the year		**–**	**–**	**15,826**	**15,826**
Contributions by and distributions to owners					
Dividends paid on ordinary shares	33	**–**	**–**	**(6,721)**	**(6,721)**
Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners		**–**	**–**	**(6,721)**	**(6,721)**
At 31 December 2018		**78,313**	**(26)**	**69,308**	**147,595**

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 2018
(Amounts in Singapore Dollars)

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax		**23,598**	21,977
Adjustments for:			
Depreciation of property, plant and equipment	13	**1,824**	1,534
Amortisation of intangible assets	14	**127**	88
Goodwill written off	14	**408**	–
Allowance for expected credit losses/doubtful trade receivables	7	**1,527**	551
Allowance for write-down of inventories	7	**3**	354
Impairment of convertible notes in an unquoted investment	7	**–**	50
Write-back of provision for restoration costs	24	**(45)**	(14)
Interest income	5	**(670)**	(631)
Finance costs	6	**8,705**	6,571
Write-off of property, plant and equipment	8	**34**	–
Dividend income from an unquoted investment	5	**(52)**	(48)
Increase in fair value of inventories less point-of-sale costs	18	**(7)**	(85)
Net fair value loss on loan from an unrelated party	8	**15**	56
Gain on excess of fair value over consideration of interest acquired in subsidiaries	5	**–**	(39)
Unrealised exchange loss/(gain)		**794**	(63)
Loss on liquidation of a subsidiary	8	**–**	54
Share of results of associates		**(2,877)**	(2,724)
Operating cash flows before changes in working capital		**33,384**	27,631
Changes in working capital			
Increase in inventories		**(6,384)**	(1,645)
Increase in trade and other receivables		**(63,853)**	(13,980)
Decrease in prepaid operating expenses		**659**	41
Increase/(decrease) in trade and other payables		**5,044**	(240)
Increase in other liabilities		**597**	966
Cash flows (used in)/generated from operations		**(30,553)**	12,773
Interest received		**670**	631
Interest paid		**(8,533)**	(6,334)
Income taxes paid		**(2,235)**	(1,802)
Net cash flows (used in)/generated from operating activities		**(40,651)**	5,268
Investing activities			
Purchase of property, plant and equipment	A	**(867)**	(1,040)
Net cash outflow on acquisition of subsidiaries	15	**–**	(7,795)
Additional capital injection in associates		**–**	(2,247)
Dividend income from associates		**200**	200
Dividend income from an unquoted investment	5	**52**	48
Purchase of convertible notes in an unquoted investment		**–**	(50)
Net cash flows used in investing activities		**(615)**	(10,884)

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 2018
(Amounts in Singapore Dollars)

	Note	**2018**	2017
		$'000	$'000
Financing activities			
Proceeds from interest-bearing loans and borrowings		**150,923**	61,382
Repayment of interest-bearing loans and borrowings		**(96,267)**	(50,316)
Term notes issuance expenses paid		**(311)**	–
Purchase of treasury shares	25	**–**	(26)
Dividends paid to non-controlling interests		**(522)**	(397)
Return of investment to non-controlling shareholders	15	**–**	(1,046)
Dividends paid on ordinary shares	33	**(6,721)**	(5,761)
Net cash flows from financing activities		**47,102**	3,836
Net increase/(decrease) in cash and cash equivalents		**5,836**	(1,780)
Cash and cash equivalents at beginning of the year		**3,292**	5,072
Cash and cash equivalents at end of the year	20	**9,128**	3,292

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	**2018**	2017
		$'000	$'000
Current year additions to property, plant and equipment	13	**945**	1,106
Less: Provision for restoration costs included in "Renovations"	24	**(78)**	(66)
Net cash outflow for purchase of property, plant and equipment		**867**	1,040

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

1. Corporate information

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative financial information for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group’s and the Company’s opening statements of financial position were prepared as at 1 January 2017, the Group and the Company’s date of transition to SFRS(I).

The principal reclassification made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 is disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

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

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption did not have any material effect on the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group and the Company have elected to recognise changes in fair value of its equity instruments previously classified as available-for-sale ("AFS") in other comprehensive income. As a result, assets with fair value of $688,000 were reclassified from available-for-sale to fair value through other comprehensive income ("FVOCI") on 1 January 2018.

<u>Impairment</u>

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there was objective evidence that a financial asset was impaired.

The loss allowances on trade receivables arising from the adoption of SFRS(I) 9 did not have any material effect on the financial statements of the Group and the Company.

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

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

SFRS(I) 9 Financial Instruments (cont'd)

Impairment (cont'd)

The Group has assessed which business model apply to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects are as follows:

Financial assets:

	Group and Company		
Measurement category	**FRS 39 carrying amount on 31 December 2017 $'000**	**Re-classifications $'000**	**SFRS(I) 9 carrying amount on 1 January 2018 $'000**
FVOCI			
Reclassified from AFS equity securities carried at cost	–	688	**688**
FVOCI balances and reclassifications at 1 January 2018	–	688	**688**

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2018.

The Group's retail and trading of jewellery and gold segment has applied SFRS(I) 15 retrospectively and has assessed that there was no material impact with the adoption of SFRS(I) 15.

The adoption of SFRS(I) including the application of new accounting standards did not have any material impact on the financial statements 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**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s *2015-2017 Cycle*	1 January 2019

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

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

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

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities of $7,800,000 for its leases previously classified as operating leases as of 1 January 2019.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

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

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

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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.

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Functional and foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2.7 *Property, plant and equipment*

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

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

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

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

2.7 ***Property, plant and equipment (cont'd)***

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

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

2.8 ***Intangible assets***

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

(a) *Moneylending licence*

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

(b) *Lease assignment fee*

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

2.9 ***Impairment of non-financial assets***

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

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

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

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

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.

2.11 *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.

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

2.12 *Financial instruments (cont'd)*

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

Initial recognition and measurement (cont'd)

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.

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

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

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

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

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

2.16 *Provisions*

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

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

2.16 ***Provisions (cont'd)***

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.

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. Summary of significant accounting policies (cont'd)

2.20 ***Leases***

(a) *As lessee*

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

(b) *As lessor*

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

2.21 ***Revenue***

Revenue is 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 goods*

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 ***Share capital and share issuance expenses***

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

2.24 ***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.

2.25 ***Contingencies***

A contingent liability is:

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

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

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

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

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

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

3. Significant accounting judgements and estimates

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

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

3.1 ***Judgements made in applying accounting policies***

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

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $2,998,000 (31 December 2017: $2,434,000, 1 January 2017: $1,784,000) and $1,948,000 (31 December 2017: $1,972,000, 1 January 2017: $1,802,000) respectively.

3.2 ***Key sources of estimation uncertainty***

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

(a) *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 31(a).

The carrying amount of trade receivables as at 31 December 2018 is $354,533,000 (31 December 2017: $299,336,000, 1 January 2017: $281,817,000)

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

The Group assesses periodically the allowance for write-down of inventories for inventories that are stated at the lower of cost 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 2018 would reduce by $22,000 (2017: $78,000).

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 2018 and 2017.

4. Revenue

	Group	
	2018	2017
	$'000	$'000
Retail and trading of jewellery and gold	**166,224**	204,148
Interest income from pawnbroking services	**27,485**	24,276
Interest income from moneylending services	**15,002**	10,977
	208,711	239,401

5. Other operating income

		Group	
	Note	**2018**	2017
		$'000	$'000
Rental income from leasehold properties		**867**	640
Interest income on loans and receivables		**670**	631
Dividend income from an unquoted investment		**52**	48
Management fee income from associates		**296**	302
Special Employment Credit ("SEC")		**54**	85
Temporary Employment Credit		**22**	58
Wage Credit Scheme ("WCS")		**119**	90
Enterprise Development Grant ("EDG")		**11**	–
Facility fees income		**1,219**	989
Gain on excess of fair value over consideration of interest acquired in subsidiaries	15	**–**	39
Others		**593**	477
		3,903	3,359

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

5. Other operating income (cont'd)

The WCS was introduced as a 2013 Budget Initiative and extended in the 2015 Budget to help businesses with rising wage costs. The Government co-funded 40% of wage increases from 2013 to 2015 and 20% of wage increases from 2016 to 2017 to Singaporean employees earning a gross monthly wage of up to $4,000. It was further extended in the 2018 Budget for three more years to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018, and will subsequently be stepped down to 15% in 2019 and 10% in 2020.

The EDG was introduced in the 2018 Budget to help Singapore companies grow and transform. The grant funds up to 70% of qualifying costs, namely third party consultancy fees, software and equipment, and incremental internal manpower costs.

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

6. Finance costs

	Group	
	2018	2017
	$'000	$'000
Amortisation of term notes issuance expenses	**172**	237
Interest expense		
- Bank overdrafts	**105**	70
- Bank loans	**5,433**	3,440
- Term notes	**2,915**	2,750
- Loans from directors/shareholders of subsidiaries	**80**	74
	8,705	6,571
Included in the consolidated statement of comprehensive income under:		
- Cost of sales	**4,811**	2,829
- Finance costs	**3,894**	3,742
	8,705	6,571

7. Other operating expenses

		Group	
	Note	**2018**	2017
		$'000	$'000
Allowance for write-down of inventories	18	**3**	354
Allowance for expected credit losses/doubtful trade receivables	19	**1,527**	551
Goodwill written off		**408**	–
Impairment of convertible notes in an unquoted investment		**–**	50
		1,938	955

8. Profit before tax

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

		Group	
	Note	2018	2017
		$'000	$'000
Audit fees paid to auditors of the Company		**277**	324
Non-audit fees paid to auditors of the Company		**126**	132
Depreciation of property, plant and equipment	13	**1,824**	1,534
Amortisation of intangible assets	14	**127**	88
Employee benefits expense	9	**14,234**	12,241
Inventories recognised as an expense in cost of sales	18	**156,422**	194,423
Increase in fair value of inventories less point-of-sale costs	18	**(7)**	(85)
Operating lease expense	27(a)	**4,670**	3,842
Net fair value loss on loan from an unrelated party		**15**	56
Write-off of property, plant and equipment		**34**	–
Loss on liquidation of a subsidiary		**–**	54

9. Employee benefits

	Group	
	2018	2017
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**12,515**	10,787
Central Provident Fund contributions	**1,278**	1,138
Other personnel expenses	**441**	316
	14,234	12,241

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	
	2018	2017
	$'000	$'000
Sale of goods to director-related companies	**2,642**	2,329
Purchase of goods from associates	**(525)**	(553)
Purchase of goods from director-related companies	**(346)**	(237)
Dividend income from associates	**200**	200
Rental paid to director-related companies	**(551)**	(551)
Rental paid to a director	**(98)**	(98)
Management fee income received from associates	**298**	285
Interest received from associates	**662**	596
Interest paid on loans from directors/shareholders of subsidiaries	**(70)**	(74)
Interest paid/payable on term notes held by directors	**(1,358)**	(1,251)

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

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

	Group	
	2018	2017
	$'000	$'000
Short-term employee benefits	**2,425**	2,213
Central Provident Fund contributions	**99**	91
Total compensation paid to key management personnel	**2,524**	2,304
Comprise amounts paid to:		
Directors of the Company	**1,746**	1,632
Other key management personnel	**778**	672
	2,524	2,304

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

On 1 April 2018, ValueMax Precious Metals Pte. Ltd. ("VMPM") entered into a 18-month agreement ending 31 December 2019 with Yeah Management Pte. Ltd. ("Yeah Management"), a director-related company, for the lease of VMPM's business premises. The Group expects the rental paid to Yeah Management to be $34,800 in 2019.

On 28 February 2018, VMPM entered into a 20-month agreement ending 31 December 2019 with Mr Yeah Hiang Nam ("YHN"), a director of the Company, and his spouse, Mdm Tan Hong Yee ("THY"), for the lease of storage units. The Group expects the rental paid to YHN and THY to be $20,160 in 2019.

10. Related party transactions (cont'd)

(c) ***Commitments with related parties (cont'd)***

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

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

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

On 29 July 2016, VMSG entered into a 36-month agreement ending 1 August 2019 with Yeah Capital for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Capital to be $50,750 in 2019.

On 7 June 2016, VMSG entered into a 36-month agreement ending 1 August 2019 with YHN and THY for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to YHN and THY to be $15,750 in 2019.

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

On 29 July 2016, VRP entered into a 36-month agreement ending 1 August 2019 with Yeah Capital, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Capital to be $50,750 in 2019.

On 7 June 2016, VRP entered into a 36-month agreement ending 1 August 2019 with YHN and THY for the lease of one of VRP's retail outlets. The Group expects the rental paid to YHN and THY to be $15,750 in 2019.

11. Income tax expense

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

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group	
	2018	2017
	$'000	$'000
Current income tax		
Current income taxation	**2,826**	2,245
(Over)/under provision in respect of previous years	**(27)**	2
	2,799	2,247
Deferred income tax		
Origination and reversal of temporary differences	**162**	163
(Over)/under provision in respect of previous years	**(186)**	7
	(24)	170
Income tax expense recognised in profit or loss	**2,775**	2,417

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 2018 and 2017 is as follows:

	Group	
	2018	2017
	$'000	$'000
Profit before tax	**23,598**	21,977
Tax at the domestic rates applicable to profits in the countries where the Group operates	**4,012**	3,736
Adjustments:		
- Non-deductible expenses	**260**	396
- Income not subject to taxation	**(9)**	(8)
- Effect of partial tax exemption and tax relief	**(753)**	(1,257)
- Deferred tax assets not recognised	**2**	2
- (Over)/under provision in respect of previous years	**(213)**	9
- Share of results of associates	**(489)**	(463)
- Others	**(35)**	2
Income tax expense recognised in profit or loss	**2,775**	2,417

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

(c) ***Deferred tax***

	Group	
	2018	2017
	$'000	$'000
Balance at 1 January	**1,972**	1,802
Tax (credit)/expense	**(24)**	170
Balance at 31 December	**1,948**	1,972

11. Income tax expense (cont'd)

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

Deferred tax as at 31 December relates to the following:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	**277**	241	187	**–**	–	–
Differences arising from unremitted interest income from an associate	**15**	19	12	**15**	19	12
Fair value adjustments on acquisitions of subsidiaries	**1,656**	1,712	1,603	**–**	–	–
	1,948	1,972	1,802	**15**	19	12

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $14,000 (2017: $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 (2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 33).

12. Earnings per share

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

	Group	
	2018	2017
Profit for the year attributable to owners of the Company ($'000)	**20,292**	19,093
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)*	**533,398**	533,418
Basic and diluted earnings per share (cents)	**3.80**	3.58

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

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding convertible securities for the financial years ended 31 December 2018 and 2017.

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 2017	28,557	78	2,473	682	2,173	33,963
Additions	–	–	822	86	198	1,106
Acquisition of subsidiaries (Note 15)	1,500	–	2	–	1	1,503
At 31 December 2017 and 1 January 2018	**30,057**	**78**	**3,297**	**768**	**2,372**	**36,572**
Additions	**–**	**–**	**463**	**163**	**319**	**945**
Written off	**–**	**–**	**(34)**	**–**	**(45)**	**(79)**
At 31 December 2018	**30,057**	**78**	**3,726**	**931**	**2,646**	**37,438**
Accumulated depreciation						
At 1 January 2017	1,841	4	1,462	260	1,487	5,054
Depreciation charge for the year	735	16	440	116	227	1,534
At 31 December 2017 and 1 January 2018	**2,576**	**20**	**1,902**	**376**	**1,714**	**6,588**
Depreciation charge for the year	**767**	**16**	**614**	**128**	**299**	**1,824**
Written off	**–**	**–**	**–**	**–**	**(45)**	**(45)**
At 31 December 2018	**3,343**	**36**	**2,516**	**504**	**1,968**	**8,367**
Net carrying amount						
At 1 January 2017	26,716	74	1,011	422	686	28,909
At 31 December 2017	27,481	58	1,395	392	658	29,984
At 31 December 2018	**26,714**	**42**	**1,210**	**427**	**678**	**29,071**

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

	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Company				
Cost				
At 1 January 2017	260	33	71	364
Additions	67	1	–	68
At 31 December 2017 and 1 January 2018	**327**	**34**	**71**	**432**
Additions	**64**	**–**	**–**	**64**
At 31 December 2018	**391**	**34**	**71**	**496**
Accumulated depreciation				
At 1 January 2017	167	20	53	240
Depreciation charge for the year	40	5	5	50
At 31 December 2017 and 1 January 2018	**207**	**25**	**58**	**290**
Depreciation charge for the year	**70**	**3**	**4**	**77**
At 31 December 2018	**277**	**28**	**62**	**367**
Net carrying amount				
At 1 January 2017	93	13	18	124
At 31 December 2017	120	9	13	142
At 31 December 2018	**114**	**6**	**9**	**129**

Restoration costs

Included in the Group's carrying amount of renovations is $76,000 (31 December 2017: $74,000, 1 January 2017: $35,000) of provision for restoration costs.

Assets pledged as security

A fixed and floating charge has been placed on property, plant and equipment with a carrying amount of $23,153,000 (31 December 2017: $25,444,000, 1 January 2017: $25,984,000) as security for bank borrowings (Note 23).

14. Intangible assets

	Moneylending licence	Goodwill	Lease assignment fee	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
At 1 January 2017	43	408	–	451
Additions	–	–	215	215
At 31 December 2017 and 1 January 2018	**43**	**408**	**215**	**666**
Written off	**–**	**(408)**	**–**	**(408)**
At 31 December 2018	**43**	**–**	**215**	**258**
Accumulated amortisation				
At 1 January 2017	–	–	–	–
Amortisation	–	–	88	88
At 31 December 2017 and 1 January 2018	**–**	**–**	**88**	**88**
Amortisation	**–**	**–**	**127**	**127**
At 31 December 2018	**–**	**–**	**215**	**215**
Net carrying amount				
At 1 January 2017	43	408	–	451
At 31 December 2017	43	408	127	578
At 31 December 2018	**43**	**–**	**–**	**43**

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.

14. Intangible assets

Goodwill

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

During the financial year ended 31 December 2018, Kwong Hin Pawnshop Pte. Ltd. ("KHP"), transferred its trade receivables, property, plant and equipment and trade payables to ValueMax Pawnshop (EL) Pte. Ltd., a fellow subsidiary, at cost. Subsequent to the transfer of these assets and liabilities, KHP ceased its pawnbroking business and became a remittance services company. As such, the Group has written off the goodwill arising from the acquisition of KHP, which amounted to $408,000, in the financial year ended 31 December 2018.

Lease assignment fee

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

15. Investments in subsidiaries

		Company	
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	**66,482**	60,919	51,944
Impairment losses	**(112)**	(112)	(112)
	66,370	60,807	51,832

15. Investments in subsidiaries (cont'd)

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		
			31.12.18	31.12.17	1.1.17
Held by the Company					
Ban Soon Pawnshop Pte. Ltd.(1)	Singapore	Pawnbroking	**50.55**	50.55	50.55
ValueMax Pawnshop Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
ValueMax Pawnshop (BD) Pte. Ltd.(1)	Singapore	Pawnbroking	**97.70**	97.70	97.70
ValueMax Pawnshop (PR) Pte. Ltd.(1)	Singapore	Pawnbroking	**90.89**	90.89	90.89
ValueMax Pawnshop (SG) Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
ValueMax Pawnshop (JP) Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
ValueMax Pawnshop (CCK) Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
ValueMax Pawnshop (BK) Pte. Ltd.(1)(3)	Singapore	Pawnbroking	**–**	100.00	100.00
ValueMax Pawnshop (WL) Pte. Ltd.(1)	Singapore	Pawnbroking	**97.50**	97.50	97.50
ValueMax Pawnshop (EL) Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
Teck Chong Pawnshop Pte. Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	100.00
Ban Lian Pawnshop Pte. Ltd.(1)(3)	Singapore	Pawnbroking	**–**	–	67.44
Heng Leong Pawnshop (Pte.) Ltd.(1)	Singapore	Pawnbroking	**100.00**	100.00	–
Sengkang Pawnshop Pte. Ltd.(1)(3)	Singapore	Pawnbroking	**–**	100.00	–
VM Worldwide Services Pte. Ltd.(1)(4)	Singapore	Remittance services	**100.00**	100.00	100.00
ValueMax Retail Pte. Ltd.(1)	Singapore	Retail sale of jewellery	**100.00**	100.00	100.00
ValueMax Management Pte. Ltd.(1)	Singapore	Provision of management and IT services	**100.00**	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		
			31.12.18	31.12.17	1.1.17
Held by the Company (cont'd)					
ValueMax International Pte. Ltd.[1]	Singapore	Investment holding and provision of management services	**100.00**	100.00	100.00
ValueMax Corporate Services Pte. Ltd.[1]	Singapore	Provision of business management and consultancy services	**100.00**	100.00	100.00
ValueMax Precious Metals Pte. Ltd.[1]	Singapore	Trading of gold	**100.00**	100.00	100.00
ValueMax Executives Pte. Ltd.[1]	Singapore	Provision of management services	**100.00**	100.00	100.00
ValueMax Properties Pte. Ltd.[1]	Singapore	Provision of management services and property holding	**100.00**	100.00	100.00
VM Cash Services Pte. Ltd.[1][5]	Singapore	Property holding	**100.00**	100.00	100.00
Spring Jewellery (SG) Pte. Ltd.[1]	Singapore	Retail sale of jewellery	**100.00**	100.00	100.00
VM Credit Pte. Ltd.[1]	Singapore	Licensed moneylending	**100.00**	100.00	100.00
VM Capital Pte. Ltd.[1]	Singapore	Moneylending	**100.00**	100.00	100.00
VM AutoFinance Pte. Ltd.[1]	Singapore	Car financing	**100.00**	100.00	100.00
VM Financial Services Pte. Ltd.[6]	Singapore	Moneylending	**100.00**	–	–
VMM Holdings Sdn. Bhd.[2]	Malaysia	Investment holding	**100.00**	100.00	100.00

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

(2) Audited by Lim & Company, Malaysia.

(3) ValueMax Pawnshop (BK) Pte. Ltd. and Sengkang Pawnshop Pte. Ltd. has commenced the process of a voluntary liquidation during the financial year ended 31 December 2018. Ban Lian Pawnshop Pte. Ltd. has completed its voluntary liquidation during the financial year ended 31 December 2017.

(4) Formerly known as Kwong Hin Pawnshop Pte. Ltd.

(5) Formerly known as Tai Eng Pawnbroker Pte. Ltd.

(6) Newly incorporated during the financial year and not required to be audited.

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		
		31.12.2018	31.12.2017	1.1.2017
Pawnbroking subsidiaries:				
Ban Soon Pawnshop Pte. Ltd.	Singapore	**49.45**	49.45	49.45
Ban Lian Pawnshop Pte. Ltd.	Singapore	**–**	–	32.56
ValueMax Pawnshop (BD) Pte. Ltd.	Singapore	**2.30**	2.30	2.30
ValueMax Pawnshop (PR) Pte. Ltd.	Singapore	**9.11**	9.11	9.11
ValueMax Pawnshop (WL) Pte. Ltd.	Singapore	**2.50**	2.50	2.50

Summarised financial information of subsidiaries with material NCI

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

Summarised statements of financial position

	Pawnbroking subsidiaries with material NCI		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Current			
Assets	**70,792**	68,356	65,586
Liabilities	**(50,516)**	(47,547)	(42,155)
Net current assets	**20,276**	20,809	23,431
Non-current			
Assets	**3,162**	3,316	3,704
Liabilities	**(62)**	(64)	(365)
Net non-current assets	**3,100**	3,252	3,339
Net assets	**23,376**	24,061	26,770

Summarised statements of comprehensive income

	Pawnbroking subsidiaries with material NCI	
	2018	2017
	$'000	$'000
Revenue	**16,674**	20,124
Profit before income tax	**4,117**	4,192
Income tax expense	**(545)**	(557)
Profit after tax, representing total comprehensive income	**3,572**	3,635

15. Investments in subsidiaries (cont'd)

Summarised financial information of subsidiaries with material NCI (cont'd)

Other summarised information

	Pawnbroking subsidiaries with material NCI	
	2018	2017
	$'000	$'000
Net cash flows generated from/(used in) operating activities	**2,001**	(1,511)
Profit allocated to NCI during the reporting period	**500**	490
Accumulated NCI at the end of reporting period	**4,531**	4,522
Dividends paid to NCI	**(522)**	(397)
Return of investment to NCI	**–**	(1,046)

Loss of control in subsidiaries

Voluntary liquidation of Sengkang Pawnshop Pte. Ltd. and ValueMax Pawnshop (BK) Pte. Ltd.

At their respective extraordinary general meetings held on 31 December 2018 by Sengkang Pawnshop Pte. Ltd. ("SKP") and ValueMax Pawnshop (BK) Pte. Ltd. ("VMBK"), a member's resolution was passed to appoint a liquidator to commence a member's voluntary liquidation of the respective entities on 31 December 2018.

The value of assets and liabilities of SKP and VMBK recorded in the consolidated financial statements as at 31 December 2018, and the effects of the disposals are:

	SKP	VMBK	Total
	$'000	**$'000**	**$'000**
Trade and other receivables	2,927	1,968	4,895
Cash and bank balances	7	10	17
	2,934	1,978	4,912
Other liabilities	(3)	(3)	(6)
Income tax payable	(29)	(11)	(40)
Carrying value of net assets	2,902	1,964	4,866
Cash consideration	7	10	17
Cash and cash equivalents of the subsidiaries	(7)	(10)	(17)
Net cash inflow on disposal of subsidiaries	–	–	–

15. Investments in subsidiaries (cont'd)

Loss of control in subsidiaries (cont'd)

Voluntary liquidation of Ban Lian Pawnshop Pte. Ltd.

On 25 January 2017, shareholders of Ban Lian Pawnshop Pte. Ltd. ("BLP") had resolved in an Extraordinary General Meeting to voluntarily liquidate BLP. As such, subsequent to BLP's sale of trade receivables and inventories to an existing subsidiary of the Group during the financial year ended 31 December 2016, dividends had been declared to the shareholders of BLP, which were accordingly accounted for as a return of investment to BLP's shareholders due to the intention to liquidate BLP.

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

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

Acquisition of subsidiaries

Acquisition of Heng Leong Pawnshop (Pte.) Ltd.

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

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

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

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

15. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Heng Leong Pawnshop (Pte.) Ltd. (cont'd)

Effect of the acquisition of HLP on cash flows

	Fair value recognised on acquisition $'000
Cash paid	5,352
Less: Cash and cash equivalents of subsidiary acquired	(957)
Net cash outflow on acquisition	4,395

Impact of the acquisition on profit or loss

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

Acquisition of Sengkang Pawnshop Pte. Ltd.

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

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

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

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

15. Investments in subsidiaries (cont'd)

Acquisition of Sengkang Pawnshop Pte. Ltd. (cont'd)

Effect of the acquisition of SKP on cash flows

	Fair value recognised on acquisition
	$'000
Cash paid	3,549
Less: Cash and cash equivalents of subsidiary acquired	(149)
Net cash outflow on acquisition	3,400

Impact of the acquisition on profit or loss

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

16. Investments in associates

The Group's investments in associates are summarised below:

	Group			**Company**		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Pawnbroking associates	**10,109**	9,190	6,662	**1,002**	1,002	1,002
Retail associate	**2,564**	2,282	1,145	**–**	–	–
Other associate	**3,138**	2,398	1,116	**–**	–	–
	15,811	13,870	8,923	**1,002**	1,002	1,002

16. Investments in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest		
			31.12.18	31.12.17	1.1.17
Held by the Company					
Soon Hong Pawnshop Pte. Ltd.[(1)]	Singapore	Pawnbroking	**50.00**	50.00	50.00
Held through VMM Holdings Sdn. Bhd.					
SYT Pavilion Sdn. Bhd.[(2)]	Malaysia	Investment holding	**49.46**	49.46	46.58
Kedai Pajak Well Chip Sdn. Bhd.[(2)]	Malaysia	Pawnbroking	**49.35**	49.35	46.58
Thye Shing Pawnshop Sdn. Bhd.[(3)]	Malaysia	Pawnbroking	**49.35**	49.35	46.58
Kedai Emas Well Chip Sdn. Bhd.[(2)]	Malaysia	Retail and trading of jewellery	**49.35**	49.35	46.58
Held through SYT Pavilion Sdn. Bhd.					
Pajak Gadai Bintang Sdn. Bhd.[(2)]	Malaysia	Pawnbroking	**49.46**	49.46	46.58
Pajak Gadai Shinegold Sdn. Bhd.[(2)]	Malaysia	Pawnbroking	**49.46**	49.46	46.58
Pajak Gadai Grand Chip Sdn. Bhd.[(2)]	Malaysia	Pawnbroking	**49.46**	49.46	46.58
Pajak Gadai Berlian Sdn. Bhd.[(2)]	Malaysia	Pawnbroking	**49.46**	49.46	46.58
Cahaya Damai Sdn. Bhd.[(2)(4)]	Malaysia	Pawnbroking	**49.46**	–	–
Jubli Intan Sdn. Bhd.[(2)(4)]	Malaysia	Pawnbroking	**49.46**	–	–
Mutiara Pesona Sdn. Bhd.[(2)(4)]	Malaysia	Pawnbroking	**49.46**	–	–
Rubi Kristal Sdn. Bhd.[(2)(4)]	Malaysia	Pawnbroking	**49.46**	–	–

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

(2) Audited by Lim & Company, Malaysia.

(3) Audited by YH Tan & Associates, Malaysia.

(4) Newly incorporated during the financial year ended 31 December 2018.

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		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Profit for the year, representing total comprehensive income for the year	**1,418**	998	328

16. Investments in associates (cont'd)

Summarised statements of financial position

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

	Pawnbroking associates			Retail associate		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current assets	**59,140**	52,455	44,852	**15,780**	11,974	9,325
Non-current assets	**240**	318	446	**55**	103	148
Total assets	**59,380**	52,773	45,298	**15,835**	12,077	9,473
Current liabilities	**(30,277)**	(34,400)	(28,781)	**(10,899)**	(7,710)	(7,008)
Non-current liabilities	**(8,900)**	(12)	(2,489)	**–**	(1)	(7)
Total liabilities	**(39,177)**	(34,412)	(31,270)	**(10,899)**	(7,711)	(7,015)
Net assets	**20,203**	18,361	14,028	**4,936**	4,366	2,458
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	**9,994**	9,086	6,662	**2,436**	2,155	1,145
Other adjustments	**115**	104	–	**128**	127	–
Carrying amount of the investments	**10,109**	9,190	6,662	**2,564**	2,282	1,145

Summarised statements of comprehensive income

	Pawnbroking associates		Retail associate	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Revenue	**18,329**	15,424	**14,399**	12,680
Profit after tax, representing total comprehensive income	**3,838**	3,442	**534**	1,344

17. Other investments

(a) ***Financial instruments as at 31 December 2018***

	Group and Company 2018 $'000
At fair value through other comprehensive income	
- Equity security (unquoted)	**688**
Net carrying amount	
Non-current	**688**

Investment in equity instrument designated at fair value through other comprehensive income

The fair value of the investment in equity instrument designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group and Company 2018 $'000
At fair value through other comprehensive income	
- Equity security (unquoted)	
Ban Seng Pawnshop Pte. Ltd.	**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 from Ban Seng Pawnshop Pte. Ltd. during the financial year ended 31 December 2018.

(b) ***Financial instruments as at 31 December 2017 and 1 January 2017***

	Group and Company	
	31.12.2017	1.1.2017
	$'000	$'000
Non-current:		
Available-for-sale financial asset		
- Equity security (unquoted), at cost	688	688

18. Inventories

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Consolidated statement of financial position:			
Commodity inventories at fair value	**5,740**	3,565	2,910
Other inventories at the lower of cost and net realisable value	**58,310**	54,097	53,296
	64,050	57,662	56,206

	Group	
	2018	2017
	$'000	$'000
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	**156,422**	194,423
- Allowance for write-down of inventories	**3**	354
- Increase in fair value of inventories less point-of-sale costs	**(7)**	(85)

A floating charge has been placed on the inventories with a carrying value of $64,050,000 (31 December 2017: $51,862,000, 1 January 2017: $48,627,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade and other receivables (current)						
Trade receivables	**245,747**	241,405	221,790	**–**	–	–
Other receivables	**5,468**	356	323	**5,367**	231	176
Deposits	**881**	705	680	**9**	55	45
Loans to subsidiaries	**–**	–	–	**125,006**	114,226	120,336
Loans to associates	**9,124**	8,309	6,880	**9,124**	8,309	6,309
Amounts due from subsidiaries (trade)	**–**	–	–	**558**	864	245
Amounts due from subsidiaries (non-trade)	**–**	–	–	**6,481**	8,341	7,098
Amounts due from associates (trade)	**772**	503	6	**–**	–	4
Amounts due from associates (non-trade)	**1,463**	785	149	**1,377**	700	59
Amounts due from director-related companies (non-trade)	**–**	–	3	**–**	–	–
	263,455	252,063	229,831	**147,922**	132,726	134,272

19. Trade and other receivables (cont'd)

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade and other receivables (non-current)						
Trade receivables	**108,786**	57,931	60,027	**–**	–	–
Deposits	**700**	621	489	**–**	–	–
	109,486	58,552	60,516	**–**	–	–
Total trade and other receivables (current and non-current)	**372,941**	310,615	290,347	**147,922**	132,726	134,272
Add:						
Cash and bank balances (Note 20)	**10,204**	7,464	7,112	**664**	689	1,021
Total financial assets carried at amortised cost	**383,145**	318,079	297,459	**148,586**	133,415	135,293

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

Malaysian Ringgit	**–**	–	–	**3,923**	4,743	3,006

A floating charge has been placed on trade and other receivables with a carrying value of $240,635,000 (31 December 2017: $275,586,000, 1 January 2017: $191,774,000) as security for bank borrowings (Note 23).

Trade receivables – Pawnbroking

Loans to customers in the pawnbroking segment are loans which are interest-bearing at 1.0% for the first month and 1.5% for the subsequent 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.

Trade receivables – Secured and unsecured moneylending

Secured loans to customers in the moneylending segment are loans which are interest-bearing at interest rates between 8.0% and 12.0% (2017: 6.5% and 18.0%) 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 8.2% to 47.0% (2017: 10.8% and 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.

19. Trade and other receivables (cont'd)

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% (2017: 5.0% 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% (2017: 3.0% to 5.0%) per annum, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,795,000 as at 31 December 2017 and $2,851,000 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are secured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.12.2017	1.1.2017
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	505	300
30 to 60 days	180	214
61 to 90 days	97	29
91 to 120 days	540	37
More than 120 days	473	2,271
	1,795	2,851

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

Receivables that are impaired

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

	Group	
	31.12.2017	1.1.2017
	$'000	$'000
Trade receivables – nominal amounts	203,014	158,039
Less: Allowance for impairment	(1,628)	(1,310)
	201,386	156,729
Movement in allowance accounts:		
At 1 January	1,310	
Charge for the year	551	
Written off	(233)	
At 31 December	1,628	

19. Trade and other receivables (cont'd)

Expected credit losses

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

	Group 2018 $'000
Movement in allowance accounts:	
At 1 January	**1,628**
Charge for the year	**1,527**
Written off	**(68)**
At 31 December	**3,087**

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:

	Gross carrying amounts $'000	Gross amounts offset in the statement of financial position $'000	Net amounts in the statement of financial position $'000
31 December 2018			
Trade receivables	**1,248**	**(1,111)**	**137**
Trade payables	**1,111**	**(1,111)**	**–**
31 December 2017			
Trade receivables	1,870	(1,742)	128
Trade payables	1,742	(1,742)	–
1 January 2017			
Trade receivables	6,958	(6,958)	–
Trade payables	7,008	(6,958)	50

20. Cash and bank balances

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at banks and on hand	**10,204**	7,464	7,112	**664**	689	1,021

Cash at banks do not earn interest.

There are no cash and bank balances denominated in foreign currencies as at 31 December 2018, 31 December 2017 and 1 January 2017.

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		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Cash and bank balances	**10,204**	7,464	7,112
Bank overdrafts (Note 23)	**(1,076)**	(4,172)	(2,040)
Cash and cash equivalents	**9,128**	3,292	5,072

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

A floating charge has been placed on cash and bank balances with a carrying value of $7,034,000 (31 December 2017: $5,527,000, 1 January 2017: $4,962,000) as security for bank borrowings (Note 23).

21. Trade and other payables

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade and other payables (current)						
Trade payables	**145**	86	165	**–**	–	–
Other payables	**5,826**	969	1,016	**90**	86	59
Amounts due to subsidiaries (trade)	**–**	–	–	**80**	81	51
Amounts due to subsidiaries (non-trade)	**–**	–	–	**103**	1,151	76
Amount due to an associate (trade)	**62**	3	–	**62**	3	–
Amount due to an associate (non-trade)	**37**	36	3	**4**	3	3
Amounts due to director-related companies (non-trade)	**–**	–	3	**–**	–	–
Amounts due to directors (non-trade)	**–**	2	310	**–**	–	–
Amounts due to shareholders	**21**	33	81	**–**	–	–
Loan from a subsidiary	**–**	–	–	**17,171**	4,767	3,330
Loans from shareholders	**3,413**	3,322	3,114	**–**	–	–
	9,504	4,451	4,692	**17,510**	6,091	3,519
Other payables (non-current)						
Deposits	**39**	48	–	**–**	–	–
Total trade and other payables (current and non-current)	**9,543**	4,499	4,692	**17,510**	6,091	3,519
Add:						
Accrued operating expenses (Note 22)	**3,707**	3,309	2,379	**1,688**	1,394	1,046
Interest-bearing loans and borrowings (Note 23)	**276,748**	225,314	211,321	**49,760**	49,899	49,662
Less:						
Loan from an unrelated party (Note 23)	**(1,741)**	(1,726)	(1,670)	**–**	–	–
Total financial liabilities carried at amortised cost	**288,257**	231,396	216,722	**68,958**	57,384	54,227

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

United States Dollars	**1,111**	1,742	7,008	**–**	–	–

Trade payables denominated in USD amounting to $1,111,000 (31 December 2017: $1,742,000, 1 January 2017: $6,958,000) were offset against trade receivables from the same counterparty as disclosed in Note 19.

21. Trade and other payables (cont'd)

Trade and other payables

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

Related party balances

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

Loan from a subsidiary is unsecured, bears interest at 3.00% (2017: 3.00%) per annum and is repayable on demand.

Loans from shareholders are unsecured, bear interest at 1.50% to 3.00% (2017: 1.50% to 3.00%) per annum and are repayable on demand.

22. Other liabilities

		Group			Company	
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Accrued operating expenses	**3,707**	3,309	2,379	**1,688**	1,394	1,046
Advances from customers	**594**	395	323	**–**	–	–
Deferred revenue from customer loyalty award	**9**	9	9	**–**	–	–
	4,310	3,713	2,711	**1,688**	1,394	1,046

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	
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
At 1 January	**9**	9	9
Additions during the year	**–**	1	1
Recognised in profit or loss	**–**	(1)	(1)
At 31 December	**9**	9	9

23. Interest-bearing loans and borrowings

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Loan from an unrelated party	**1,741**	1,726	1,670	**–**	–	–
Bank overdrafts	**1,076**	4,172	2,040	**–**	–	–
Bank loans	**212,228**	156,584	147,930	**–**	–	–
Term notes	**–**	49,899	–	**–**	49,899	–
	215,045	212,381	151,640	**–**	49,899	–
Non-current						
Term notes	**49,760**	–	49,662	**49,760**	–	49,662
Bank loans	**11,943**	12,933	10,019	**–**	–	–
	61,703	12,933	59,681	**49,760**	–	49,662
Total current and non-current borrowings	**276,748**	225,314	211,321	**49,760**	49,899	49,662
Add:						
Loan from a subsidiary (Note 21)	**–**	–	–	**17,171**	4,767	3,330
Loans from shareholders (Note 21)	**3,413**	3,322	3,114	**–**	–	–
Total loans and borrowings	**280,161**	228,636	214,435	**66,931**	54,666	52,992

Loan from an unrelated party

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

Bank overdrafts

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

Bank loans

Bank loans are repayable on demand, except for bank loans amounting to $12,821,000 (31 December 2017: $13,753,000, 1 January 2017: $10,491,000) with remaining tenure ranging from 2 to 18 years (31 December 2017: 3 to 19 years, 1 January 2017: 4 to 20 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		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
Bank overdrafts	**5.12% to 5.64%**	2.70% to 5.64%	3.09% to 6.96%	**5.00%**	5.00%	5.00%
Bank loans	**2.94% to 3.63%**	1.68% to 3.50%	1.86% to 2.67%	**–**	–	–
Loan from an unrelated party	**2.50%**	2.50%	2.50%	**–**	–	–
Loan from subsidiaries (Note 21)	**3.00%**	3.00%	3.00%	**3.00%**	3.00%	3.00%
Loans from shareholders (Note 21)	**1.50% to 3.00%**	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		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Nominal value of term notes issued	**50,000**	50,000	50,000
Less: Issuance expenses	**(311)**	(474)	(474)
At date of issue	**49,689**	49,526	49,526
Cumulative amortisation of transaction costs	**71**	373	136
Net carrying amount of term notes	**49,760**	49,899	49,662

			Group and Company		
Date issued	**Interest rate**	**Maturity dates**	**31.12.2018**	31.12.2017	1.1.2017
			$'000	$'000	$'000
6 June 2016[1]	5.50%	6 June 2018	–	49,899	49,662
26 April 2018[2]	5.10%	26 April 2021	**49,760**	–	–
			49,760	49,899	49,662

(1) During the financial year ended 31 December 2016, unsecured term notes due 2018 ("Series 001 Notes") issued by the Group and the Company under the Multicurrency Medium Term Note Programme ("MTN Programme") amounted to $50,000,000, with issuance expenses amounting to $474,000. During the financial year ended 31 December 2018, these Series 001 Notes issued under the MTN Programme were redeemed by the Group and the Company.

(2) During the financial year ended 31 December 2018, unsecured term notes due 2021 ("Series 002 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			
	31.12.2017	Net cash flows from financing activities	Net fair value loss on loan from an unrelated party	Amortisation of term notes issuance expenses	Other	31.12.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Loan from an unrelated party	1,726	**–**	**15**	**–**	**–**	**1,741**
Term notes						
- Current	49,899	**(50,000)**	**–**	**101**	**–**	**–**
- Non-current	–	**49,689**	**–**	**71**	**–**	**49,760**
Bank loans						
- Current	156,582	**54,656**	**–**	**–**	**990**	**212,228**
- Non-current	12,933	**–**	**–**	**–**	**(990)**	**11,943**
Total	221,140	**54,345**	**15**	**172**	**–**	**275,672**

			Non-cash changes				
	1.1.2017	Net cash flows from financing activities	Acquisition of a subsidiary	Net fair value loss on loan from an unrelated party	Amortisation of term notes issuance expenses	Other	31.12.2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loan from an unrelated party	1,670	–	–	56	–	–	1,726
Term notes							
- Current	–	–	–	–	237	49,662	49,899
- Non-current	49,662	–	–	–	–	(49,662)	–
Bank loans							
- Current	147,930	7,791	500	–	–	361	156,582
- Non-current	10,019	3,275	–	–	–	(361)	12,933
Total	209,281	11,066	500	56	237	–	221,140

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

24. Provisions

	Group	
	2018	2017
	$'000	$'000
Provision for restoration costs:		
At 1 January	**332**	280
- Arose during the financial year	**78**	66
- Write-back during the financial year	**(45)**	(14)
At 31 December	**365**	332

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

25. Share capital and treasury shares

	No. of ordinary shares		Amount	
Group and Company	**Issued share capital**	**Treasury shares**	**Share capital**	**Treasury shares**
	'000	**'000**	**$'000**	**$'000**
Balance at 1 January 2017	533,498	–	78,313	–
Treasury shares purchased	–	(100)	–	(26)
Balance at 31 December 2017, 1 January 2018 and 31 December 2018	**533,498**	**(100)**	**78,313**	**(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.

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

The Company acquired Nil (2017: 100,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $Nil (2017: $26,000) and this was presented as a component within shareholders' equity.

26. Other reserves

		Group		
	Note	**31.12.2018**	31.12.2017	1.1.2017
		$'000	$'000	$'000
Capital reserve	(a)	**1,984**	1,984	1,984
Merger reserve	(b)	**(7,599)**	(7,599)	(7,599)
Foreign currency translation reserve	(c)	**(824)**	(884)	(1,074)
		(6,439)	(6,499)	(6,689)

26. Other reserves (cont'd)

(a) ***Capital reserve***

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

(b) ***Merger reserve***

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

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

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

27. Commitments

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

The Group has entered into commercial leases in respect of office, storage and outlet premises. 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 2018 amounted to $4,670,000 (2017: $3,842,000).

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

		Group	
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Not later than one year	**3,430**	3,748	3,032
Later than one year but not later than five years	**4,786**	3,039	2,339
Later than five years	**104**	–	–
	8,320	6,787	5,371

27. Commitments (cont'd)

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

The Group has entered into commercial lease agreements on its office, storage and outlet premises. The lease agreements do not contain escalation clauses. Certain lease agreements provide for contingent rentals based on a percentage of sales derived. The minimum contingent rental receivable under the lease agreements amounted to $25,000 (31 December 2017: $25,000, 1 January 2017: $20,000) per month.

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

		Group	
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Not later than one year	**731**	854	599
Later than one year but not later than five years	**400**	503	189
	1,131	1,357	788

28. Contingencies

Guarantees

The Group has guaranteed part of the loans and borrowings of the associates to a maximum amount of $7,000,000 (31 December 2017: $6,627,000, 1 January 2017: $10,933,000), which it is severally liable for in the event of default by the associates.

The Company has provided corporate guarantees to banks for an aggregate of $232,248,000 (31 December 2017: $180,316,000, 1 January 2017: $170,923,000) in respect of bank facilities utilised by certain subsidiaries and associates.

29. Fair value of assets and liabilities

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

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

		Fair value measurements at the end of the reporting period using			
	Note	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
Group					
31 December 2018					
Assets measured at fair value					
Financial assets:					
Equity security at FVOCI					
– Unquoted equity security, representing total financial assets as at 31 December 2018	17	–	–	688	688
Non-financial assets:					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2018	18	5,740	–	–	5,740
Liabilities measured at fair value					
Non-financial liabilities:					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2018	23	(1,741)	–	–	(1,741)

29. 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) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group					
31 December 2017					
Assets measured at fair value					
Non-financial assets:					
Available-for-sale financial assets					
– Commodity inventories at fair value, representing total non-financial assets as at 31 December 2017	18	3,565	–	–	3,565
Liabilities measured at fair value					
Non-financial liabilities:					
– Loan from an unrelated party, representing total non-financial liabilities as at 31 December 2017	23	(1,726)	–	–	(1,726)
1 January 2017					
Assets measured at fair value					
Non-financial assets:					
Available-for-sale financial assets					
– Commodity inventories at fair value, representing total non-financial assets as at 1 January 2017	18	2,910	–	–	2,910
Liabilities measured at fair value					
Non-financial liabilities:					
– Loan from an unrelated party, representing total non-financial liabilities as at 1 January 2017	23	(1,670)	–	–	(1,670)

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

(c) ***Level 1 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.

(d) ***Level 3 fair value measurements***

Determination of fair value

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.

30. Segment information

Business segments

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

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

(a) Pawnbroking;
(b) Retail and trading of jewellery and gold;
(c) Moneylending; and
(d) Other operations including investment holding and provision of other support services.

30. 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 $95,444,000 (2017: $130,336,000), 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 2018							
Revenue from external customers	27,485	166,224	15,002	–	–		208,711
Inter-segment revenue	29,534	–	–	–	(29,534)	A	–
Results:							
Interest income	–	–	–	6,345	(5,675)	A	670
Allowance for write-down of inventories	–	3	–	–	–		3
Allowance for expected credit losses on trade receivables	189	809	529	–	–		1,527
Share of results of associates	–	–	–	2,877	–		2,877
Segment profit	12,206	416	7,438	661	2,877	B	23,598
Assets:							
Investments in associates	–	–	–	15,811	–		15,811
Segment assets	215,458	66,284	163,183	114,899	(66,465)	C	493,359
Segment liabilities	141,608	25,949	54,447	64,204	9,704	D	295,912

30. Segment information (cont'd)

	Pawnbroking	Retail and trading of jewellery and gold	Moneylending	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000	$'000		$'000
Year ended 31 December 2017							
Revenue from external customers	24,276	204,151	10,974	–	–		239,401
Inter-segment revenue	26,607	–	–	–	(26,607)	A	–
Results:							
Interest income	–	–	–	6,018	(5,387)	A	631
Allowance for write-down of inventories	–	354	–	–	–		354
(Write-back)/allowance for doubtful trade receivables	(28)	–	579	–	–		551
Share of results of associates	–	–	–	2,724	–		2,724
Segment profit	10,636	1,994	5,201	1,422	2,724	B	21,977
Assets:							
Investments in associates	–	–	–	13,870	–		13,870
Segment assets	193,264	60,626	128,016	100,974	(60,809)	C	422,071
Segment liabilities	116,247	21,256	32,001	63,918	4,842	D	238,264
As at 1 January 2017							
Assets:							
Investments in associates	–	–	–	8,923	–		8,923
Segment assets	176,132	59,587	125,241	84,748	(51,831)	C	393,877
Segment liabilities	101,982	20,860	34,118	62,044	3,586	D	222,590

Notes

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

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

	Group	
	2018	2017
	$'000	$'000
Share of results of associates	**2,877**	2,724

30. Segment information (cont'd)

Notes (cont'd)

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

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Inter-segment assets	**(66,465)**	(60,809)	(51,831)

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

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Deferred tax liabilities	**1,948**	1,972	1,802
Income tax payable	**2,998**	2,434	1,784
Inter-segment liabilities	**4,758**	436	–
	9,704	4,842	3,586

31. Financial risk management objectives and policies

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

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

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

(a) ***Credit risk***

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

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

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

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.

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.

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

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

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 2018 reconciles to the opening loss allowance for that provision as follows:

	Group
	$'000
Loss allowance provision for Group's trade receivables	
As at 1 January 2018	**1,628**
Loss allowance measured with the general approach:	
12-month ECL	**578**
Lifetime ECL	
- Credit risk has increased significantly since initial recognition	**140**
Loss allowance measured with the simplified approach:	
Lifetime ECL	**809**
ECL written off	**(68)**
As at 31 December 2018	**3,087**

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

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

(i) <u>Trade receivables – Pawnbroking segment</u>

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.

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

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

(i) Trade receivables – Pawnbroking segment (cont'd)

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.

(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.

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

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

(ii) Trade receivables – Moneylending segment (cont'd)

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 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.

(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 28 to the financial statements.

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

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

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 16% (2017: 30%) 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 (Trade and other receivables).

(b) ***Liquidity risk***

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

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

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.

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
31 December 2018				
Financial assets:				
Trade and other receivables	278,335	79,106	87,767	445,208
Cash and bank balances	10,204	–	–	10,204
Total undiscounted financial assets	288,539	79,106	87,767	455,412
Financial liabilities:				
Trade and other payables	9,504	39	–	9,543
Accrued operating expenses	3,707	–	–	3,707
Interest-bearing loans and borrowings	216,317	58,482	7,857	282,656
Total undiscounted financial liabilities	229,528	58,521	7,857	295,906
Total net undiscounted financial assets	59,011	20,585	79,910	159,506

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

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

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

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
31 December 2017				
Financial assets:				
Trade and other receivables	260,596	39,584	54,119	354,299
Cash and bank balances	7,464	–	–	7,464
Total undiscounted financial assets	268,060	39,584	54,119	361,763
Financial liabilities:				
Trade and other payables	4,451	48	–	4,499
Accrued operating expenses	3,309	–	–	3,309
Interest-bearing loans and borrowings	211,685	5,060	13,320	230,065
Total undiscounted financial liabilities	219,445	5,108	13,320	237,873
Total net undiscounted financial assets	48,615	34,476	40,799	123,890
1 January 2017				
Financial assets:				
Trade and other receivables	231,154	27,110	40,939	299,203
Cash and bank balances	7,112	–	–	7,112
Total undiscounted financial assets	238,266	27,110	40,939	306,315
Financial liabilities:				
Trade and other payables	4,692	–	–	4,692
Accrued operating expenses	2,379	–	–	2,379
Interest-bearing loans and borrowings	153,216	54,817	9,968	218,001
Total undiscounted financial liabilities	160,287	54,817	9,968	225,072
Total net undiscounted financial assets/ (liabilities)	77,979	(27,707)	30,971	81,243

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

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

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

Company	One year or less $'000	One to five years $'000	Total $'000
31 December 2018			
Financial assets:			
Trade and other receivables	**147,922**	**–**	**147,922**
Cash and bank balances	**664**	**–**	**664**
Total undiscounted financial assets	**148,586**	**–**	**148,586**
Financial liabilities:			
Trade and other payables	**17,510**	**–**	**17,510**
Accrued operating expenses	**1,688**	**–**	**1,688**
Interest-bearing loans and borrowings	**2,089**	**53,822**	**55,911**
Total undiscounted financial liabilities	**21,287**	**53,822**	**75,109**
Total net undiscounted financial assets/(liabilities)	**127,299**	**(53,822)**	**73,477**
31 December 2017			
Financial assets:			
Trade and other receivables	132,726	–	132,726
Cash and bank balances	689	–	689
Total undiscounted financial assets	133,415	–	133,415
Financial liabilities:			
Trade and other payables	6,091	–	6,091
Accrued operating expenses	1,394	–	1,394
Interest-bearing loans and borrowings	50,938	–	50,938
Total undiscounted financial liabilities	58,423	–	58,423
Total net undiscounted financial assets	74,992	–	74,992

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

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

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

Company	**One year or less $'000**	**One to five years $'000**	**Total $'000**
1 January 2017			
Financial assets:			
Trade and other receivables	134,272	–	134,272
Cash and bank balances	1,021	–	1,021
Total undiscounted financial assets	135,293	–	135,293
Financial liabilities:			
Trade and other payables	3,519	–	3,519
Accrued operating expenses	1,046	–	1,046
Interest-bearing loans and borrowings	2,987	50,938	53,925
Total undiscounted financial liabilities	7,552	50,938	58,490
Total net undiscounted financial assets/(liabilities)	127,741	(50,938)	76,803

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

		One year or less	
	31.12.2018 $'000	31.12.2017 $'000	1.1.2017 $'000
Group			
Financial guarantees	**7,000**	6,627	10,933
Company			
Financial guarantees	**232,248**	180,316	170,923

(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 (2017: 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 (2017: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $1,135,000 (2017: $877,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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

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

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

The Group did not hedge any of its foreign currency payable during the financial years ended 31 December 2018 and 2017. There was no outstanding forward currency contract as at 31 December 2018 and 2017.

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

Sensitivity analysis for foreign currency risk

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

	Profit before tax	
	2018	2017
	$'000	$'000
USD/SGD		
- strengthened 5% (2017: 5%)	**(56)**	(87)
- weakened 5% (2017: 5%)	**56**	87

(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% (2017: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been $200,000 (2017: $92,000) higher/lower, arising as a result of an increase/decrease in the fair value of the gold commodity inventories and the loan from an unrelated party.

32. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017.

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

			Group	
	Note	**31.12.2018**	31.12.2017	1.1.2017
		$'000	$'000	$'000
Interest-bearing loans and borrowings	23	**276,748**	225,314	211,321
Trade and other payables	21	**9,543**	4,499	4,692
Other liabilities	22	**4,310**	3,713	2,711
Less: Cash and bank balances	20	**(10,204)**	(7,464)	(7,112)
Net debt		**280,397**	226,062	211,612
Equity attributable to owners of the Company		**192,915**	179,284	165,788
Capital and net debt		**473,312**	405,346	377,400
Gearing ratio		**59%**	56%	56%

33. Dividends

	Group and Company	
	2018	2017
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2017: 1.26 cents (2016: 1.08 cents) per share	**6,721**	5,761
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 2018: 1.33 cents (2017: 1.26 cents) per share	**7,094**	6,721

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 25 March 2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Phua Tin How, Mr Yeah Chia Kai and Mr Chow Wen Kwan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 April 2019 ("AGM") (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 PHUA TIN HOW	**MR YEAH CHIA KAI**	**MR CHOW WEN KWAN**
Age	68	40	45
Date of Appointment	27 September 2013	27 September 2013	17 September 2018
Date of last re-appointment	19 April 2016	19 April 2016	N.A.
Job Title	● Independent Director ● Non-executive Chairman ● Chairman of the Nominating Committee and Member of the Remuneration and Audit Committees	● 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 Phua Tin How, Mr Yeah Chia Kai and Mr Chow Wen Kwan: ● 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	No	Executive, responsible for overseeing the operations of the pawnbroking and retail businesses	No
Working experience, occupation(s) and professional qualification during the past 10 years	Executive Director of Transil Pte. Ltd Master in Business Administration Degree from INSEAD France Bachelor of Science (Hons) Degree from University of Singapore	Executive Director of the Group <u>2013 - 2009</u> General Manager – Pawnbroking <u>2007 – 2009</u> Operations Manager – Pawnbroking	Lawyer LL.B. from the National University of Singapore LL.M. from the University of Virginia. Certificate in Governance as Leadership from the Harvard Kennedy School of Government.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA TIN HOW	MR YEAH CHIA KAI	MR CHOW WEN KWAN
		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	Qualified to practice in Singapore and New York, USA.
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	No	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
Other Principal Commitments (Including Directorships) - Present	Beijing Yinjian Industry Co. Ltd YHI International Ltd Hao Hua Holdings Pte Ltd TranSil Corporation 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.	Bird & Bird ATMD LLP IAG Limited Hafary Holdings Limited Versalink Holdings Limited Katrina Group Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA TIN HOW	MR YEAH CHIA KAI	MR CHOW WEN KWAN
		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 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. VM Financial Services Pte. Ltd.	
Other Principal Commitments (Including Directorships) - Past (for the last 5 years)	Nil	Nil	Ley Choon Group Holdings Limited SMJ International Holdings Limited Rich Capital Holdings Limited
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$78,312,982
No. of Shares Issued	:	533,397,960
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	71	5.74	56,417	0.01
1,001 - 10,000	539	43.57	3,225,500	0.61
10,001 - 1,000,000	607	49.07	54,584,199	10.23
1,000,001 & above	20	1.62	475,531,844	89.15
Total	1,237	100.00	533,397,960	100.00

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

	Name of Shareholders	No. of Shares	% of Shares
1	YEAH HOLDINGS PTE LTD	189,069,960	35.45
2	CITIBANK NOMINEES SINGAPORE PTE LTD	167,365,000	31.38
3	DBS NOMINEES PTE LTD	50,484,500	9.46
4	TAN HONG YEE	39,728,000	7.45
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,297,800	0.62
6	MAYBANK KIM ENG SECURITIES PTE LTD	2,393,800	0.45
7	PHILLIP SECURITIES PTE LTD	2,318,900	0.43
8	HO JUAT KENG	2,308,600	0.43
9	CGS-CIMB SECURITIES (S) PTE LTD	2,210,084	0.41
10	TEO CHONG HOCK	2,065,000	0.39
11	ONG PANG AIK	2,000,000	0.37
12	SIK LEY BOY	1,917,800	0.36
13	CHEONG SOON KIAT	1,726,000	0.32
14	RAFFLES NOMINEE (PTE) LIMITED	1,713,600	0.32
15	SIK PEI SHAN (XUE PEISHAN)	1,360,200	0.26
16	SIK SOO CHING SUSAN	1,311,000	0.25
17	LIM CHER KHIANG	1,117,700	0.21
18	ONG POH LIM @ ONG PAO LIM	1,089,100	0.20
19	OCBC SECURITIES PRIVATE LTD	1,044,800	0.20
20	LIM YUXIAN (LIN YUXIAN)	1,010,000	0.19
	TOTAL:	**475,531,844**	**89.15**

STATISTICS OF SHAREHOLDINGS

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

	Direct Interest		Deemed Interest	
	No. of shares	**% of shares**	**No. of shares**	**% of shares**
Name of Shareholder				
YEAH HOLDINGS PTE. LTD. (1)	189,069,960	35.45	150,000,000	28.12
YEAH HIANG NAM @ YEO HIANG NAM (2)(3)	–	–	424,559,960	79.60
TAN HONG YEE (2)(3)	39,728,000	7.45	384,831,960	72.15

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

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

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

Shareholdings held in the hands of the public

Based on the information available to the Company as at 19 March 2019, approximately 20.22 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 IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at 261 Waterloo Street #01-35, Singapore 180261 on 30 April 2019 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 2018 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 1.33 cents per share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To approve the Directors' fees of S$138,380/- for the financial year ended 31 December 2018 (31 December 2017: S$185,000/-). **(Resolution 3)**

4. To re-elect Mr Phua Tin How who is retiring by rotation pursuant to Article 98 of the Company's Constitution, and wishes to seek re-election as a Director of the Company. **(Resolution 4)**

   Mr. Phua Tin How will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Remuneration and Audit Committees, and 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 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 5)**

6. To re-elect the Mr. Chow Wen Kwan 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 6)**

   Mr. Chow Wen Kwan will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees and be considered independent for the purposes of Rule 704(8) of the Listing Manual.

7. To re-appoint Messrs. Ernst & Young LLP as auditor 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) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

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

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

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

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

    (ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier; or

(iii) the date on which the Share buy back is fulfilled up to the full extent of the Share Buy Back Mandate; and

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

(Resolution 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 Companies Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company;

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

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

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

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

That approval be and is hereby given:

(a) 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**");

(b) the Proposed Renewal of IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and

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

(Resolution 10)

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the First and Final Dividend (the "**Proposed First & Final Dividend"**) being obtained at the AGM to be held on 30 April 2019, the Share Transfer Books and the Register of Members of the Company will be closed on 21 May 2019 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 17 May 2019 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 17 May 2019 will be entitled to the Proposed First and Final Dividend.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

15 April 2019

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 AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

NOTES

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

PERSONAL DATA POLICY

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

VALUEMAX GROUP LIMITED

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

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

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

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 261 Waterloo Street, #01-35, Singapore 180261 on 30 April 2019 at 10.00 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors' Statement and Auditors' Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 1.33 cents per share for the financial year ended 31 December 2018.		
3.	To approve the Directors' fees of S$138,380/- for the financial year ended 31 December 2018.		
4.	To re-elect Mr Phua Tin How as a Director pursuant to Article 98 of the Company's Constitution.		
5.	To re-elect Mr Yeah Chia Kai as a Director pursuant to Article 98 of the Company's Constitution.		
6.	To re-elect Mr Chow Wen Kwan as a Director pursuant to Article 102 of the Company's Constitution.		
7.	To re-appoint Messrs Ernst & Young LLP as auditor 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		

Dated this ________ day of ______________ 2019

Total Number of Shares Held

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

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

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

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

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

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

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

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

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

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time set for the Annual General Meeting.

1st fold here

AFFIX
STAMP

The Company Secretary

VALUEMAX GROUP LIMITED

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

2nd fold here

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

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2019.

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: 6272 1800

CENTRAL

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

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

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

WATERLOO CENTRE
261 Waterloo Centre #01-31 S(180261)
T: 6481 1788 (Moneylending shop)

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

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

EAST

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

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

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

218 Bedok North Street 1 #01-31 S(460218)
T: 6441 2480

BUANGKOK
2750 Compassvale Link #01-10 S(544275)
T: 6817 8978

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

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

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

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

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

* held by an associated company in Singapore

VALUEMAX GROUP LIMITED

261 Waterloo Street, Waterloo Centre, #01-35, Singapore 180261
Tel: +65 6466 5500 Fax: +65 6441 7195
www.valuemax.com.sg