IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)) or (ii) located within the United States. The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of ValueMax Group Limited, DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any differences between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of ValueMax Group Limited or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of ValueMax Group Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

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You are responsible for protecting against viruses and other destructive items. If you receive this information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

ValueMax Group Limited

(Incorporated in the Republic of Singapore on 7 August 2003)
(UEN/Company Registration No. 200307530N)

S$300,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by ValueMax Group Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes.

Sole Arranger

DBS

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NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Notes. The Issuer confirms that this Information Memorandum contains all information which is or may be material in the context of the Programme and the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be S$300,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the U.S. and include Notes in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger or the Dealers makes any representation or warranty as to the Issuer or its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arranger or any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made the Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and its subsidiaries and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 112, 113 and 114 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective purchasers of any of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of Notes.

Prospective investors should pay attention to the risk factors set out in the section on "Risk Factors".

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer’s and/or the Group’s revenue, profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and/or the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section on “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 22 April 2016 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, as amended, restated or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Arranger**"	:	DBS Bank Ltd.
"**Bearer Notes**"	:	Notes in bearer form.
"**Board**"	:	Board of Directors of the Issuer.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Certificate**"	:	A registered certificate representing one or more Registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a holder of Registered Notes of that Series.
"**Common Depositary**"	:	In relation to a Series of the Notes, a depositary common to Euroclear and Clearstream, Luxembourg.
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note or a Global Certificate, by the provisions of such Global Note or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing Definitive Note.

"Dealers"	:	Persons appointed as dealers under the Programme.
"Definitive Note"	:	A definitive Bearer Note having, where appropriate, Coupons and/or a Talon attached on issue.
"Directors"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum, unless otherwise stated.
"Executive Directors"	:	The executive directors of the Issuer as at the date of this Information Memorandum, unless otherwise stated.
"fine gold bars"	:	Gold bars with a minimum purity of 99.5%.
"FY"	:	Financial year ended or ending 31 December.
"Global Certificate"	:	A Certificate representing Registered Notes of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) the Common Depositary and/or (iii) any other clearing system.
"Global Note"	:	A global Note representing Bearer Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons or a Talon.
"Group"	:	The Issuer and its subsidiaries.
"IRAS"	:	Inland Revenue Authority of Singapore.
"Issuer"	:	ValueMax Group Limited.
"Issuing and Paying Agent"	:	DBS Bank Ltd.
"ITA"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"Latest Practicable Date"	:	8 April 2016.
"MAS"	:	The Monetary Authority of Singapore.
"Moneylenders Act"	:	The Moneylenders Act, Chapter 188 of Singapore, as amended, supplemented or modified from time to time.
"Noteholders"	:	The holders of the Notes.
"Notes"	:	The notes issued or to be issued by the Issuer under the Programme.
"Pawnbrokers Act"	:	The Pawnbrokers Act, Chapter 222 of Singapore, as amended, supplemented or modified from time to time.

"**Permanent Global Note**"	:	A Global Note representing Bearer Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note.
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement supplemental to the Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"**Programme**"	:	The S$300,000,000 Multicurrency Medium Term Note Programme of the Issuer.
"**Programme Agreement**"	:	The Programme Agreement dated 22 April 2016 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended, restated or supplemented from time to time.
"**Registered Notes**"	:	Notes in registered form.
"**Registrar**"	:	DBS Bank Ltd.
"**Secondhand Goods Dealers Act**"	:	The Secondhand Goods Dealers Act, Chapter 288A of Singapore, as amended, supplemented or modified from time to time.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended.
"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**" or "**Securities and Futures Act**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares and preference shares in the capital of the Issuer.
"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
"**Temporary Global Note**"	:	A Global Note representing Bearer Notes of one or more Tranches of the same Series on issue.

"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Transfer Agent**"	:	DBS Bank Ltd.
"**Trust Deed**"	:	The Trust Deed dated 22 April 2016 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, restated or supplemented from time to time.
"**Trustee**"	:	DBS Trustee Limited.
"**United States**" or "**U.S.**"	:	United States of America.
"**ValueMax**"	:	ValueMax Group Limited.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**US$**" or "**US dollars**"	:	United States dollars.
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Phua Tin How Yeah Hiang Nam Yeah Lee Ching Yeah Chia Kai Lim Tong Lee Lim Hwee Hai
Company Secretary	:	Lotus Isabella Lim Mei Hua
Registered Office	:	213 Bedok North Street 1 #01-121 Singapore 460213
Auditor	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Noteholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	ValueMax Group Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	DBS Trustee Limited.
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	DBS Bank Ltd.
Description	:	S$300,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$300,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary on behalf of Euroclear and/or Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase at the Option of the Issuer or the Noteholders	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Redemption at the Option of the Issuer for Taxation Reasons	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
Redemption at the Option of the Noteholders upon Cessation or Suspension of Trading of Shares	:	In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 30 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in Condition 6(g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). "**Effective Date**" means (where the shares of the Issuer cease to be traded on the SGX-ST) the date of cessation of trading or (where trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven market days) the business day immediately following the expiry of such continuous period of seven market days; and "**market day**" means a day on which the SGX-ST is open for securities trading.

Redemption at the Option of the Noteholders upon Change of Shareholding Event	:	If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence (the "**Transfer Date**") give notice to the Noteholders of the occurrence of such event and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 30 days from the Transfer Date (or if such date is not a business day, on the next day which is a business day). "**Change of Shareholding Event**" occurs when Yeah Hiang Nam and the Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 51 per cent. of the issued share capital for the time being of the Issuer; and "**Immediate Family Members**" means the father, mother, siblings, wife, son(s) and daughter(s) of Mr Yeah Hiang Nam.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of its subsidiaries will, create or permit to be created or have outstanding any security on or over the whole or any part of their respective undertakings, assets, property, revenues (including uncalled capital), present or future, save for: (a) any security created over any asset existing on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any security to be created over such asset in connection with the extension or refinancing of the original credit facilities secured by such asset, provided that, in each case, the amount secured by any such security may not be increased except with the prior consent of the Noteholders by way of an Extraordinary Resolution; (b) any liens or rights of set-off arising solely by operation of law and in the ordinary course of its business, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means; (c) any security over any assets acquired, renovated, refurbished and/or developed by it ((in the case of a renovation, refurbishment or development of such asset) whether such assets are acquired before or after the date of the Trust Deed) after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, renovation, refurbishment or development of such assets and, in each case, securing a principal amount not exceeding the cost of that acquisition, renovation, refurbishment and/or development;

(d) any security created by way of fixed and/or floating charge on or over its assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(e) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;

(f) pledges of goods, related documents of title and/or other related documents arising in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(g) (in the case of a company which becomes a subsidiary of the Issuer after the date of the Trust Deed) any security over the assets of such subsidiary subsisting as at the date on which it became a subsidiary provided that the ratio of the Consolidated Secured Debt to Consolidated Total Assets shall not exceed 0.60:1 (and for the purposes of this paragraph (g), the terms "Consolidated Secured Debt" and "Consolidated Total Assets" shall have the meanings given to them in Condition 4(b) but adjusted to take into account the total debts of such subsidiary which are secured by such security and the total book value of all assets of such subsidiary); and

(h) any other security created or permitted to subsist, the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will ensure that:

(a) its Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be less than S$125,000,000;

(b) the ratio of its Consolidated Total Liabilities (Net of Cash) to Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be more than 2.0:1; and

(c) the ratio of its Consolidated Secured Debt to Consolidated Total Assets (as defined in the Trust Deed) shall not at any time exceed 0.60:1.

General Covenants : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will:

(a) not, and will ensure that none of its subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Condition 4(c)(i), is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on the Issuer. The following disposals shall not be taken into account under Condition 4(c)(i):

(1) disposals in the ordinary course of business on an arm's length basis and on normal commercial terms;

(2) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business on normal commercial terms and on arm's length;

(3) any exchange of assets for other assets of a similar type or value on normal commercial terms and on arm's length;

(4) any payment of cash as consideration for the acquisition of any asset on arm's length and on normal commercial terms; and

(5) any disposal approved by the Noteholders by way of an Extraordinary Resolution;

(b) ensure that there is no material change in the nature of its business, or the business of itself and its subsidiaries taken as a whole (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and whether by disposal, acquisition or otherwise);

(c) not, unless required by law, without the prior consent in writing of the Trustee or the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any form of re-organisation, amalgamation, reconstruction, merger or consolidation with any other company or person or any other schemes of compromise or arrangement affecting its present constitution, in each case save where such event is not likely to result in a material adverse effect on the Issuer; and

(d) save as disclosed to the Trustee in writing on or prior to the date of the Trust Deed, ensure that none of its subsidiaries is prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any distribution on such subsidiary's share capital or (iii) from repaying to the Issuer any loans or advances made by the Issuer to such subsidiary.

Events of Default	:	See Condition 10.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 22 April 2016 made between (1) ValueMax Group Limited (the "**Issuer**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "**Deed of Covenant**") dated 22 April 2016, relating to the Notes executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 22 April 2016 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**" and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), (4) DBS Bank Ltd., as transfer agent (in such capacity, the "**Transfer Agent**" and, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Note or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes**: In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge**: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

(i) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of its subsidiaries will, create or permit to be created or have outstanding any security on or over the whole or any part of their respective undertakings, assets, property, revenues (including uncalled capital), present or future, save for:

(1) any security created over any asset existing on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any security to be created over such asset in connection with the extension or refinancing of the original credit facilities secured by such asset, provided that, in each case, the amount secured by any such security may not be increased except with the prior consent of the Noteholders by way of an Extraordinary Resolution;

(2) any liens or rights of set-off arising solely by operation of law and in the ordinary course of its business, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means;

(3) any security over any assets acquired, renovated, refurbished and/or developed by it ((in the case of a renovation, refurbishment or development of such asset) whether such assets are acquired before or after the date of the Trust Deed) after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, renovation, refurbishment or development of such assets and, in each case, securing a principal amount not exceeding the cost of that acquisition, renovation, refurbishment and/or development;

(4) any security created by way of fixed and/or floating charge on or over its assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(5) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;

(6) pledges of goods, related documents of title and/or other related documents arising in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(7) (in the case of a company which becomes a subsidiary of the Issuer after the date of the Trust Deed) any security over the assets of such subsidiary subsisting as at the date on which it became a subsidiary provided that the ratio of the Consolidated Secured Debt to Consolidated Total Assets shall not exceed 0.60:1 (and for the purposes of this paragraph (7), the terms “Consolidated Secured Debt” and “Consolidated Total Assets” shall have the meanings given to them in Condition 4(b) below but adjusted to take into account the total debts of such subsidiary which are secured by such security and the total book value of all assets of such subsidiary); and

(8) any other security created or permitted to subsist, the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will ensure that:

(i) its Consolidated Tangible Net Worth shall not at any time be less than S$125,000,000;

(ii) the ratio of its Consolidated Total Liabilities (Net of Cash) to Consolidated Tangible Net Worth shall not at any time be more than 2.0:1; and

(iii) the ratio of its Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.60:1.

For the purposes of these Conditions:

(1) "**Consolidated Secured Debt**" means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group;

(2) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

(I) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraphs (A) and (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

(II) excluding any sums set aside for future taxation; and

(III) deducting:

(aa) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(bb) all goodwill and other intangible assets; and

(cc) any debit balances on consolidated profit and loss account;

(3) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;

(4) “**Consolidated Total Debt**” means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) bank overdrafts and all other indebtedness in respect of any bank borrowings;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Notes and the Trust Deed;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group;

(5) “**Consolidated Total Liabilities**” means the aggregate of Consolidated Total Debt plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore, including:

(A) current creditors, proposed dividends and taxation payable within 12 months;

(B) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;

(C) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;

(D) all actual and contingent liabilities of whatsoever nature of any member of the Group including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the par value of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;

(E) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property, and any other amounts due to creditors other than current creditors;

(F) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and

(G) any amount proposed to be distributed to shareholders,

provided that no liabilities shall be included in the calculation of Consolidated Total Liabilities more than once;

(6) “**Consolidated Total Liabilities (Net of Cash)**” means Consolidated Total Liabilities less cash and bank balances;

(7) "**Group**" means the Issuer and its subsidiaries;

(8) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore; and

(9) "**Test Period**" means, in respect of each financial quarter, each period of 12 months (on a rolling 12 month basis) ending on the last day of such financial quarter of the Group.

(c) General Covenants

So long as any of the Notes remains outstanding, the Issuer hereby covenants with the Trustee, amongst others, that it will:

(i) not, and will ensure that none of its subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this Condition 4(c)(i), is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on the Issuer. The following disposals shall not be taken into account under this Condition 4(c)(i):

(1) disposals in the ordinary course of business on an arm's length basis and on normal commercial terms;

(2) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business on normal commercial terms and on arm's length;

(3) any exchange of assets for other assets of a similar type or value on normal commercial terms and on arm's length;

(4) any payment of cash as consideration for the acquisition of any asset on arm's length and on normal commercial terms; and

(5) any disposal approved by the Noteholders by way of an Extraordinary Resolution;

(ii) ensure that there is no material change in the nature of its business, or the business of itself and its subsidiaries taken as a whole (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and whether by disposal, acquisition or otherwise);

(iii) not, unless required by law, without the prior consent in writing of the Trustee or the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any form of re-organisation, amalgamation, reconstruction, merger or consolidation with any other company or person or any other schemes of compromise or arrangement affecting its present constitution, in each case save where such event is not likely to result in a material adverse effect on the Issuer; and

(iv) save as disclosed to the Trustee in writing on or prior to the date of the Trust Deed, ensure that none of its subsidiaries is prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any distribution on such subsidiary's share capital or (iii) from repaying to the Issuer any loans or advances made by the Issuer to such subsidiary.

5. (I) **Interest on Fixed Rate Notes**

(a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(II)(d)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) **Interest on Floating Rate Notes or Variable Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the "**Specified Number**

of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

(C) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any);

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,

in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable

Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note:

(i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating;

(ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office; and

(iii) if a payment is to be made on that day:

(1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore;

(2) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros; and

(3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning (and including) on the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(i)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, if so required by the Issuer, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of the Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of the Noteholders

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) If, for any reason, a Change of Shareholding Event (as defined below) occurs, the Issuer will within seven days of such occurrence (the "**Transfer Date**") give notice to the Noteholders of the occurrence of such event and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 30 days from the Transfer Date (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an exercise notice in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent or the Issuer (as applicable), no later than 21 days from the Transfer Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

For the purposes of this Condition 6(e)(ii):

(1) a "**Change of Shareholding Event**" occurs when Yeah Hiang Nam and the Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 51 per cent. of the issued share capital for the time being of the Issuer; and

(2) "**Immediate Family Members**" means the father, mother, siblings, wife, son(s) and daughter(s) of Mr Yeah Hiang Nam.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a duly authorised director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST (as defined in the Trust Deed) or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 30 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any other Transfer Agent or the Issuer (as applicable), no later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6(g):

(1) "**Effective Date**" means (where the shares of the Issuer cease to be traded on the SGX-ST) the date of cessation of trading or (where trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven market days) the business day immediately following the expiry of such continuous period of seven market days; and

(2) "**market day**" means a day on which the SGX-ST is open for securities trading.

(h) Purchases

The Issuer or any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer and/or any of its related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or the relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of its related corporations may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Agent Bank, any Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars; provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) an Agent Bank having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Notes, having a specified office in Singapore and (iv) a Registrar in relation to Registered Notes having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of the holder of any holders for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 20 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes (in the case of interest) within three business days of its due date and (in all other cases, including any sum in respect of principal payable by it under any of the Notes) when due;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if in the opinion of the Trustee the event resulting in such non-compliance or incorrect representation, warranty or statement is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days after notice of such non-compliance or incorrect representation, warranty or statement shall have been given by the Trustee to the Issuer;

(d) (i) any other indebtedness of the Issuer or any of its subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due (taking into account any originally applicable grace period in any agreement in relation to that indebtedness) or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer or any of its subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys (taking into account any originally applicable grace period in such guarantee);

provided however that no Event of Default will occur under this Condition 10(d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this Condition 10(d) has/have occurred equals or exceeds S$5,000,000 or its equivalent in other currency or currencies;

(e) the Issuer or any of its subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the indebtedness of the Issuer or any of its subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its subsidiaries and is not discharged within 14 days;

(g) any security on or over the whole or any material part of the property or assets of the Issuer or any of its subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) any step is taken by any person with a view to the winding-up of the Issuer or any of its subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its subsidiaries or over the whole or any material part of the property or assets of the Issuer or any of its subsidiaries (except, in the case of a subsidiary of the Issuer only, a voluntary winding-up of such subsidiary not involving insolvency and such event is not likely to have a material adverse effect on the Issuer);

(i) the Issuer or any of its subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature which are discharged within 30 days of their commencement) against the Issuer or any of its subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions, "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

11. Enforcement of Rights

At any time after an Event of Default has occurred (which has not been waived) or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 20 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Trust Deed, have power by Reserved Matter Extraordinary Resolution (a) to sanction any proposal by the Issuer for the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity, (b) to amend or modify any provision of this Trust Deed or any related provision affecting the ranking of the Notes in the Conditions or any other Issue Documents in a manner which adversely affects the Noteholders, (c) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Issue Documents, the Notes or the Coupons, (d) to amend the dates of maturity or redemption of the Notes or any date for payment of principal, interest or Interest Amounts on the Notes, (e) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes or the interest (including default interest under Condition 7(h), if applicable), (f) to reduce the rate or rates of interest (including default interest under Condition 7(h), if applicable) in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (g) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the calculation of the Amortised Face Amount, (h) to vary the currency or currencies of payment or denomination of the Notes, (i) to impair the right to institute proceedings to enforce repayment after the Notes have become due and payable, (j) to waive an Event of Default, (k) to reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose holders is necessary for waiver of compliance with certain provisions of the Trust Deed or for waiver of certain defaults under the Conditions or any of the Issue Documents, (l) to take any steps that as specified hereon may only be taken following approval by a Reserved Matter Extraordinary Resolution, (m) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass any Extraordinary Resolution and/or to sign a resolution in writing, and (n) to amend the definition of a Reserved Matter and/or paragraphs 2 and 2A of Schedule 5 to the Trust Deed. The quorum for any meeting convened to consider any Extraordinary Resolution shall be two or more persons holding or representing not less than 66 2/3 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing not less than 25 per cent. in principal amount of Notes for the time being outstanding. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders.

For the purposes of these Conditions:

(i) "**Extraordinary Resolutions**" means, depending on the context, a Normal Extraordinary Resolution or a Reserved Matter Extraordinary Resolution.

(ii) "**Normal Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with this Trust Deed by a majority of at least 66⅔ per cent. of the votes cast; and

(iii) "**Reserved Matter Extraordinary Resolution**" means a resolution passed in respect of a Reserved Matter (as defined in the Trust Deed) at a meeting of Noteholders duly convened and held in accordance with this Trust Deed by a majority of at least 75 per cent. of the votes cast.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable (and in any event within 14 days of such modification) in accordance with Condition 16 and by way of an announcement on the SGX-ST.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a leading newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In the case where the Issuer is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall only be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be given or published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Noteholders.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

18. Governing Law and Jurisdiction

(a) Governing Law

The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction: The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) No Immunity

The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons ("**Proceedings**") against it or any of its assets, no immunity from such Proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such Proceedings.

THE ISSUER

1. History and Background

ValueMax, an investment holding company originally registered as "Fang Yuan Holdings Pte. Ltd.", was incorporated in Singapore on 7 August 2003 under the Companies Act as a private company limited by shares. It subsequently changed its name to "ValueMax Group Pte. Ltd." on 7 April 2004 and on 16 October 2013, it converted into a public limited company and changed its name to "ValueMax Group Limited".

ValueMax was listed on the Main Board of the SGX-ST on 30 October 2013.

2. Business

The principal business activities of the Group are pawnbroking as well as the retail of pre-owned jewellery and gold, the wholesale trading of gold, and moneylending in Singapore.

In its nascent years, the Group engaged in the business of pawnbroking in Singapore. Pawnbroking is a form of collateralised micro-financing. It is a regulated and licensed activity under the Pawnbrokers Act. Valuable articles such as gold ornaments, diamonds, platinum, silver bars, precious stone jewellery and luxury watches are offered and, subject to appraisal, accepted as collateral for the loans extended by the Group to its customers. The Group operated from several outlets in different parts of Singapore.

In 2001, to complement its pawnbroking business, the Group established the business of retailing and trading of pre-owned jewellery arising from the unredeemed pledged articles from each outlet. Over the years, as the number of outlets grew, the retailing and trading of pre-owned jewellery business expanded alongside.

To expand its geographical reach, the Group ventured into Malaysia through the establishment of an associated company, in early 2006, which initially carried on the business of pawnbroking. Following this foray into the Malaysia market, the Group continued to expand its presence in Malaysia by investing in associated companies. Apart from pawnbroking, the Group's business in Malaysia also expanded to include retailing and trading of pre-owned jewellery.

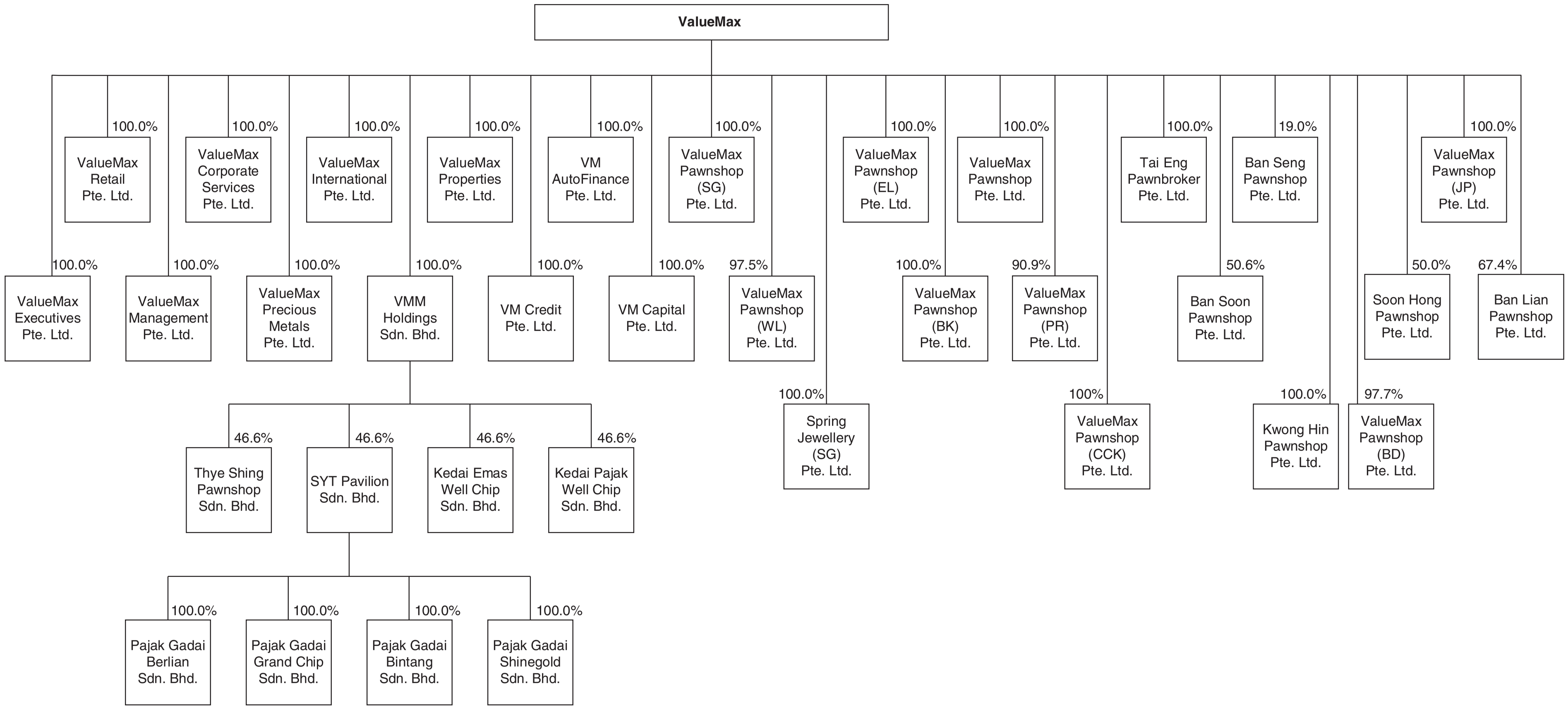
In 2009, the Group established a standalone retail outlet focusing on the retail of pre-owned jewellery. In the same year, the Group further diversified into the gold wholesale trading business. As part of its gold trading business, the Group reconditions scrap gold jewellery which it has purchased for sale. The Group also trades in scrap gold and fine gold bars.

In line with the Group's strategy to expand into the provision of alternative forms of financing services, the Group expanded its business into secured and unsecured moneylending in 2014 and 2015 respectively. The security for such loans would be in the form of mortgages of private residential and commercial properties. With a broader range of services being offered to existing and new customers, the Group would now have a more diversified business and income base.

As at the Latest Practicable Date, the Group has pawnshops and retail outlets in 25 strategic locations in Singapore. The Group also has 11 outlets in Singapore and Malaysia held through its associated companies.

As at the Latest Practicable Date, ValueMax's market capitalisation is approximately S$128.04 million.

3. Corporate Structure



4. The Group's Business Operations

4.1 Overview

The business activities of the Group consist of pawnbroking, the retail and trading of pre-owned jewellery and gold, in each case in Singapore and Malaysia, and moneylending in Singapore.

The breakdown of the Group's revenue by business segments is set out below:

	FY2013		FY2014		FY2015	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Pawnbroking[1]	20,472	5.8	20,147	6.2	20,396	7.6
Retail and trading of pre-owned jewellery and gold[2]	332,676	94.2	304,293	93.8	246,779	91.4
Moneylending[1]	–	–	76	–[3]	2,708	1.0
Total	353,148	100.0	324,516	100.0	269,883	100.0

Notes:

1 Pawnbroking and moneylending revenue is derived from interest income.

2 Revenue from retail and trading of pre-owned jewellery and gold is derived from the sale of pre-owned jewellery and gold.

3 Not meaningful. The Group only commenced its moneylending operations in 2014.

Pawnbroking contributes more than 50% to the Group's profit before tax for FY2013, FY2014 and FY2015. For a breakdown of the Group's profit before tax by business segments, please refer to notes 29 and 30 to the audited consolidated financial statements of the Group for FY2014 and FY2015 at pages 199 to 201 and 279 to 282 of this Information Memorandum respectively.

The Group's business activities are mainly conducted, and its assets are mainly located, in Singapore.

4.2 Pawnbroking

The Group's main business is the provision of pawnbroking services. Pawnbroking is a form of collateralised micro-financing. It is a regulated and licensed activity under the Pawnbrokers Act.

The Group's pawnbroking customers are mainly walk-in individuals, who offer valuable personal articles such as gold ornaments, diamonds, platinum, silver bars, precious stone jewellery and luxury watches and, subject to appraisal, are accepted as collateral for loans extended by the Group to its customers. The maximum interest rate chargeable by the Group to its customers in its pawnbroking business is regulated by legislation.

Each personal article pawned is redeemable within six (6) months from the day that it is pawned (exclusive of that day) unless renewed, or in the case of a pledged article, within such longer time as may have been specially agreed upon at the time of pawning ("**Redemption Period**"). If the pledged article has not been redeemed after the expiry of the Redemption Period, a notice of forfeiture would be served on the pawner. The notice would state, amongst others, that the pledged article would be forfeited one month after the date on which the notice is served, unless the pawner redeems the pledge or extends the redemption period on or before the expiry of the period of the notice, which is one month after the date on which the notice is served.

The following is a summary of the key stages and processes which the Group undertakes in respect of its pawnbroking business:

(a) Granting of loans process

The principal stages in the granting of loans process for the Group's pawnbroking business are as follows:

Process	**Description**
Customer brings articles for pawning	A customer presents personal article(s) for pawning, together with the customer's National Registration Identity Card ("**NRIC**") for verification purposes.
Assessment and valuation	The Group's appraiser examines, authenticates, weighs and assesses each article presented by the customer. The Group cannot and will not accept an article for pawning if the customer appears to be intoxicated or apparently below the age of 16.
Offer and acceptance of loan amount	Once the assessment and valuation is completed, a loan will be offered to the customer. The loan amount is determined based on a loan to valuation ratio. The valuation of the article depends on various factors including the quality, purity and condition of the article pledged, and the prevailing gold price. Where the pawn value exceeds S$5,000, the Group's appraiser will seek a second opinion from a second appraiser. In addition, where the pawn value exceeds S$10,000, the Group's system will send an automated notification to its Area Managers overseeing the pawnshops and pre-owned jewellery retail outlets, as well as to the Executive Directors. Where the pawn value exceeds S$50,000, the appraiser will have to seek approval from an Executive Director prior to offering the loan.
Issue of pawn ticket	Upon the loan amount being agreed between the Group and the customer and all requisite particulars being recorded, the Group will issue a pawn ticket to the customer and disburse the loan.
Storage of pledged articles	Pledged articles are stored in the Group's strong room/safe.

(b) Redemption process

The principal stages in redemption process for the Group's pawnbroking business are as follows:

Process	Description
Presentation of pawn ticket	To redeem a pledged article, the customer brings the relevant pawn ticket to the pawnshop, together with proof of the customer's identity.
Checks and confirmation of loan repayment and interest amounts	The Group will check the pawn ticket and calculate the applicable interest to be charged. In accordance with the Pawnbrokers Act, the Group may charge interest at a rate of not more than 1.5% per month on the amount of the loan. The Group offers different redemption and repayment modes to its customers as follows: (a) Full redemption, where loan and interest due are repaid in full and the customer gets the pledged article(s) back. (b) Partial redemption, where a customer who has pawned a number of articles redeems only some of the pledged articles. Here, the customer repays the interest due and only part of the loan. A new pawn ticket will be issued for the customer's remaining pledged articles, which may generally be redeemed within the next six (6) months. (c) Renewal, where there is no physical redemption of any pledged articles by the customer. The customer pays only the interest due and renews the loan for another six (6) months. There is no limit to the number of renewals that can be made on a pledged article, subject to the payment of the interest due and payable. (d) Partial repayment of loan, where the customer at any time during the Redemption Period opts to make partial repayment of the loan. A new pawn ticket will be issued reflecting the reduced loan amount.
Return of pledged article(s)	Once full repayment of the loan is received from the customer, the pledged article(s) is returned to the customer.

(c) Forfeiture of Unredeemed Articles

In respect of articles that remain unredeemed after the redemption period, the Group will serve a notice of forfeiture to the pawner to remind the pawner that the Redemption Period has expired and that the pledged articles are liable to be forfeited unless the pawner redeems the pledged articles or extends the redemption period on or before the expiry of the notice period, which is one month after the date on which the notice is served.

If the articles are not redeemed one month after the date on which the notice of forfeiture is served, the articles will become the Group's absolute property. These articles are then sold to the Group's retail arm. Selected pre-owned jewellery, after reconditioning, will be displayed at the Group's retail outlets for sale. Where the articles are damaged or have low customer demand, they will be processed and sold as scrap gold.

4.3 Retail and Trading of Pre-Owned Jewellery and Gold

The Group also engages in the retail and trading of pre-owned jewellery and gold. The Group acquires pre-owned jewellery and gold from several sources as follows:

(a) The Group offers walk-in individuals the option of direct sale at (i) the Group's retail outlets which are located within the premises of the pawnshops, as well as (ii) the Group's standalone retail outlet. Such items can then be reconditioned and re-sold as pre-owned jewellery;

(b) The Group reconditions forfeited pledged articles (mainly jewellery and watches) so that they can be re-sold as pre-owned jewellery;

(c) The Group also reconditions selected gold jewellery purchased from its suppliers (such as other pawnshops, secondhand gold traders, jewellery retailers, and goldsmiths), for sale as pre-owned jewellery. Otherwise, the scrap gold is sold to refiners or melted into gold bars to be on-sold to jewellery factories; and

(d) The Group also purchases fine gold bars from refiners and gold traders for its gold trading business.

The Group's customers of pre-owned jewellery are primarily walk-in individuals at its retail outlets while customers for its gold trading business comprise mainly jewellery retailers, factories and wholesalers as well as refiners.

The following is a summary of the key stages and processes which the Group undertakes in respect of its retail and trading of pre-owned jewellery:

Process	**Description**
Customer brings items for sale	A customer presents personal article(s) for trade-in, together with the customer's NRIC for verification purposes.
Assessment and valuation	The Group's appraiser examines, authenticates, weighs and assesses each article presented by the customer for sale to the Group.
Offer and acceptance of loan amount payable to the customer	Once the assessment and valuation process is completed, an offer will be made to the customer for acceptance.
Issue of receipt	Upon acceptance of the offer, the customer's particulars will be recorded, cash will be disbursed to the customer and the personal article will be accepted for trade-in. The customer is also required to sign on a copy of the receipt which the Group will retain.

Process	Description
Sorting of items	The articles will then be sent to the Group's head office for valuation and to be categorised according to their quality, design and other relevant factors. The items will also include forfeited pledged articles that have become the absolute property of the Group.
Sale of pre-owned jewellery selected for sale at the Group's retail outlets	Pre-owned jewellery selected for sale at the Group's retail outlets will be reconditioned before being sent to the Group's retail outlets for sale.
Sale of pre-owned jewellery that are disassembled	Pre-owned jewellery not selected for sale at the Group's retail outlets will be disassembled into its components of gold and precious gems which will be sold.

The following is a summary of the key stages and processes which the Group undertakes in respect of its gold trading business:

Process	Description
Acquisition of scrap gold/gold bars	The Group acquires scrap gold, including scrap gold jewellery, scrap gold bars and scrap gold ornaments, from pawnshops, secondhand dealers, as well as goldsmiths and jewellery shops and factories. As and when required, the Group also acquires fine gold bars directly from its suppliers.
Processing and sale of gold	Where the item is saleable, the Group will recondition the scrap gold jewellery purchased to sell as pre-owned jewellery at its retail outlets to walk-in customers. Otherwise, the scrap gold is either sold to refiners or melted into gold bars to be on-sold to jewellery factories and wholesalers. The gold bars acquired from the Group's suppliers may be sold in their original form or processed for sale into such quantities as agreed upon between the Group and its customers, which include jewellery retailers and factories.

4.4 Moneylending

The Group's moneylending business is mainly regulated and licensed under the Moneylenders Act. The secured moneylending business targets customers who own private residential and commercial properties. The unsecured moneylending business is not targeted at the mass market, but at selected individuals with high annual income and/or high net worth who require such loans for business or commercial reasons and corporate entities.

Under its moneylending business, the Group's loan processing and disbursement time is generally faster, compared to banks and financial institutions. In accordance with the Moneylenders Act, the maximum interest rate chargeable on a loan is 4.0% per month.

The credit risk management committee of the Group is tasked with the responsibility of overseeing the risk management activities (such as identifying and managing the various business risks) for the moneylending business as well as approving and implementing appropriate risk management procedures and measures.

In addition, the Group recently expanded its business to include car financing.

(a) Secured Moneylending

The following is a summary of the key stages and processes which the Group undertakes in respect of its secured moneylending business:

Process	**Description**
Verification of information and assessment	Upon a request for loan, the Group obtains proof of identity, background and contact details from the customer and conducts background, credit and bankruptcy as well as insolvency searches, as may be necessary. The Group also obtains information on the security to be provided by the customer. In the event that the Group requires a personal guarantee as security for the loan, it will obtain information regarding the financial background of the guarantor and will conduct credit search as well as bankruptcy and insolvency searches against the guarantor as necessary. Such information will then be submitted to the management for approval.
Determination of loan terms	The management determines the terms of the loan to be offered, such as the amount and the interest rate of the loan and the period of repayment, with each loan to be determined on a case-by-case basis, taking into account the customer's background and other factors. Generally, the Group grants loans based on a loan-to-value ratio of not more than 60%.
Loans secured by real estate	For loans secured by real estate, the Group places strong emphasis on the valuation of the real estate to be mortgaged when determining the loan terms. An in-depth valuation report of the real estate to be mortgaged may be required from an independent surveyor engaged by the Group. The Group's staff may also conduct an on-site visit of the real estate to examine its condition if and when necessary. The terms of the mortgage loan to be offered, such as the amount and the interest rate of the loan and the period of repayment, is determined on a case-by-case basis, taking into account the customer's background and other factors such as the following: • tenor of the loan; • any existing encumbrance(s) on the mortgaged real estate; • liquidity and marketability of the mortgaged real estate; and

Process	Description
	• valuation of the mortgaged real estate.
	If the Group is satisfied with its assessment, the Group will appoint its solicitor to process the legal documents in relation to the mortgage loan. It will notify the customer of the loan approval after the Group is satisfied with the title searches (including as to good title) on the real estate.
Loan collection	In the event of a default in the repayment of the loan, the Group will firstly provide verbal reminders by telephone to the customer. If the overdue amount remains unsettled after verbal reminders, the Group will issue written reminders and notices to the customer. Where the amount is overdue and the Group is unable to contact the customer or the amount remains overdue for more than 60 days, the Group will consider taking legal action against the relevant customer for the overdue loan as well as to enforce and recover possession of the mortgaged real estate(s). If judgment is granted in favour of the Group and/or under the terms of the mortgage, the Group shall be entitled to sell the mortgaged real estate by way of public auction or private contract.

(b) Unsecured Moneylending

The Group's main risk management measures with respect to the unsecured moneylending business include (i) screening of borrowers, where due diligence checks (both compliance-based and credit-based) will be duly performed before any loan is disbursed, (ii) putting in place a loan approval matrix, where, depending on the loan amount, various levels of internal approvals would be required before a loan is approved, and (iii) proper record-keeping, in accordance with the applicable laws and regulations.

The following is a summary of the key stages and processes which the Group undertakes in respect of its unsecured moneylending business:

Process	Description
Verification of information and assessment	Upon a request for loan, the Group obtains proof of identity, background and contact details from the individual and conducts background, credit and bankruptcy and insolvency searches as necessary. Where a personal guarantee is required as security for the loan, it will obtain information regarding the financial background of the guarantor and will conduct credit search and bankruptcy and insolvency searches against the guarantor as necessary. Such information will then be submitted to the management for approval.

Process	Description
Determination of loan terms	After the Group is satisfied with the results of verification and assessment, the Group will present an offer letter to the customer containing the terms of the loan. The management will determine the offer terms of the loan, such as the amount and the interest rate of the loan and the period of repayment, on a case-by-case basis considering the customer's background and other factors. Upon acceptance of the Group's letter of offer, the loan is disbursed in accordance with the agreed terms.
Loan collection	In the event of a default in the repayment of the loan, the Group will firstly provide verbal reminders by telephone to the relevant customer. If the overdue amount remains unsettled after verbal reminders, the Group will issue written reminders and notices to the relevant customer. Where the amount is overdue and the Group is unable to contact the relevant customer or the amount remains overdue for more than 60 days, the Group will consider taking legal action against the relevant customer for the overdue loan.

5. Competitive Strengths

The Group believes that the following competitive strengths have enabled it to compete effectively against its competitors:

5.1 The Issuer is an established and award-winning company which is listed on the Main Board of the SGX-ST and the Group has a well-established brand name in the industry

The Group has established a strong track record and reputation under its "ValueMax" brand name. The Group believes that it is one of the oldest and most established pawnbroking chains in Singapore, with more than 25 years of experience in the pawnbroking industry. It positions itself as an experienced, trustworthy and professional pawnbroking chain that customers can depend on for reliable and competitive valuation. ValueMax is also the first and only company engaged in the pawnbroking business that is listed on the Main Board of the SGX-ST, and the Group believes that the Main Board listing status gives its customers an additional reason to be confident of the business operations of the Group.

In addition, the Group has also received various awards and certifications. In 2014, the Group was awarded the runner-up position for the 15th Investors' Choice Awards – Most Transparent Company Award 2014 under the New Issues category by Securities Investors Association (Singapore). In the same year, two of the Group's subsidiaries also won the Singapore SME 1000 Awards in Net Profit Excellence as well as the Singapore SME 1000 Awards in Sales Growth Excellence respectively. In 2010, the Group was a winner of the Singapore Prestige Brand Award for Established Brands in recognition of its outstanding achievement in branding. In the same year, the Group was also awarded the Enterprise 50 Award 2010 in recognition of its enterprising accomplishments in business. ValueMax Pawnshop Pte. Ltd. was also the first in the industry to be awarded with CaseTrust accreditation in 2004. CaseTrust is the accreditation arm of the Consumers Association of Singapore, and is Singapore's de facto standard for companies who wish to demonstrate their commitment to fair trading and transparency to consumers.

5.2 The Group's business model enables it to provide quick and convenient diversified financing services catered for different types of customers with different needs

The Group is one of the few financing service providers in Singapore having both the Pawnbrokers Licence and the Moneylenders Licence. This provides the Group with the flexibility in granting pawn loans as well as loans (both secured and unsecured) with different interest rates, loan amounts and terms to suit the different needs of its customers. With the stable income streams from the Group's pawn loan services, the Group diversified its financing services to include the provision of loan services to its customers in 2014. The Group believes that such business model positions it well in further developing and expanding its mortgage loan service and/or other peripheral financing businesses to cater for the different needs of its customers.

Customers of the Group's financing services are mostly individual customers. Different types of customers have different financing needs and possess different types of properties. The Group accepts a variety of personal properties such as gold and jewellery, diamonds, watches, and mortgaged real estate as collaterals for the security of pawn loans and mortgage loans.

The Group aims to provide loans to its customers on a timely manner so as to serve their immediate liquidity needs. The Group's approval process for its pawn loans usually completes within minutes while that for its mortgage loans completes within days.

Many of the Group's customers are repeat customers and the Group believes that its customers come back due to its reputation and integrity, and most importantly, its quick and convenient services and the variety of collaterals that the Group accepts.

5.3 The Group's participation in the pawnbroking, pre-owned jewellery and gold industry value chain allows it to harness revenue from complementary sources

The Group's integrated businesses allow it to have complementary revenue sources from the various segments of the pawnbroking value chain, including the retail and trading of pre-owned jewellery and gold.

Through its gold trading business, the Group is able to select from a larger pool of pre-owned jewellery for retail sale. It is also able to reduce its costs by placing less reliance on third party intermediaries by reconditioning unredeemed pledged articles within the Group. Such measures allow the Group to offer a wider range of pre-owned jewellery for retail at more competitive prices.

In addition, the Group is able to sell scrap gold from its unredeemed and forfeited pledged articles and relatively slower-moving stocks to refiners or melt them into gold bars to be on-sold to jewellery factories and wholesalers. Its gold trading business also provides it with the networks and connections to the gold and jewellery industry to further expand its pawnbroking and retail of pre-owned jewellery businesses.

5.4 The Group has an established market position with a network of pawnshops, pre-owned jewellery retail outlets and moneylending outlets in strategic and convenient locations, resulting in resilient earnings

The Group is a pawnbroking chain with one of the longest and most established track record in Singapore. It has a large network of outlets across 25 strategic and convenient locations in Singapore, including locations near amenities like bus interchanges and Mass Rapid Transit stations. This large network facilitates customer outreach, thereby providing customers with convenient access to its pawnbroking services. The Group also has 11 outlets in Singapore and Malaysia held through its associated companies. The Group's established market position has resulted in a growing pledgebook and resilient earnings for the Group. In addition, the Group adopts a prudent approach to expansion, with the objective of ensuring sustainable profitability for the Group.

5.5 The Group's network of associated companies in Malaysia provide it with an overseas presence

Currently, the Group has operations in Malaysia through its associated companies, which have the relevant knowledge to provide reliable and competitive valuation. The Group can also tap on the established network of these associated companies to further expand and consolidate its track record and business in Malaysia. In addition, the Group's longstanding track record in Singapore will also enable it to extend its businesses to other countries.

5.6 The Group has a skilled, experienced and qualified work force

Having a skilled and qualified work force is one of the key growth factors of the Group's business. The Group has experienced and technically competent appraisers at its outlets who are able to value a wide range of items. The items the Group is able to value include different purities of gold, various qualities of diamonds and different brands of watches. Several of its appraisers are certified diamond graders accredited by the HRD Antwerp Institute of Gemmology. The chief appraisers in the Group's outlets have between 10 to 50 years of experience in dealing with jewellery and valuables.

Many of the Group's pre-owned jewellery sales executives in its retail outlets have prior experience working in jewellery shops and possess in-depth knowledge on gold, jewellery and precious stones. The Group generally recruits candidates with prior experience in their respective fields and who possess a positive mindset and keen attitude towards learning. The Group trains its employees to deliver quality services that will enhance customer satisfaction. From time to time, the Group also identifies suitable employees, to be trained as appraisers.

The Group trains its employees in appraisal, customer relations and communication skills. It has built up a talent pool that enables it to staff its pawnshops and pre-owned jewellery retail outlets with skilled and qualified personnel as it grows its network.

5.7 The Group has an experienced and committed board of Directors and management team

The growth and success of the Group's business is largely attributed to its experienced and dedicated management team. Its management team is led by its Managing Director and Chief Executive Officer ("**CEO**"), Yeah Hiang Nam, who is well respected and was conferred the Entrepreneur of the Year Award in 2010 in recognition of his business success and enterprising capabilities. He has over 40 years of experience in the jewellery industry, 30 years of experience in the scrap gold trading industry, 20 years of experience in the pawnbroking industry and over 6 years of experience in the moneylending industry. He has successfully steered the Group through the various economic cycles and has been instrumental in the development and growth of the Group's business. He is assisted by a dedicated and dynamic management team in the daily management of the Group's business.

The Group's management team adopts a hands-on approach in the running of its business, and is involved in the day-to-day operations of the Group, thereby ensuring a high quality of service across all its outlets. The Group believes that the extensive experience of its management team, together with their industry knowledge and in-depth understanding of the market, will enable it to continue to take advantage of future market opportunities.

5.8 The Group has developed its proprietary operational software and data management system

The Group has developed its proprietary operational software and data management system that support its services. This reduces the possibility of human error and enables the Group's processes to be operationally efficient. Its proprietary software provides information for data analysis and marketing research for effective business decision-making. The database in the Group's proprietary software holds information such as transaction history and creditworthiness of each customer as well as its list of blacklisted customers. The Group's proprietary software and data management system allows it to process loans to customers easily, and also allows its customers to renew their pawn tickets at any of its outlets in Singapore since 2011.

6. Business Strategies

The Group intends to implement the following business strategies and future plans:

6.1 Expansion of business operations

The Group will continue to seek expansion opportunities through opening new branches and acquisitions.

Acquisition of businesses in Singapore and through its associated companies in Malaysia

The Group plans to expand its network of pawnshops, pre-owned jewellery retail outlets and moneylending outlets through the acquisition of businesses in Singapore as and when the opportunities arise.

The Group also intends to expand in Malaysia when its associated companies in Malaysia acquire other pawnshops as and when such opportunities arise. Such acquisition will be in accordance with the requirements of the applicable laws and regulations. The Group may also increase its investments in its Malaysia associated companies or enter into joint venture agreements or investment agreements with other Malaysia companies to expand the Group's presence in Malaysia, in accordance with the applicable laws and regulations.

Establishment of new outlets in Singapore, as well as through its associated companies in Malaysia

The Group plans to expand in Singapore through the establishment of new outlets. In deciding the location of its new outlets, it will analyse the demographics, competition and potential business volume of the particular site.

In Malaysia, the Group plans to increase the number of pawnshops and pre-owned jewellery retail outlets through the expansion of its Malaysia associated companies.

In addition, the Group may explore opportunities to expand its operations to other countries by setting up new pawnshops and pre-owned jewellery retail outlets there, or through joint ventures should such opportunities arise.

Growing the moneylending business

The Group also intends to place more emphasis on the development and growth of its moneylending business, especially its mortgage loan business. The Group recognises that many individuals have urgent cash needs and it aims to meet those needs by providing fast and reliable financial solutions.

Expand the Group's business operations by strengthening its mortgage loan business

The Group plans to expand its mortgage loan business. The size of the Group's mortgage loan business is directly correlated to the size of its available funds. With increased available funds, the Group would be in a better position to expand its mortgage loan portfolio and generate more revenue through the higher interest income per transaction (as compared to the pawn loan business) incurred therefrom.

The Group plans to implement the following strategies to expand its mortgage loan business:

- enhance its corporate website to include more information relating to its mortgage services and to enhance the website's functionality through, for instance, the provision of preliminary valuation services;

- introduce referral reward program to increase its customer base; and

- recruit more personnel with experience in the mortgage loan business, in particular, those who are experienced in handling mortgage loan transactions and marketing activities in the mortgage loan industry.

With its increased marketing campaigns within the limits permitted by regulations, the Group aims to capture customers who may not meet the relatively more stringent requirements imposed by banks, pursuant to the recent credit tightening measures of the MAS, for its mortgage loan services and at the same time promote its brand name.

The Group monitors its risk management measures and implement new measures such as adjusting the loan-to-value ratio and interest rate of the new mortgage loan granted by it if and when appropriate.

Car Financing

The Group is expanding its business into car financing. It would mainly target car dealers in Singapore. The car financing business is expected to further diversify the business activities of the Group and contribute to the growth of its secured moneylending business. The loans disbursed will be secured against the legal title of the cars.

6.2 Strengthen the Group's core competitive advantages

Achieve a higher degree of integration of the Group's businesses

The Group plans to better integrate its pawnbroking, retail and trading of pre-owned jewellery, and moneylending businesses. In this regard, the Group intends to cross sell its services by offering customers incentives or discounts to use other services that the Group provides at its outlets. For example, its pawnbroking customers may be offered preferential prices on their purchases of pre-owned jewellery items from its outlets. The Group also plans to further leverage its businesses of pawnbroking as well as retail and trading of pre-owned jewellery and gold by improving on its process of identifying suitable jewellery items acquired through these sources for reconditioning, in order to provide a wider range of pre-owned jewellery items to its customers through its pre-owned jewellery retail outlets.

Increase the Group's branding and marketing activities

The Group believes that a key factor in the future growth of its business is its ability to communicate its core strengths effectively and promote brand loyalty. The Group will focus on its various competitive strengths, so as to distinguish itself from its competitors. The Group intends to strengthen its "ValueMax" positioning to associate its brand with its long history and experience, as well as to increase brand recognition and recall. The Group's marketing efforts, through various channels, will highlight its brand image and its core competencies of expertise and experience in the industries that the Group operates in.

7. Competition

The pawnbroking industry in Singapore is fragmented and competitive, comprising major pawnbroking chains and smaller players who operate individual pawnshops. Based on publicly available sources, the Group believes that the three (3) largest pawnbroking chains (including the Group) constitute approximately 45% of the pawnbroking industry in Singapore, based on the number of outlets. The Group competes with major pawnbroking chains such as the Maxi-Cash and MoneyMax chains of pawnshops and pre-owned jewellery retail outlets, as well as other players who operate smaller chains or individual pawnshops.

However, the Group believes that the barriers to entry are still relatively high. The business is capital intensive and subject to legislation and the licences required thereunder, including the pawnbroking licence and the secondhand goods dealer licence.

To the best of the Directors' knowledge and belief, the pawnbroking industry in Johor, Malaysia, where the Group's associated companies in Malaysia operate, is fragmented and does not have any prominent pawnbroking chain. As grant of pawnbroking licence is controlled and limited in supply in Malaysia, the Directors believe that the barriers to entry are high.

For its retail and trading of pre-owned jewellery and gold business, the Group competes with retail outlets operated by major pawnbroking chains, other retail outlets dealing in pre-owned jewellery, as well as gold traders such as Central Precious Metals Pte. Ltd.

The moneylending industry in Singapore serves mainly the mass market segment, providing mostly unsecured loans. The Group commenced its moneylending business in 2014, providing mainly loans secured on real estate properties. The Group's secured moneylending business targets customers who own private residential and commercial properties. The Group's unsecured moneylending business is not targeted at the mass market, but at selected individuals with high annual income and/or high net worth who require such loans for business or commercial reasons and corporate entities. As such, the Group is in a unique market position. The Group strives to expand its moneylending business and compete with other market players in terms of speed, service quality, and pricing.

8. Insurance

As at the Latest Practicable Date, the Group has taken out insurance policies in respect of the following:

(a) policies for loss and damage to pledged articles held in its pawnshop premises as required under the Pawnbrokers Act;

(b) public liability insurance;

(c) jeweller's block policy for loss and damage to its pre-owned jewellery and gold stock;

(d) work injury compensation policies as may be required under the Work Injury Compensation Act, Chapter 354 of Singapore; and

(e) group hospital and surgical policies.

9. Intellectual Property

The Group believes that its trademarks are an integral part of its focus on branding, and play a significant role in creating brand recognition for its pawnshops. As such, as at the Latest Practicable Date, the Group has registered the following trademarks in Singapore:

Intellectual Property	Nature of Intellectual Property Right	Country of Registration	Duration of Right (including expiry date)
ValueMax	Trademark, Class 36 (Pawnbrokerage)	Singapore	25 November 2014 to 25 November 2024
ValueMax ValueMax ValueMax	Trademark, Class 35 (Business accounts management; business management; human resource management; provision of business management assistance; provision of business management information)	Singapore	8 October 2012 to 8 October 2022

Intellectual Property	Nature of Intellectual Property Right	Country of Registration	Duration of Right (including expiry date)
	Trademark, Class 35 (Business accounts management; business management; human resource management; provision of business management assistance; provision of business management information)	Singapore	13 December 2012 to 13 December 2022
	Trademark, Class 36 (Pawnbrokerage; appraisal of jewellery)	Singapore	8 October 2012 to 8 October 2022
	Trademark, Class 36 (Pawnbrokerage; appraisal of jewellery)	Singapore	13 December 2012 to 13 December 2022
	Trademark, Class 14 (Jewellery incorporating diamonds; jewellery made from gold; articles of jewellery)	Singapore	8 October 2012 to 8 October 2022
	Trademark, Class 14 (Jewellery incorporating diamonds; jewellery made from gold; articles of jewellery)	Singapore	13 December 2012 to 13 December 2022
	Trademark, Class 36 (Commodity trading (financial services))	Singapore	13 December 2012 to 13 December 2022
	Trademark, Class 36 (Commodity trading (financial services))	Singapore	13 December 2012 to 13 December 2022
	Trademark, Class 36 (Commodity trading (financial services))	Singapore	8 October 2012 to 8 October 2022

Intellectual Property	Nature of Intellectual Property Right	Country of Registration	Duration of Right (including expiry date)
ValueMax BULLION ValueMax BULLION ValueMax BULLION	Trademark, Class 36 (Commodity trading (financial services))	Singapore	13 December 2012 to 13 December 2022
方圓黃金	Trademark, Class 36 (Commodity trading (financial services))	Singapore	13 December 2012 to 13 December 2022
方圓當	Trademark, Class 36 (Pawnbrokerage; appraisal of jewellery)	Singapore	8 October 2012 to 8 October 2022
方圓當	Trademark, Class 36 (Pawnbrokerage; appraisal of jewellery)	Singapore	8 October 2012 to 8 October 2022
春秋黃金 SPRING JEWELLERY	Trademark, Class 14 (Jewellery incorporating diamonds; jewellery made from gold; articles of jewellery)	Singapore	19 March 2013 to 19 March 2023

10. Awards and Certificates

The Group's subsidiary, ValueMax Pawnshop Pte. Ltd., received CaseTrust accreditation in July 2004. CaseTrust is the accreditation arm of the Consumers Association of Singapore, and is Singapore's de facto standard for companies who wish to demonstrate their commitment to fair trading and transparency to consumers.

In 2010, the Group was the winner of the Singapore Prestige Brand Award – Established Brands in recognition of its outstanding achievement in branding. It was also conferred the Enterprise 50 Award in recognition of its enterprising accomplishments in business in the same year.

The Group's Managing Director and CEO, Yeah Hiang Nam, was conferred the Entrepreneur of the Year award in 2010. This award honours local entrepreneurs, whose foresight, entrepreneurial spirit and determination have established and sustained successful, profitable and growing business ventures.

In 2014, the Group was awarded the runner-up position for the 15th Investors' Choice Awards – Most Transparent Company Award 2014 under the New Issues category by Securities Investors Association (Singapore). In the same year, two of the Group's subsidiaries also won the Singapore SME 1000 Awards in Net Profit Excellence as well as the Singapore SME 1000 Awards in Sales Growth Excellence respectively.

11. Directors and Executive Officers

11.1 Board of Directors

Phua Tin How
Non-Executive Chairman and Independent Director

Phua Tin How is the Non-Executive Chairman and Independent Director of ValueMax. He was appointed to the Board of Directors (the "**Board**") of ValueMax on 27 September 2013. He chairs the Remuneration Committee and is a member of the Audit Committee and Nominating Committee.

Phua Tin How held several senior appointments in the public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore.

From 1994 to 2003, Phua Tin How was concurrently the group president of DelGro Corporation Ltd, and the president and chief executive officer of SBS Transit Ltd. From 2003 to 2004, Phua Tin How joined Straco Corporation Limited, a company listed on the Main Board of the SGX-ST and which is in the leisure and tourism industry. As group president, he was responsible for the management of the business of Straco Corporation Limited. Phua Tin How is currently also an independent director of YHI International Limited, a company listed on the Main Board of the SGX-ST. He had also previously served on the board of directors of several other companies listed on the Mainboard of SGX-ST.

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

Yeah Hiang Nam
Managing Director and Chief Executive Officer

Yeah Hiang Nam is the Managing Director and CEO of ValueMax. He was appointed to the Board of ValueMax on 7 August 2003 and is responsible for the overall strategic, management and business development of the Group.

Yeah Hiang Nam has more than 45 years of experience dealing with gold and jewellery and more than 25 years of experience in the pawnbroking industry. In 1979, he set up Golden Goldsmith to supply gold jewellery locally and for export overseas. He later ventured into jewellery retailing and gold dealing. In 1988, he made his first foray in the pawnbroking industry by starting Ban Soon Pawnshop together with other business partners. Throughout the years, he has been instrumental in the development and growth of the Group and its various business segments.

Yeah Hiang Nam is a recipient of the Top Entrepreneur in the Entrepreneur of the Year Award 2010 awarded jointly by the Rotary Club of Singapore and the Association of Small and Medium Enterprises.

Yeah Lee Ching
Executive Director

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

Yeah Lee Ching has over 15 years of combined experience in the diamond jewellery, gemstones, and pawnbroking industries. She was the general manager of Golden Success Jewellery Pte. Ltd., a manufacturer of fine jewellery, from 1995 to 1997 and from 1999 to 2000. From 2000 to 2004, she was the marketing and communications manager of Swarovski Gemstones for the Asia Pacific region under Signity Management Pte. Ltd. (a subsidiary of Swarovski Gemstones).

Yeah Lee Ching started her career with the Group as a marketing manager in 2004 and was later designated as operations director in 2009 to oversee the pawnshop and retail operations.

Yeah Lee Ching has been a Graduate Gemologist from the Gemological Institute of America since 1995. She was conferred a Master of Business Administration degree from the National University of Singapore in 1999. She is also currently the Secretary of the Singapore Pawnbrokers' Association and the Treasurer of the Enterprise 50 Association.

Yeah Chia Kai
Executive Director

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

Yeah Chia Kai joined the Group 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 in 2007.

Yeah Chia Kai graduated from Curtin University of Technology with a Bachelor of Commerce – Marketing degree and was later conferred the dual Master of Business Administration from Columbia University and London Business School in 2012. He also holds a diploma of certified diamond grader by the HRD Antwerp and a foundation certificate in gemmology from the Gemmological Association of Great Britain.

Lim Tong Lee
Independent Director

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

Lim Tong Lee started his career in Ernst & Young LLP, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad from 1995 to 2007. From 2007 to 2012 and presently, Lim Tong Lee is the head of corporate finance of KGI Fraser Securities Pte Ltd (formerly known as AmFraser Securities Pte Ltd). In 2013, Lim Tong Lee was the chief investment officer of AmWater Investments Management Pte Ltd. From 2014 to 2015, he was the senior vice president of Venstar Capital Management Pte Ltd.

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

Lim Hwee Hai
Independent Director

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

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

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

11.2 Executive Officers

Carol Liew
Chief Financial Officer

Carol Liew is the Chief Financial Officer of ValueMax and has held this position since September 2012. She is in charge of overseeing all accounting and finance functions of the Group.

Carol Liew started her career with Cooper & Lybrand's audit division in 1993. She then joined PricewaterhouseCoopers 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 Limited respectively. Prior to joining the Group, she was the Associate Director for Corporate Development of SEF Group Ltd.

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

Leong Koon Weng
Director of Business Development

Leong Koon Weng is the Director of business development of the Group and has held this position since August 2014. He assists the Chief Executive Officer to evaluate and develop new business opportunities to ensure growth and profitability of the Group.

He has 20 years of experience in banking and has held various positions with local and international banks in the areas of corporate banking, enterprise banking and credit risk review. He also has 8 years of working 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 the 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 is the Senior Operations Manager (Pawnbroking) of the Group. He is responsible for assisting the Executive Directors in managing the pawnshops and pre-owned jewellery retail outlets as well as ensuring that the employees are provided with adequate training in valuation and sales.

Tan Yam Hong has approximately 20 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 from 1998 to 2008, a company engaged in the business of wholesaling gold and jewellery. He joined the Group in 2008 as a trainee appraiser and was promoted to branch manager in 2010.

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

Low Khee Joo
Senior Operations Manager (Wholesale)

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

Low Khee Joo has more than 20 years of experience in the bullion business. From 1985 to 1993, he was working with OCBC Bank, dealing in bullion and futures as well as foreign exchange and precious metal margins. From 1993 to 2008, he was a freelance trader, assisting his clients in executing deals, managing their funds and outstanding positions with banks. Low Khee Joo joined the Group in 2009 as a senior dealer.

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

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following sets out the selected audited consolidated financial information of the Group for the financial years ended 31 December 2013 ("**FY2013**"), 31 December 2014 ("**FY2014**") and 31 December 2015 ("**FY2015**"). The following selected financial information for FY2013, FY2014 and FY2015 has been derived from the audited financial statements of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(Amounts in Singapore Dollars)

	2015	2014	2013
	$'000	**$'000**	**$'000**
Revenue	269,883	324,516	353,148
Cost of sales	(242,085)	(299,478)	(330,427)
Gross profit	27,798	25,038	22,721
Other item of income			
Other operating income	2,027	2,075	2,642
Other items of expense			
Marketing and distribution expenses	(317)	(411)	(300)
Administrative expenses	(16,681)	(15,108)	(12,270)
Finance costs	(374)	(260)	(176)
Other operating expenses	(2,324)	(2,805)	(4,103)
Share of results of associates	1,552	1,625	1,909
Profit before tax	11,681	10,154	10,423
Income tax expense	(1,264)	(759)	(853)
Profit for the year	10,417	9,395	9,570
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(658)	(93)	(142)
Total comprehensive income for the year	9,759	9,302	9,428
Profit for the year attributable to:			
Owners of the Company	10,045	8,994	9,357
Non-controlling interests	372	401	213
	10,417	9,395	9,570
Total comprehensive income for the year attributable to:			
Owners of the Company	9,387	8,901	9,215
Non-controlling interests	372	401	213
	9,759	9,302	9,428
Earnings per share (cents per share)			
Basic and diluted	1.88	1.69	2.32

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015, 2014 AND 2013
(Amounts in Singapore Dollars)

	Group		
	2015	**2014**	**2013**
	$'000	**$'000**	**$'000**
Non-current assets			
Property, plant and equipment	14,595	7,758	4,967
Intangible assets	451	43	–
Investment in associates	8,485	7,769	7,442
Other investments	688	701	701
Trade receivables	29,444	–	–
	53,663	16,271	13,110
Current assets			
Inventories	45,334	44,246	43,300
Trade and other receivables	161,216	151,297	136,211
Prepaid operating expenses	780	957	918
Cash and bank balances	12,032	37,098	46,520
	219,362	233,598	226,949
Total assets	273,025	249,869	240,059
Current liabilities			
Trade and other payables	5,455	12,268	10,873
Other liabilities	2,400	1,668	1,518
Interest-bearing loans and borrowings	102,702	78,919	74,985
Income tax payable	1,076	933	1,351
	111,633	93,788	88,727
Net current assets	107,729	139,810	138,222
Non-current liabilities			
Provisions	264	264	224
Deferred tax liabilities	1,442	793	385
	1,706	1,057	609
Total liabilities	113,339	94,845	89,336
Net assets	159,686	155,024	150,723

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015, 2014 AND 2013
(Amounts in Singapore Dollars)

	Group		
	2015	**2014**	**2013**
	$'000	**$'000**	**$'000**
Equity attributable to owners of the Company			
Share capital	78,313	78,313	78,313
Retained earnings	83,673	78,323	74,024
Other reserves	(6,508)	(5,850)	(5,757)
	155,478	150,786	146,580
Non-controlling interests	4,208	4,238	4,143
Total equity	159,686	155,024	150,723
Total equity and liabilities	273,025	249,869	240,059

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(Amounts in Singapore Dollars)

	2015 $'000	2014 $'000	2013 $'000
Operating activities			
Profit before tax	11,681	10,154	10,423
Adjustments for:			
Depreciation of property, plant and equipment	942	653	504
Allowance for doubtful trade receivables	1,794	2,674	2,546
Allowance for write-down of inventories	211	131	160
Interest income	(518)	(700)	(249)
Finance costs	2,188	1,458	1,762
Loss on disposal of property, plant and equipment	2	–	–
Loss on disposal of unquoted investment	6	–	–
Dividend income from unquoted investments	(48)	(80)	(76)
Decrease/(increase) in fair value of inventories less point-of-sale costs	255	(145)	1,719
Net fair value (gain)/loss on loan from an unrelated party	(85)	62	(510)
Excess of fair value over consideration of interest acquired in a subsidiary	–	(194)	(405)
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	–	–	(685)
Share of results of associates	(1,552)	(1,625)	(1,909)
Unrealised exchange loss	52	–	–
Listing expenses	–	–	1,397
Operating cash flows before changes in working capital	14,928	12,388	14,677
Changes in working capital			
Increase in inventories	(1,286)	(855)	(11,832)
(Increase)/decrease in trade and other receivables	(38,475)	(15,696)	23,397
Decrease/(increase) in prepaid operating expenses	207	(32)	(50)
(Decrease)/increase in trade and other payables	(9,063)	1,394	(24,568)
Increase/(decrease) in other liabilities	701	146	(176)
Cash flows used in operations	(32,988)	(2,655)	1,448
Interest received	518	700	249
Finance costs paid	(2,188)	(1,458)	(1,762)
Income taxes paid	(1,020)	(1,203)	(3,348)
Net cash flows used in operating activities	(35,678)	(4,616)	(3,413)
Investing activities			
Purchase of property, plant and equipment	(3,071)	(649)	(228)
Acquisition of non-controlling interests in subsidiaries	–	–	(960)
Net cash outflow on acquisition of a subsidiary	(4,674)	(4,335)	(847)
Additional capital injection in an associate	(74)	–	(480)
Acquisition of unquoted investments	–	–	(13)
Dividend income from associates	392	1,230	802
Dividend income from other investments	48	80	76
Proceeds from disposal of unquoted investment	7	–	–
Net cash flows used in investing activities	(7,372)	(3,674)	(1,650)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(Amounts in Singapore Dollars)

	2015 $'000	2014 $'000	2013 $'000
Financing activities			
Proceeds from interest-bearing loans and borrowings	25,729	9,550	12,000
Repayment of interest-bearing loans and borrowings	(3,807)	(5,501)	(19,442)
Repayment of obligations under finance leases	–	(4)	(3)
Gross proceeds from issuance of ordinary shares pursuant to the initial public offering	–	–	70,380
Listing expenses	–	–	(3,624)
Dividends paid to non-controlling interests	(402)	(306)	(303)
Dividends paid on ordinary shares	(4,695)	(4,695)	–
Net cash flows generated from/(used in) financing activities	16,825	(956)	59,008
Net (decrease)/increase in cash and cash equivalents	(26,225)	(9,246)	53,945
Cash and cash equivalents at beginning of year	36,268	45,514	(8,431)
Cash and cash equivalents at end of year	10,043	36,268	45,514

REVIEW OF THE GROUP'S PERFORMANCE

FY2015 vs FY2014

Revenue

The Group's revenue decreased from S$324.5 million in FY2014 to S$269.9 million in FY2015. Revenue from retail and trading of pre-owned jewellery and gold business decreased by S$57.5 million while revenue from pawnbroking remained relatively stable. Moneylending contributed S$2.7 million to the revenue in FY2015.

Cost of sales

The Group's cost of sales decreased from S$299.5 million in FY2014 to S$242.1 million in FY2015. Interest costs increased by S$0.6 million while cost of goods sold for the retail and trading of pre-owned jewellery and gold business decreased by S$58.0 million, in line with the decrease in revenue in this segment.

Gross profit

Overall gross profit increased by S$2.8 million in FY2015 compared with the same period in FY2014. Gross profit margin improved from 7.7% in FY2014 to 10.3% in FY2015.

Other operating income

Other operating income decreased from S$2.1 million in FY2014 to S$2.0 million in FY2015 mainly as a result of lower interest income compared with FY2014.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from S$15.1 million in FY2014 to S$16.7 million in FY2015 was mainly due to the increase in employee benefits expense of S$1.1 million, rental expenses of S$0.2 million and depreciation expenses of S$0.3 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments. Rental expenses increased mainly due to the inclusion of the new outlets with leases commencing in the second half of FY2015 as well as revision in rental rates upon renewal of leases.

Other operating expenses

Other operating expense comprises mainly allowance for doubtful trade receivables of S$1.8 million, allowance for write-down of inventories of S$0.2 million and foreign exchange loss of S$0.3 million in FY2015. Included in the allowance for doubtful trade receivables was provision for loss arising from the alleged breach of trust by an outlet employee as announced on 26 October 2015. In FY2014, operating expense consisted of allowance for doubtful trade receivables of S$2.7 million and allowance for write-down of inventories of S$0.1 million.

Share of results of associates

The Group's share of results of associates remained stable in FY2015 and FY2014.

Profit before tax

As a result of the above, profit before tax increased by S$1.5 million to S$11.7 million in FY2015.

Income tax expense

Income tax expense increased by S$0.5 million which is in line with the increase in profit and reduction in tax rebates for the year FY2015.

FY2014 vs FY2013

Revenue

The Group's revenue decreased from S$353.1 million in FY2013 to S$324.5 million in FY2014. Revenue from retail and trading of pre-owned jewellery and gold business decreased by S$28.4 million while revenue from pawnbroking remained relatively stable.

Cost of sales

The Group's cost of sales decreased by S$30.9 million or 9.4% from S$330.4 million in FY2013 to S$299.5 million in FY2014. The overall decline in cost of sales was in line with the decrease in revenue during the year.

Gross profit

Gross profit increased by S$2.3 million or 10.2% despite the decline in revenue. This is mainly due to the decrease in interest expense as a result of lower utilisation of bank borrowings by the pawnbroking segment during the year and better gross margin achieved from the retail and trading of pre-owned jewellery and gold business. Gross margin improved from 6.4% in FY2013 to 7.7% in FY2014.

Other operating income

Other operating income decreased from S$2.6 million in FY2013 to S$2.1 million in FY2014. The decrease was due to the one-off assignment fee of S$0.3 million, S$1.1 million arising from the excess of fair value over the consideration paid for interest acquired in a subsidiary, and gain from remeasurement of the Group's investment in an associate to fair value upon business combination achieved in stages in FY2013. The decrease was partially offset by the increases in interest income and rental income of S$0.5 million and S$0.2 million respectively, and the excess of fair value over consideration paid for the acquisition of two subsidiaries in FY2014 amounting to S$0.2 million.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from S$12.3 million in FY2013 to S$15.1 million in FY2014 was mainly due to the increase in employee benefits expense of S$1.1 million, rental expenses of S$0.7 million, legal and professional fee of S$0.2 million and depreciation expenses of S$0.1 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments. Rental expenses increased mainly due to the inclusion of the new outlets with leases commencing in the second half of FY2013 and during the first half of FY2014, as well as revision in rental rates upon renewal of leases.

Other operating expenses

Other operating expenses comprise mainly allowance for doubtful trade receivables of S$2.7 million and allowance for write-down of inventories of S$0.1 million in FY2014 while in FY2013, other operating expenses comprised mainly allowance for doubtful trade receivables of S$2.5 million, allowance for write-down of inventories of S$0.2 million and listing expenses of S$1.4 million.

Share of results of associates

The Group's share of results of associates decreased from S$1.9 million in FY2013 to S$1.6 million in FY2014 as a result of a decrease in profit contribution from the Singapore associates and the depreciation of Malaysia ringgit against Singapore dollars.

Profit before tax

As a result of the above, profit before tax decreased by S$0.3 million to S$10.2 million in FY2014.

Income tax expense

Income tax expense decreased in line with the decline in profit before tax in FY2014 and FY2013.

Review of the Group's Financial Position

FY2015 vs FY2014

Non-current assets increased by S$37.4 million from S$16.3 million as at 31 December 2014 to S$53.7 million as at 31 December 2015. The increase comprises increases in trade receivables from the Group's moneylending business of S$29.4 million, property, plant and equipment of S$6.8 million and intangible assets of S$0.4 million, as well as the share of results of associates as at 31 December 2015.

Current assets decreased by S$14.2 million from S$233.6 million as at 31 December 2014 to S$219.4 million as at 31 December 2015. This was mainly due to the decreases in cash and bank balances of S$25.0 million, and prepaid operating expenses of S$0.2 million. These were partially offset by the increase in trade and other receivables of S$9.9 million and inventories of S$1.1 million.

Current liabilities increased by S$17.8 million from S$93.8 million as at 31 December 2014 to S$111.6 million as at 31 December 2015 as a result of increases in interest-bearing loans and borrowings of S$23.8 million, other liabilities of S$0.7 million and income tax payable of S$0.1 million. These were partially offset by a decrease in trade and other payables of S$6.8 million.

Equity comprises share capital, retained earnings, capital reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from S$150.8 million as at 31 December 2014 to S$155.5 million as at 31 December 2015 mainly due to the increase in retained earnings.

FY2014 vs FY2013

Non-current assets increased by S$3.2 million from S$13.1 million as at 31 December 2013 to S$16.3 million as at 31 December 2014 mainly due to the increase in property, plant and equipment as a result of the acquisition of Tai Eng Pawnbroker Pte. Ltd. and the share of results of associates for FY2014.

Current assets increased by S$6.7 million from S$226.9 million as at 31 December 2013 to S$233.6 million as at 31 December 2014. This was mainly due to the increases in trade and other receivables of S$15.1 million and inventory of S$1.0 million. This was partially offset by the decrease in cash and cash equivalents of S$9.4 million.

Current liabilities increased by S$5.1 million from S$88.7 million as at 31 December 2013 to S$93.8 million as at 31 December 2014 as a result of increases in interest-bearing loans and borrowings of S$3.9 million and trade and other payables of S$1.4 million. These were partially offset by a decrease in income tax payable of S$0.4 million.

Equity comprises share capital, retained earnings, capital reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from S$146.6 million as at 31 December 2013 to S$150.8 million as at 31 December 2014 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

FY2015 vs FY2014

In FY2015, the net cash used in operating activities was S$35.7 million. This comprises operating cash flows before working capital adjustments of S$14.9 million, adjusted by net working capital outflow of S$47.9 million. In FY2015, the Group received interest income of S$0.5 million, with net income tax paid of S$1.0 million and interest expense paid of S$2.2 million respectively. The net working capital outflow was a result of the increase in trade and other receivables of S$38.5 million, the increase in inventories of S$1.3 million and the decrease in trade and other payables of S$9.0 million. These were partially offset by the decrease in prepaid operating expenses of S$0.2 million and the increase in other liabilities of S$0.7 million.

In FY2015, the net cash used in investing activities amounted to S$7.4 million arising from net cash outflow on acquisition of subsidiary of S$4.7 million and the purchase of property, plant and equipment of S$3.1 million, partially offset by dividend income of S$0.4 million.

The net cash generated from financing activities in FY2015 amounted to S$16.8 million comprising the proceeds from interest-bearing loans and borrowings of S$25.7 million. This was partially offset by the repayment of interest-bearing loans and borrowings of S$3.8 million and the payment of dividends of S$5.1 million.

FY2014 vs FY2013

In FY2014, the net cash used in operating activities was S$4.6 million. This comprises operating cash flows before working capital adjustments of S$12.4 million, adjusted by net working capital outflow of S$15.0 million. In FY2014, the Group received interest income of S$0.7 million, with net income tax paid of S$1.2 million and interest expense paid of S$1.5 million respectively. The net working capital outflow was a result of the increases in trade and other receivables of S$15.7 million and inventories of S$0.9 million. This was partially offset by the increases in trade and other payable of S$1.4 million and other liabilities of S$0.1 million.

In FY2014, the net cash used in investing activities amounted to S$3.7 million comprising net cash outflow on acquisition of subsidiaries of S$4.3 million and the purchase of property, plant and equipment of S$0.7 million, partially offset by the dividends received from associates and unquoted investments of S$1.3 million.

The net cash used in financing activities in FY2014 amounted to S$1.0 million, which was used in the payment of dividends of S$5.0 million and repayment of interest-bearing loans and borrowings and finance lease obligations of S$5.5 million. This was partially offset by the proceeds from interest-bearing loans and borrowings of S$9.6 million.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance, results of operation or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Notes. Additional risk factors and uncertainties which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance, results of operation or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance, results of operation or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Notes but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Notes for their particular circumstances.

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or associated companies (if any), the Arranger or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the

Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS AND INDUSTRY

General risk factors

The Group is subject to regulatory risks associated with pawnbroking, retail and trading of pre-owned jewellery and gold, and moneylending and its business may be adversely affected if it is unable to maintain its existing licences, registrations, permits, approvals or exemptions

The Group's pawnbroking business, retail and trading of pre-owned jewellery and gold business, and moneylending business are subject to several laws and regulations in Singapore, including but not limited to the Pawnbrokers Act, the Secondhand Goods Dealers Act, and the Moneylender's Act respectively. The Group's ability to continue its businesses is dependent on the relevant licences and exemptions continuing to be in effect.

For pawnbroking, each of the Group's pawnshops obtains an individual licence for its respective pawnbroking business. Such licences are valid for a period of between one year to three years, with their renewal based on its compliance with the requirements imposed by the relevant authorities. As for the exemptions granted to the Group in respect of its dealing in secondhand goods, its exempt status is subject to its continued compliance with the requirements imposed by the relevant authorities. For the Group's moneylending business, the Group has a moneylending licence which is valid for a period of one year, renewable subject to the relevant licensee complying with the requirements imposed by the relevant authorities.

The Group has to ensure that, at all times, it is in compliance with all applicable laws and regulations. The regulatory authorities may from time to time amend existing laws or adopt new laws and regulations applicable to the Group's businesses. These changes may impose new restrictions on the way the Group operates or expands its business or may require the Group to obtain additional permits for its business operations. Such changes may significantly affect the Group's business and financial condition. Furthermore, any failure by the Group to adhere to the applicable laws and regulations may result in the imposition of penalties and/or regulatory action by the relevant governmental authority.

In addition, there is no assurance that the Group's licences will be renewed when they expire in the future or that its exempt status in respect of dealings in secondhand goods will be maintained. The revocation or suspension of the Group's licences, or the revocation or suspension of its exemption status as a secondhand goods dealer, or the imposition of any penalties, whether as a result of the infringement of regulatory requirements or otherwise, may have an adverse and material impact on its business and financial performance.

The Group is exposed to different types of credit risk across the range of services which it provides, all of which could have a material and adverse impact on the Group's business and financial condition

The security upon which the Group's pawnbroking and moneylending loans are made may reduce in value, such that the Group may not recover the full loan amount and accrued interest in an event of default. This risk may materialise in respect of items that are forfeited and disposed of via retail sales, sales of scrap, tender sale or auction sale. Also, a significant and sustained decline in the price of gold or properties would adversely affect the value of jewellery pledged or properties mortgaged as collateral by customers.

In addition, the Group is exposed to the risk that items that it purchased are subsequently sold at an unprofitable price. The Group's financial performance would be adversely affected if the retail business of the Group were to consistently sell items at an unprofitable price.

The Group is also exposed to the risk of loans remaining unpaid and as such the bad debts associated with its unsecured loans will increase and this risk may be exacerbated by economic factors such as high unemployment.

The Group may be affected by changes in government legislation, regulations or policies which affect the pawnbroking, retail and trading of pre-owned jewellery and gold and moneylending industries

As the Group derives its revenue from the pawnbroking, retail and trading of pre-owned jewellery and gold, and the moneylending businesses, any changes in government legislation, regulations or policies affecting these industries could affect its business operations. If there are any changes in legislation, regulations or policies governing the pawnbroking, retail and trading of pre-owned jewellery and gold, and/or the moneylending businesses, such that more restrictions and/or additional compliance requirements are imposed by the regulatory authorities in Singapore or as the case may be, Malaysia, on the Group which would restrict the conduct of its business and/or result in higher costs, the Group's business and/or financial performance may be adversely affected. In the event that it would not be viable to build in such increased costs to its prices, the Group will have to absorb these cost increments and this would affect its profitability.

The persons with whom the Group has business relations may become the subject of regulatory investigations or sanctions

The persons with whom the Group has business relations in the ordinary course of its business may become the subject of regulatory investigations or sanctions. There is no assurance that business relations with such persons will not cause reputational damage to the Group and/or have an adverse effect on its financial performance and financial position.

The Group's business requires substantial capital and any disruption in funding sources or increases in interest rates on its funding would have a material adverse effect on its liquidity and financial condition

The Group's business requires substantial capital and its liquidity and profitability are, in large part, dependent upon its timely access to, and the costs associated with raising capital.

The use of credit facilities by the Group's pawnbroking subsidiaries for each month is limited to 80.0% of the relevant subsidiary's pledge book size of the prior month.

The Group's revolving credit facilities are at floating rates which are contractually re-priced at intervals of six (6) months or less. The Group's borrowing cost is determined taking into account the interest rates paid on its funding and its creditworthiness. Any material increase in general interest rates or a deterioration of its creditworthiness may adversely impact its profitability by increasing its borrowing cost. As the maximum interest rate chargeable by it to its customers in its pawnbroking business is regulated by legislation (currently a maximum rate of 1.5% per month), any increase in the Group's borrowing cost may adversely affect its gross profit margin. Similarly, in respect of the Group's moneylending business, the relevant legislation provides that the maximum nominal interest that the Group can charge to its customers is at a rate of 4.0% per month. As such, any increase in the interest rates on the Group's borrowing may adversely affect the Group's gross profit margin and profitability.

In addition, any such increase in interest rates may also affect its ability to meet financial obligations when they become due. In the event that the Group is unable to obtain loans, bank overdrafts or other credit facilities or funds on reasonable terms, the Group may not be able to implement its business and operational strategies. An absence of credit facilities would also directly and adversely affect the Group's moneylending business, as the Group would not be able to grant loans to its potential customers. This would adversely affect its business growth and financial performance.

Gold price volatility may affect the Group's profitability

The profitability of the Group's operations is significantly affected by changes in gold price. The Group buys and sells gold and jewellery from and to individuals, jewellery traders/dealers, pawnshops and jewellery factories.

Gold prices can fluctuate widely and is affected by numerous factors beyond the Group's control, including demand and supply, inflation and expectations with respect to the rate of inflation, the strength of the US$ and of other currencies, interest rates, gold sales by central banks and international institutions, forward sales by producers, global or regional political or economic events, and production and cost levels in major gold-producing regions such as South Africa and China.

In addition, gold price is sometimes subject to rapid short-term changes because of speculative activities. While the Group has a policy to hedge its gold positions daily for its gold trading business, there is no assurance that its exposure to gold price fluctuations can be mitigated in full or effectively. Any failure by its employees to effectively carry out such hedges may materially affect its financial performance.

Through its gold trading business, the Group has gold and US$ positions with refiners and gold traders. To the extent that the Group has not hedged its gold positions (quoted in US$) against its US$ positions, the Group will be exposed to adverse fluctuations of US$ against the Singapore dollar (which is its trading currency), which would adversely affect its earnings.

Increasing gold prices may also have an adverse effect on consumer demand, reducing the affordability of jewellery, thereby affecting the Group's business in the retail of pre-owned jewellery. Any significant fluctuation in the price of gold may also have an adverse and material effect on the Group's gold trading business.

Furthermore, as part of the Group's pawnbroking business, it extends loans secured by, *inter alia*, gold jewellery and/or gold bars as collateral. The loans are based on a certain loan to value ratio which will factor in a buffer for potential fluctuations in gold prices and non-payment of interest. However, a significant prolonged downward movement in the gold price will result in a fall in collateral values. If the customers do not redeem their pledges and the collateralised gold items decrease significantly in value, the Group's financial position and results of operations would be adversely and materially affected.

The Group is dependent on its key personnel for its continued success

The Group's Managing Director and CEO, Yeah Hiang Nam, and its Executive Directors have been instrumental in formulating its business strategies and spearheading the growth of its business operations. The Group's success to date has been largely attributable to their efforts in implementing the Group's business strategies.

There is no assurance that the Group will be able to retain their services. The Group is not insured against loss of key personnel and business interruption. If such events were to occur, its business may be materially and adversely affected. The loss of the services of its key management personnel without suitable and/or timely replacements, and an inability to attract or retain qualified and experienced management personnel, may lead to the loss or deterioration of important business relations as well as management's capability to implement plans and maintain operational effectiveness which may have an adverse impact on its business and financial performance.

The Group is dependent on its continued ability to attract and retain skilled and qualified personnel

The Group's Directors consider that retaining skilled and qualified personnel is one of the key factors for the growth and future success of the Group. In particular, the Group requires a large number of capable staff to fill the appraisal, sales and management positions for the existing pawnshops and pre-owned jewellery retail outlets and any new pawnshops and/or retail outlets to be opened by the Group in the future. The Group may face difficulties in recruiting or retaining suitable personnel, in particular, those with extensive experience and knowledge of pawnbroking and retail and trading of pre-owned jewellery and gold. If the Group fails to maintain or expand its working team or if the Group is unable to replace any possible loss of such skilled and qualified personnel, its operations and financial performance may be adversely affected and its future expansion plan may not be implemented effectively.

The Group's insurance coverage may not adequately protect it against certain operational risks

The Group maintains general insurance policies with policy specifications and insured limits which the Group believes is reasonable, covering both its assets and employees in line with general business practices in the pawnbroking, retail and trading of pre-owned jewellery and gold, and the moneylending industries.

The occurrence of certain incidents, including fraud or other misconduct committed by its employees or third parties, theft, fire, severe weather conditions, earthquake, war, flooding and power outage, and the consequences resulting therefrom may not be covered adequately, if at all, by its insurance policies. If the Group incurs substantial liabilities which are not covered by its insurance policies, or if its business operations are interrupted for more than a short period of time, the Group may incur expenses and losses that would materially and adversely affect its operating results.

From time to time, the Group may make claims under its insurance policies for losses arising when pledged articles are confiscated by the relevant authorities for their investigations. Typically, this arises when a pledged article has been pawned fraudulently by its customers, or if any of its counterparties are under investigation by the authorities. There is no assurance that the Group could detect all unlawful properties in a timely manner and effectively prevent fraud committed by the staff or third parties.

However, in the event the Group is unable to succeed in any proceedings against third parties in claims and if the Group incurs substantial liabilities which are not covered by its insurance policies, the Group may incur expenses and losses that would materially and adversely affect its financial position and results of operations.

The Group may be subject to misappropriation of cash or assets

A large proportion of the Group's business transactions relates to gold and pre-owned jewellery. While the Group has adopted various cash management systems and security measures for its operations, there is no assurance that the Group will not be susceptible to misappropriation of cash or assets by third parties or by its own employees. In the event that such misappropriation occurs, the Group may be subject to losses and/or damage, may incur significant increases in insurance premiums and its reputation, business, financial position and results of operations may be adversely affected.

The Group's business may be affected by non-renewal of leases or increase in rental of its shops

The Group's pawnshops and pre-owned jewellery retail outlets are located at strategic locations which are accessible to customers. Several of these shops are leased from independent third parties.

There is no assurance that each of its leases can be renewed upon expiry or can be renewed on terms and conditions favourable to the Group. While the Group has not had any incidents of a failure to renew its existing leases, in the event that the Group is unable to renew its existing leases upon expiry or on terms and conditions favourable to it, its financial performance and future development may be adversely affected.

Should the Group fail to renew any leases upon expiry, and its shops are required to be relocated to less convenient and accessible areas, its revenue may be adversely affected. The Group will also have to incur costs for renovation and removal. The Group's shops may also face closure if the increase in rental is excessive or if the Group is unable to find alternative locations. The Group may also experience a loss of customers if alternative locations that the Group finds are situated far away from their original locations. In such cases, the Group may face a decline in revenue.

Rental cost is one of the main costs of its business operations. Rental costs accounted for approximately S$2.81 million, S$3.50 million and S$3.70 million for FY2013, FY2014 and FY2015 representing approximately 16.7%, 18.8% and 18.8% of its total operating expenses respectively. Any substantial increase in rental costs in the future would adversely impact the Group's financial position and results of operations.

Competition in the industries that the Group operates in is intense and any decline in its competitiveness could result in it losing market share and revenues

The industries in which the Group operates are highly competitive. The Group competes with major pawnshops and retail chains such as the Maxi-Cash and MoneyMax chains of pawnshops and pre-owned jewellery retail outlets as well as other smaller players who mostly operate individual pawnshops and major scrap gold traders such as Central Precious Metals Pte Ltd. As a new entrant in the moneylending business, the Group also needs to compete with competitors who may have better market position, such as more established reputations, longer operating histories, and more available funds.

The Group's success depends on its ability to compete effectively against its competitors. There is no assurance that the Group will be able to do so successfully in the future. In the event that the Group does not succeed in retaining existing customers and attracting new customers, its market share and/or growth in the market share will be adversely affected. In the event the Group is unable to acquire pre-owned jewellery and/or gold from its suppliers at competitive prices, or in the event increased competition forces it to lower its prices, its profit margins and results of operations may be adversely affected.

The Group is reliant on its "ValueMax" brand name

The Group markets its business under its "ValueMax" brand name and the Group believes that its business will depend in part on increasing brand recognition amongst consumers. Failure to maintain the image of its brand name and quality standards associated with its brand name may have an adverse impact on its business and financial performance.

The Group may be affected by complaints from customers and negative publicity

If the Group fails to deliver its pawnbroking and moneylending services in an efficient and professional manner or if the secondhand goods that the Group sells through its pre-owned jewellery retail outlets are defective, the Group may, from time to time, be subject to complaints and/or claims by its customers, which may also lead to negative publicity.

Further, under the Consumer Protection (Fair Trading) Act, the consumer has the right to require the vendor to repair, replace, reduce the amount paid or rescind the contract of sale if the goods purchased do not conform to the applicable sale and purchase contract at the time of delivery. In order to determine whether an item sold is of satisfactory quality, factors such as the goods' age at the time of delivery and the price paid will be taken into account. The Group ensures that its employees highlight any defects or limitations of goods the Group sells at the point of sale. However, there can be no assurance that the Group will not be subject to any claims, complaints, returns of its products or negative publicity in the future. In the event of such incidents, the Group may also have to incur substantial costs in defending any such claims or in correcting the negative publicity.

The Group is exposed to the risks of intellectual property infringement or may face litigation suits for intellectual property infringement

The Group has registered its trademarks in Singapore. Unauthorised use of its trademarks and brand names may damage the brand and reputation of the Group. While the Group has not experienced any incidents of intellectual property infringement or litigation suits in relation to the infringement of intellectual property, in the event that the Group is not able to protect its intellectual property rights, its brand reputation and sales volume may be adversely affected. There can be no assurance that there will be no misuse and/or infringement of these trademarks by third parties during the period when these trademarks are in the process of being renewed. There is also no assurance that the Group can renew its intellectual property rights upon their expiry. In the event that the Group is unable to do this, its business and financial performance may be adversely affected.

In addition, there can be no assurance that the Group will not infringe upon any trademark or proprietary rights of third parties, and there can be no assurance that third parties may not initiate litigation against it alleging infringement of their proprietary rights.

Any claims or litigation, involving infringement of intellectual property rights of third parties, whether with or without merit, may result in a diversion of the Group's resources and its financial results or operations may be adversely affected.

The Group does not have operational and management control over its associated companies

The Group does not actively manage the operations of all its associated companies both in Singapore and Malaysia. While the Group's Malaysia associated companies regularly consult the Group on matters relating to accounting, human resource, technical support and information technology, the Group is not represented on the board of directors of its Malaysia associated companies. The Group also does not have majority board representation on the board of directors of all its associated companies in Singapore.

Accordingly, the Group may not have control over the businesses of these companies. There is no guarantee that the outcome of voting on resolutions tabled before the board of directors or the shareholders of any of its associated companies will be favourable to the Group.

There is also no assurance that its shareholdings in any of its associated companies will not be diluted due to any share issues to other shareholders or third parties. In the event of such dilution or any sale of its shareholdings in any of its associated companies, the Group's financial performance and financial position may be materially and adversely affected. There is also no assurance that its associated companies will continue to grow and remain profitable.

The Group is dependent on automated systems to operate its business

The Group has developed its own proprietary operational software and data management system that support its business operations, reduce possibility of human error and enable its services to be faster and more efficient. The Group's database also holds business related information such as its list of blacklisted customers. Further, its operational software and data management system have resulted in faster and easier loan processing, and allow its customers to renew their pawn tickets at any of its outlets in Singapore.

There can be no assurance that there will not be any disruption or failure of the Group's automated systems, and in the event of such a disruption or failure, the Group's customer satisfaction may be reduced and this may also adversely affects the Group's reputation, operations and future growth.

Data protection breaches could be detrimental to the Group

The Group's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. If a problem, such as a computer virus, intentional disruption by a third party, telecommunications system failure occurs and jeopardises the Group's and its customers' confidential and other information processed and stored in, and transmitted through, computer systems and networks, this could result in significant loss of revenue or reputational damage and loss of customers. In addition, the Group may incur significant expense and additional resources to eliminate these problems and address related data security concerns. As such, a significant infrastructure disruption could adversely affect the Group's business and financial condition.

The Group may face uncertainties associated with the expansion of its business

The successful implementation of the Group's growth strategies depends on its ability to identify suitable sites for new pawnshops, pre-owned jewellery retail and moneylending outlets, identify acquisition targets as well as strengthen its brand recognition through its brand management and marketing strategies. There can be no assurance that the Group will be able to execute such growth strategies successfully. If the Group fails to manage its expansion plans and the related risks and costs, its business and financial performance would be adversely affected.

In addition, the Group is subject to regulations in Singapore regarding:

(a) the grant of new licences for new pawnshops. Under the Pawnbrokers Act, a licence is required for each pawnshop. Any restriction in the issue of new licences will impede the Group's business expansion; and

(b) the grant of an exempt status or licences (as the case may be) for its new retail outlets dealing in secondhand goods under the Secondhand Goods Dealers Act. A dealer in secondhand goods regulated under the Secondhand Goods Dealers Act is required to obtain a licence for each shop unless otherwise exempted. Any restriction in the issue of licences or the grant of an exemption status will similarly impede the Group's business expansion.

The Group may require additional funding for its future growth

The Group may need to obtain additional debt and/or equity financing to finance its future growth. If the Group's funding requirements are met by way of additional debt financing, apart from the increase in the Group's interest expense and gearing, the Group may also have restrictions placed on it through such debt financing arrangements, which may:

(a) limit its ability to pay dividends;

(b) increase its vulnerability to general adverse economic and industry conditions;

(c) limit its ability to pursue its growth plans;

(d) require it to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of its cash flows to fund capital expenditure, working capital and other requirements; and/or

(e) limit its flexibility in planning for, or reacting to, changes in its business and its industry.

There is no assurance that the Group will be able to obtain the additional debt and/or equity financing on terms that are acceptable to it or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect its business, implementation of its business strategies and future plans and financial position.

There is no assurance on the sustainability of the Group's growth

Various factors may affect the Group growth, some of which are beyond its control. Factors such as intense market competition, changes in customers' preferences, and the ability of the Group to obtain sufficient funding at reasonable interest rates may have an impact on its growth. In addition, if the Group is unable to acquire pre-owned jewellery and gold at competitive prices, its revenue and profit may also be adversely affected. There is no assurance that the Group will be able to achieve or maintain similar levels of growth in revenue and profit in future. The past results of the Group should not be used as an indicator of its future performance.

The Group may not be successful in its expansion into new areas of business

The Group intends to explore and/or pursue expansion opportunities into new areas of business, including but not limited to the car financing business. Expansion into new businesses involves numerous risks, including but not limited to the financial costs of setting up operations and working capital requirements. There is no assurance that these new businesses will achieve results that commensurate with the Group's investment costs or that the Group will be successful in its expansion into such new areas of business. There can also be no assurance that the Group's new businesses will achieve a sufficient level of revenue which will cover its operational costs. If the Group fails to implement its expansion plans or fails to manage its operational costs, or if there is insufficient demand for its services, the Group's business, results of operation and financial position may be adversely affected.

Changes in the economic, political and social conditions of Singapore and policies adopted by the Singapore Government may adversely affect the Group's business, growth strategies, financial conditions and results of operations

The Group's revenue is mainly derived from its operations in Singapore. As a result, the Group's business is significantly subject to the economic, political and social developments of Singapore. Changes in the economic, political and social conditions or the relevant policies of the Singapore Government, such as changes in laws and regulations (or the interpretation thereof) or restrictive financial measures, could have adverse effects on the overall economic growth of Singapore, and may adversely affect the moneylending and the retail and trading of pre-owned jewellery and gold industries, which could subsequently hinder the current or future business, growth strategies, financial position and results of operations of the Group.

The Group may be affected by disruptions in local and global financial markets and any associated impacts

The Group's business may be materially and adversely affected by conditions in the financial markets and the economy in Singapore and globally.

The global financial system has suffered considerable turbulence and uncertainty in recent years. Expectations concerning the performance of the global economy in the short to medium term remain uncertain. Furthermore, the global financial system has not yet overcome the difficulties that began in August 2007, and has suffered a particularly negative sub-prime crisis period since September 2008, when the first of several leading international financial institutions were declared insolvent.

Significant uncertainty regarding the rising debt burden in the United States has affected consumer confidence and concerns about European economies, triggered by uncertainty as to the ability of certain European countries to repay their sovereign debt, have caused unstable market conditions. Geopolitical instability in various parts of the world, including in North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. These events could adversely affect the Group's business, financial condition, prospects and results of operation. The large sovereign debts and/or fiscal deficits of these European countries as well as of the United States have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. A default by, or a significant decline in the credit rating of, one or more sovereigns or financial institutions could cause severe stress generally in the global financial system and could adversely affect the Group's business, operations and profitability, its solvency and the solvency of its customers (particularly with regard to its moneylending business).

It is difficult to predict the extent to which global markets are affected by these conditions and the extent and nature of such effects on its markets, products and business. The continuation or intensification of such disruptions may lead to additional adverse effects including, among others, lack of availability of credit to businesses, which could lead to a further weakening of the global economies. Any prolonged downturn in general economic conditions would present risks for the Group's business, such as a potential slowdown in its sales to customers.

Any adverse economic developments in the markets that the Group operates in or that have an indirect impact on its business could have material and adverse effects on its business, results of operations and financial position.

The Group may be affected by terrorist attacks and other acts of violence, wars, or outbreaks of diseases

Any fresh occurrence of terrorist attacks such as those which occurred in Australia, France, Belgium, Turkey, the United States of America, India and Indonesia or acts of violence may lead to uncertainty in the economic outlook of its market. All these could have a negative impact on the demand for its services and its business.

Several countries in Asia have suffered or are suffering from outbreaks of communicable diseases such as Influenza A and Middle East Respiratory Syndrome (MERS). An outbreak of any communicable diseases in Singapore may adversely affect its business operations, financial performance and financial condition. If an outbreak of such infectious diseases occurs in Singapore, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business, results of operations and financial position.

In the event that an outbreak occurs at any of the Group's pawnshops and pre-owned jewellery retail outlets, the Group may be required to temporarily suspend part of its operations and quarantine all affected employees, which could materially and adversely affect its business, results of operations and financial position.

Risks relating to the Group's pawnbroking business

The Group may not be able to accurately appraise the value of collaterals or pledged articles

The articles pledged to the Group may not be sufficient to cover the amount of the pawn loans granted.

There is no assurance that the Group will be able to properly appraise the value of the collaterals or pledged articles. If its employees are unable to perform the valuation of the collaterals or pledged articles accurately, the amount of pawn loans granted may exceed the value of the pledged articles. This may result in it incurring losses on these loans as the Group has no recourse against its pawnbroking customers.

Further, any failure to recover the loan through the sale of unredeemed pledged articles could expose it to a potential loss if the loan extended based on the initial appraised value is higher than its realised value. Any such losses arising from significant differences in value of its loan portfolio may adversely affect the Group's liquidity, financial position and results of operations.

Risks relating to the Group's retail and trading of pre-owned jewellery and gold business

Fashion trends and consumer tastes may affect the liquidity of its stocks for the Group's retail of pre-owned jewellery business

Where there are changes in fashion trends and consumer tastes, the Group's supplies of pre-owned jewellery may not appeal to its customers. This may result in a decline in the sale or prices of its pre-owned jewellery or slow-moving inventory. While the Group is able to disassemble such pre-owned jewellery affected by low consumer demand into its components of gold and precious gems for sale, these may not command as attractive a price. There may also be an adverse impact on its business and financial performance should there be a decrease in the price of gold or such precious gems.

Risks relating to the Group's moneylending business

Demand for the Group's moneylending services may decrease due to factors outside the Group's control

The Group's customers may cease to use the Group for future funding requirements for a variety of reasons such as deciding that cheaper forms of finance may be obtained from other lenders. There is no guarantee that the Group can continue to win new customers or retain existing customers and the failure to do so could have a material and adverse impact on the Group's business and results of operations.

The Group may be subject to cash shortages due to robbery, employee error and theft

The business of the Group requires it to maintain a significant supply of cash in each of its outlets. As such, the Group's outlets are subject to the risk of robbery, as well as employee error and theft. In the event that any of such risk materialises, the Group may face cash shortages that could adversely affect the Group's results of operations and financial condition.

Negative public perception of moneylenders may adversely affect the Group's moneylending business and exposes the Group to reputational risk

There currently exists a public perception that lending companies, such as those operating within the Group, are predatory or abusive towards customers in relation to the interest rates and manner in which the personal financial products offered by such lending companies are marketed to consumers.

Consumer groups and press coverage encourage this public perception by focusing on lenders who provide short-term single payment loans which charge consumers interest rates and fees that are higher than those charged by credit card issuers to more creditworthy consumers. If consumers accept this negative characterisation of certain single-payment consumer loans and believe that the loans which the Group provides to its customers fit this characterisation, demand for the loans could significantly decrease which could negatively affect the Group's business and reputation.

The Group only started its moneylending business in 2014 and there is no assurance that the future development of the moneylending business will be successfully implemented

The Group only commenced its moneylending business in 2014. With its limited operating history in providing secured and unsecured loans, it may be difficult to evaluate the performance of its moneylending business and its future development. There is also no assurance that the future development of the Group's its moneylending business will be successfully implemented.

Further expansion of the Group's mortgage loan portfolio may influence its overall net interest margin, business and credit risks exposure and working capital position

Further expansion of the Group's mortgage loan portfolio in the future may adversely affect the Group's overall net interest margin as an increase in mortgage loans will dilute the proportion of the higher margin pawnbroking business with an altered business segment mix.

The Group's overall net interest margin would be adversely affected if it diversifies its income stream by increasing the portion of its turnover generated from mortgage loan services in the future. The Group's business and credit risks exposure would also be affected by the expansion plan of the Group's mortgage loan services as the average size of the Group's mortgage loans is much larger than the average size of its pawn loans. Any default in the Group's mortgage loans by its customers may lead to a higher impact to its financial position than those default cases in connection with its pawn loan services.

The Group's mortgage business is dependent on the performance of real estate markets in Singapore

All of the underlying real estates of the Group's mortgage loans are located in Singapore. The values of the real estates mortgaged to the Group may fluctuate and decline due to various factors, including those affecting the overall real estate market conditions in Singapore.

For example, a slowdown in the Singapore economy or any changes in the laws, regulations and policies in relation to the real estate market, may lead to a severe downturn in the real estate market that may in turn result in decline in the value of underlying real estates of its mortgage loans to levels below the outstanding principal amounts of such loans.

In the event that the Group realises a real estate mortgaged to it for a default on its mortgage loan, the value of that real estate may not be sufficient to cover the Group's mortgage loan in full due to the value fluctuation mentioned above, and in turn the Group's financial performance may be adversely affected. Furthermore, in the event of lowered liquidity of the real estate market, the mortgaged properties may not be readily sold in the market when the Group exercises its enforcement rights in the mortgaged properties in the event of any loan default. Any delay in the timetable for the sale of mortgaged properties upon the exercise of its enforcement rights to recover the outstanding loan amount and interest accrued may adversely affect the Group's liquidity.

The liquidity of the Group may be affected by the timelines in realising collaterals

In the event that the Group's customers are unable to repay the relevant loans by the end of the term of the relevant loan and the Group is unable to realise the collaterals or the mortgaged real estates in a timely manner or at all, the liquidity and financial condition of the Group may be adversely affected.

The Group may not be able to recover the full amount of the loan secured by the mortgaged real estate in case of default

In the event of any default of mortgage loans, the Group will take legal action against the relevant customer for the foreclosure of the mortgaged real estate.

However, the Group may not be able to recover the full amount of the loan in the event that the value of mortgaged real estate falls below the aggregate outstanding balance of the loan granted by the Group. Accordingly, the Group's asset quality, financial condition or results of operations may be materially and adversely affected. In addition, the relevant customer may have utilised monies from the Central Provident Fund ("**CPF**") to finance the acquisition of the real estate. If that is the case, upon sale of the real estate, the CPF Board will also have a claim on the proceeds of sale. This may further decrease the proceeds available to the Group and could adversely affect the Group's financial condition.

The Group will not have recourse to any specific assets in case of default on an unsecured loan

In respect of the unsecured moneylending business of the Group, the Group faces the risk that its customers may default on repayment of the unsecured loans and interest and the Group may not have any recourse to the assets of the customers or the guarantors. In addition, although the Group may take legal action against the relevant customers and/or the guarantors for the overdue loan, there is no assurance that the relevant customers or the guarantors could be located for the purposes of serving the writ or that upon judgment in favour of the Group, the Group would be able to successfully enforce it against the relevant customers and guarantors or their assets. Hence, such loan delinquency may adversely affect the business and financial conditions of the Group.

The Group is subject to economic downturns and other risks of doing business globally, which could adversely affect the Group

A downturn in the economy could have an adverse impact on the Group as it may reduce the ability of its unsecured loan customers to repay amounts due to the Group, thereby increasing bad debt expense and reducing profitability of the Group. An economic downturn often results in increased unemployment levels with people having less disposable income and reduced consumer confidence. This would directly impact on the rate at which the Group's customers are able to pay their loans, if at all, and would likely lead to an increase in default of loan payments. This loan delinquency could have a negative impact on the Group's business, results of operations, and financial conditions.

The Group may incur higher costs of monitoring unsecured loans

The Group may incur higher costs in monitoring the financial conditions of a customer who has taken up an unsecured loan as compared to another who has given security for the amount borrowed, as in the latter scenario, upon default in repayment of the loan, the Group still has the right to enforce the security and obtain some value. As such, the financial condition of the Group may be adversely affected.

The Group may incur a substantial loss upon default in payment of an unsecured loan

To compensate for the higher risks associated with a default of an unsecured loan and the potential higher costs of monitoring the borrower, the Group may charge a higher interest rate in respect of unsecured loan. This means that in the event of non-payment of the principal and interest by the borrower, the loss that the Group may incur could be substantial, thus adversely affecting the Group's financial conditions.

RISKS RELATING TO ITS OPERATIONS IN MALAYSIA

The Group is subject to risks relating to the economic, political, legal or social environment in Malaysia

The Group's business and earnings may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting Malaysia, where applicable. The Group has no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on its business or operations.

In particular, any adverse development in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of the Group. The Group may be affected by changes in the political leadership and/or government policies in Malaysia. Such political or regulatory changes include (but are not limited to) the introduction of new laws and regulations which impose and/or increase restrictions on imports, the conduct of business, the repatriation of profits, the imposition of capital controls and changes in interest rates.

Terrorist attacks and other acts of violence or war may negatively affect the Malaysia economy and may also adversely affect financial markets globally. These acts may also result in a loss of consumer confidence, decrease the demand for the Group's products and ultimately adversely affect its business. In addition, any such activities in Malaysia or its neighbouring countries in Southeast Asia might result in concern about the stability in the region, which could adversely affect the Group's business, financial conditions, results of operations and prospects.

The Group is subject to laws, regulations and guidelines in connection with its business operations in Malaysia

The Group's associated companies in Malaysia hold pawnbroking licences as required under the Pawnbrokers Act 1972. These licences are usually issued for a period of two (2) years, subject to their renewal on or before expiry. There is no assurance that the relevant licences will be renewed or will not be revoked. At present, there is no equity condition attached to the issuance of pawnbroking licences in Malaysia. However, there is no guarantee that no changes will be made by the relevant authorities in Malaysia to the current regulations governing foreign ownership of pawnbroking business.

Any non-renewal or revocation of its licences or any changes to the relevant regulations in the future could affect the Group's investments in these Malaysia associated companies. In the event there is a change of policies relating to equity participation, the Group may be required by the Malaysian authorities to restructure its equity interests in these associated companies.

In addition, the successful implementation of the Group's growth strategies in Malaysia is also subject to regulations in Malaysia regarding, *inter alia*, the grant of licences and policies in relation to equity participation in Malaysia companies. There can be no assurance that the Group will be able to execute its growth strategies successfully. If the Group fails to manage its expansion plans in Malaysia and the related risks and costs, its business and financial performance would be adversely affected.

There is also no assurance that the laws, regulations and guidelines which are applicable to the business of the Group's associated companies will not change. In the event of any such amendments, the Group may need to ensure compliance with such new laws, regulations and guidelines. In addition, the Group may also need to comply with new licensing requirements under such laws and regulations. In the event that the Group's Malaysia associated companies are unable to comply with the requirements under such laws and regulations or are unable to obtain such new licences, the Group's financial performance may be adversely affected.

The Group is affected by foreign exchange controls in Malaysia

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are controlled by the Governor of the central bank of Malaysia ("**Bank Negara Malaysia**") and administered by the Foreign Exchange Administration, an arm of Bank Negara Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents.

Under the Notices on Foreign Exchange Administration Rules and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, non-residents are free to repatriate any amount of funds in Malaysia at any time, including capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investment in Malaysia, provided that such repatriation is carried out in foreign currency. Such repatriation of funds will be subject to the applicable withholding tax. In the event Bank Negara Malaysia introduces any restrictions in the future, the Group may be affected in its ability to receive dividends from its Malaysia associated companies.

RISKS RELATING TO THE NOTES

If the Group is unable to comply with the restrictions and covenants in its debt agreements, including, among others, the Trust Deed or the Notes, there could be a default under the terms of these agreements, the Trust Deed or the Notes, which could cause repayment of the Group's debt to be accelerated

The Group's debt agreements or instruments contain covenants that restrict the Group's business activities. The Group's ability to comply with such covenants depends on Group's future operating performance. If the Group is unable to comply with the restrictions and covenants in the Group's current or future debt and other agreements or instruments (some of which are secured), the Trust Deed or the Notes, there could be a default under the terms of these agreements or instruments. In the event of a default under these agreements or instruments, the holders of the debt could terminate their commitments to lend to the Group, accelerate repayment of the debt and declare all amounts borrowed due and payable, terminate the agreements or exercise their enforcement or foreclosure remedies, as the case may be. Furthermore, some of the Group's debt agreements or instruments, including the Notes, contain cross-acceleration or cross-default provisions. As a result, the Group's default under one debt agreement or instrument may cause the acceleration of repayment of debt or result in a default under the other debt agreements or instruments, including the Notes. If any of these events occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Group.

The Notes are not secured

The Notes of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. Accordingly, on a winding-up or termination of the Issuer at any time prior to maturity of any Notes, holders of the Notes will not have recourse to any specific assets of the Issuer or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes owed to the holders of the Notes and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes owed to the Noteholders.

The rights of Noteholders may be structurally subordinated to other creditors of the Group

As a result of the holding company structure of the Group, the Notes issued are structurally subordinated to any and all existing and future liabilities and obligations of the Issuer's subsidiaries and associated companies since these subsidiaries and associated companies own the vast majority of the Issuer's assets. Generally, claims of creditors, including trade creditors, and claims of preferred shareholders (if any) of any such subsidiaries and associated companies will have priority with respect to the assets and earnings of such subsidiaries and associated companies over the claims of the Issuer and its creditors, including the holders of the Notes.

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt Notes.

Liquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of market value of the Notes issued under the Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries and/or its associated companies (if any).

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing notes

The market values of notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing notes. Generally, the longer the remaining term of the notes, the greater the price volatility as compared to conventional interest-bearing notes with comparable maturities.

The Notes may be subject to interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note prices may rise. Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Notes may be subject to inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for them, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Modification and waivers

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The terms and conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable (and in any event within 14 days of such modification) in accordance with Condition 16 of the Notes and by way of an announcement on the SGX-ST.

A change in Singapore law which governs the Notes may adversely affect Noteholders

The Notes are governed by Singapore law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease

(i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

The Notes may be subject to Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Notes subject to optional redemption may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes containing such a feature. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risks in light of other investments available at that time.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 10), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of the Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including refinancing of existing borrowings and financing of investments, acquisitions, general working capital and/or capital expenditure requirements of the Issuer and its subsidiaries or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or a Global Certificate for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) Company or a Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus

Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Notes). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act ("**Regulation S**").

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

European Economic Area – Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealers; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Phua Tin How	Non-Executive Chairman and Independent Director
Yeah Hiang Nam	Managing Director and Chief Executive Officer
Yeah Lee Ching	Executive Director
Yeah Chia Kai	Executive Director
Lim Tong Lee	Independent Director
Lim Hwee Hai	Independent Director

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

   (a) Yeah Hiang Nam is the father of Yeah Lee Ching and Yeah Chia Kai; and

   (b) Tan Hong Yee, a substantial shareholder of the Issuer, is the wife of Yeah Hiang Nam, and is the mother of Yeah Lee Ching and Yeah Chia Kai.

4. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group.

5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Name	Number of Shares			(%)[1]
	Direct Interest	Deemed Interest	Total Interest	
Directors				
Phua Tin How	–	–	–	–
Yeah Hiang Nam[3][4]	42,727,000	378,597,960	421,324,960	78.97
Yeah Lee Ching	–	–	–	–
Yeah Chia Kai	–	–	–	–
Lim Tong Lee	–	–	–	–
Lim Hwee Hai	–	1,141,000	1,141,000	0.21
Substantial Shareholders				
Yeah Holdings Pte. Ltd.[2]	338,869,960	–	338,869,960	63.52
Yeah Hiang Nam[3][4]	42,727,000	378,597,960	421,324,960	78.97
Tan Hong Yee[3][4]	39,728,000	381,596,960	421,324,960	78.97

Notes:–

(1) As a percentage of the issued share capital of the Issuer comprising 533,497,960 Shares as at the Latest Practicable Date.

(2) 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%).

(3) By virtue of Section 7 of the Companies Act, Yeah Hiang Nam and Tan Hong Yee are deemed to have an interest in the 338,869,960 shares held by Yeah Holdings Pte. Ltd.

(4) 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.

SHARE CAPITAL

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

7. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	533,497,960	S$78,312,982

8. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

BORROWINGS

9. Save as disclosed in Appendix III, the Group had as at 31 December 2015 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and

liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

10. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

11. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2015.

LITIGATION

12. There are no legal or arbitration proceedings pending or, to the best of the Issuer's knowledge after making all due enquiries, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

MATERIAL ADVERSE CHANGE

13. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2015.

GENERAL

14. Save as disclosed in this Information Memorandum, the financial condition and operations of the Group are not likely to be affected by any of the following:

    (a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditures;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;

    (d) known trends or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income; and

(e) any material information known to the Issuer or the Group which may be relevant to the financial or trading prospects of the Issuer or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by the Issuer and which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of the Issuer or the Group.

CONSENTS

15. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the registered office of the Issuer at 213 Bedok North Street 1, #01-121, Singapore 460213 during normal business hours:

(a) the Constitution of the Issuer;

(b) the Trust Deed;

(c) the letter of consent referred to in paragraph 15 above; and

(d) the audited consolidated financial statements of the Group for the financial years ended 31 December 2014 and 31 December 2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

17. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VALUEMAX GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of ValueMax Group Limited and its subsidiaries for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

Company Registration No. 200307530N

ValueMax Group Limited and its Subsidiaries

Annual Financial Statements
31 December 2014

General information

Directors

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

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

213 Bedok North Street 1
#01-121
Singapore 460213

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 (since financial year ended 31 December 2012): Max Loh Khum Whai

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The directors are pleased to present their report 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 2014.

Directors

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

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

Arrangements to enable directors to acquire shares or debentures

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.

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 2015**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**
Ordinary shares of the Company						
Yeah Hiang Nam	42,528,000	42,528,000	42,528,000	355,769,960	355,769,960	355,769,960
Lim Hwee Hai	–	–	–	1,000,000	1,141,000	1,141,000
Ordinary shares of the ultimate holding company						
Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001
Yeah Lee Ching	1,076,000	1,076,000	1,076,000	–	–	–
Yeah Chia Kai	1,076,000	1,076,000	1,076,000	–	–	–

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

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

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

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

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

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.

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 2015

Statement by directors

We, Yeah Hiang Nam and Yeah Lee Ching, being two of the directors of ValueMax Group Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the 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.

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
25 March 2015

Report on the financial statements

We have audited the accompanying financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 7 to 86, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

25 March 2015

Consolidated statement of comprehensive income
For the financial year ended 31 December 2014

(Amounts in Singapore Dollars)

	Note	2014	2013
		$'000	$'000
Revenue	4	324,516	353,148
Cost of sales		(299,478)	(330,427)
Gross profit		25,038	22,721
Other item of income			
Other operating income	5	2,075	2,642
Other items of expense			
Marketing and distribution expenses		(411)	(300)
Administrative expenses		(15,108)	(12,270)
Finance costs	6	(260)	(176)
Other operating expenses	7	(2,805)	(4,103)
Share of results of associates		1,625	1,909
Profit before tax	8	10,154	10,423
Income tax expense	11	(759)	(853)
Profit for the year		9,395	9,570
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(93)	(142)
Total comprehensive income for the year		9,302	9,428
Profit for the year attributable to:			
Owners of the Company		8,994	9,357
Non-controlling interests		401	213
		9,395	9,570
Total comprehensive income for the year attributable to:			
Owners of the Company		8,901	9,215
Non-controlling interests		401	213
		9,302	9,428
Earnings per share (cents per share)			
Basic and diluted	12	1.69	2.32

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

Statements of financial position
As at 31 December 2014

(Amounts in Singapore Dollars)

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	13	7,758	4,967	25	40
Intangible asset	14	43	–	–	–
Investment in subsidiaries	15	–	–	36,886	27,804
Investment in associates	16	7,769	7,442	1,874	1,874
Other investments	17	701	701	701	701
		16,271	13,110	39,486	30,419
Current assets					
Inventories	18	44,246	43,300	–	–
Trade and other receivables	19	151,297	136,211	72,700	55,605
Prepaid operating expenses		957	918	39	77
Income tax receivable		–	–	–	9
Cash and bank balances	20	37,098	46,520	14,939	37,817
		233,598	226,949	87,678	93,508
Total assets		249,869	240,059	127,164	123,927
Current liabilities					
Trade and other payables	21	12,268	10,873	242	305
Other liabilities	22	1,668	1,518	589	621
Interest-bearing loans and borrowings	23	78,919	74,985	–	–
Income tax payable		933	1,351	147	–
		93,788	88,727	978	926
Net current assets		139,810	138,222	86,700	92,582
Non-current liabilities					
Provisions	24	264	224	–	–
Deferred tax liabilities	11	793	385	4	7
		1,057	609	4	7
Total liabilities		94,845	89,336	982	933
Net assets		155,024	150,723	126,182	122,994

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

Statements of financial position
As at 31 December 2014

(Amounts in Singapore Dollars)

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	78,313	78,313	78,313	78,313
Retained earnings		78,323	74,024	47,869	44,681
Other reserves	26	(5,850)	(5,757)	–	–
		150,786	146,580	126,182	122,994
Non-controlling interests		4,238	4,143	–	–
Total equity		155,024	150,723	126,182	122,994
Total equity and liabilities		249,869	240,059	127,164	123,927

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

ValueMax Group Limited and its Subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2014

(Amounts in Singapore Dollars)

		Attributable to owners of the Company							
	Note	**Share capital**	**Capital reserve**	**Merger reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2014									
At 1 January 2014		78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723
Profit for the year		–	–	–	–	8,994	8,994	401	9,395
Other comprehensive income									
Foreign currency translation		–	–	–	(93)	–	(93)	–	(93)
Total comprehensive income for the year		–	–	–	(93)	8,994	8,901	401	9,302
Contributions by and distributions to owners									
Dividends paid on ordinary shares	32	–	–	–	–	(4,695)	(4,695)	–	(4,695)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(306)	(306)
Total contributions by and distributions in their capacity as owners		–	–	–	–	(4,695)	(4,695)	(306)	(5,001)
At 31 December 2014		78,313	1,984	(7,599)	(235)	78,323	150,786	4,238	155,024

ValueMax Group Limited and its Subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2014

(Amounts in Singapore Dollars)

	Note	Attributable to owners of the Company							
		Share capital	**Capital reserve**	**Merger reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2013									
At 1 January 2013		5,742	1,843	–	–	64,667	72,252	1,807	74,059
Profit for the year		–	–	–	–	9,357	9,357	213	9,570
Other comprehensive income									
Foreign currency translation		–	–	–	(142)	–	(142)	–	(142)
Total comprehensive income for the year		–	–	–	(142)	9,357	9,215	213	9,428
Contributions by and distributions to owners									
Shares issued for acquisition of associated companies	1.2	3,730	–	–	–	–	3,730	–	3,730
Shares issued for acquisition of an investee company	1.2	688	–	–	–	–	688	–	688
Issuance of ordinary shares pursuant to the initial public offering	25	70,380	–	–	–	–	70,380	–	70,380
Share issuance expense	25	(2,227)	–	–	–	–	(2,227)	–	(2,227)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(303)	(303)
Adjustment pursuant to the Restructuring Exercise	1.2	–	–	(7,599)	–	–	(7,599)	–	(7,599)
Total contributions by and distributions in their capacity as owners		72,571	–	(7,599)	–	–	64,972	(303)	64,669

Statements of changes in equity
For the financial year ended 31 December 2014

(Amounts in Singapore Dollars)

		Attributable to owners of the Company							
	Note	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2013									
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary	15	–	–	–	–	–	–	3,527	3,527
Acquisition of non-controlling interests without a change in control	15	–	141	–	–	–	141	(1,101)	(960)
Total changes in ownership interests in subsidiaries		–	141	–	–	–	141	2,426	2,567
Total transactions with owners in their capacity as owners		72,571	141	(7,599)	–	–	65,113	2,123	67,236
At 31 December 2013		78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723

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 2014

(Amounts in Singapore Dollars)

	Note	Share capital $'000	Retained earnings $'000	Total $'000
Company				
At 1 January 2013		5,742	34,342	40,084
Profit for the year, representing total comprehensive income for the year		–	10,339	10,339
Contributions by and distributions to owners				
Shares issued for acquisition of associated companies	1.2	3,730	–	3,730
Shares issued for acquisition of an investee company	1.2	688	–	688
Issuance of ordinary shares pursuant to the initial public offering	25	70,380	–	70,380
Share issuance expense	25	(2,227)	–	(2,227)
Total transactions with owners in their capacity as owners		72,571	–	72,571
At 31 December 2013 and 1 January 2014		78,313	44,681	122,994
Profit for the year, representing total comprehensive income for the year		–	7,883	7,883
Contributions by and distributions to owners				
Dividends paid on ordinary shares, representing total transactions with owners in their capacity as owners	32	–	(4,695)	(4,695)
At 31 December 2014		78,313	47,869	126,182

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 2014

(Amounts in Singapore Dollars)

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before tax		10,154	10,423
Adjustments for:			
Depreciation of property, plant and equipment	13	653	504
Allowance for doubtful trade receivables	7	2,674	2,546
Allowance for write-down of inventories	7	131	160
Interest income	5	(700)	(249)
Finance costs	6	1,458	1,762
Dividend income from unquoted investments	5	(80)	(76)
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	(145)	1,719
Net fair value loss/(gain) on loan from an unrelated party	8	62	(510)
Excess of fair value over consideration of interest acquired in a subsidiary	5	(194)	(405)
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	5	–	(685)
Share of results of associates		(1,625)	(1,909)
Listing expenses		–	1,397
Operating cash flows before changes in working capital		12,388	14,677
Changes in working capital			
Increase in inventories		(855)	(11,832)
(Increase)/decrease in trade and other receivables		(15,696)	23,397
Increase in prepaid operating expenses		(32)	(50)
Increase/(decrease) in trade and other payables		1,394	(24,568)
Increase/(decrease) in other liabilities		146	(176)
Cash flows (used in)/generated from operations		(2,655)	1,448
Interest received		700	249
Finance costs paid		(1,458)	(1,762)
Income taxes paid		(1,203)	(3,348)
Net cash flows used in operating activities		(4,616)	(3,413)
Investing activities			
Purchase of property, plant and equipment	A	(649)	(228)
Acquisition of non-controlling interests in subsidiaries	15	–	(960)
Net cash outflow on acquisition of a subsidiary	15	(4,335)	(847)
Acquisition of additional interest in an associate	1.2	–	(480)
Acquisition of unquoted investments		–	(13)
Dividend income from associates		1,230	802
Dividend income from other investments		80	76
Net cash flows used in investing activities		(3,674)	(1,650)

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2014

(Amounts in Singapore Dollars)

	Note	2014	2013
		$'000	$'000
Financing activities			
Proceeds from short-term bank borrowings		9,550	12,000
Repayment of short-term bank borrowings		(5,501)	(19,442)
Repayment of obligations under finance leases		(4)	(3)
Gross proceeds from issuance of ordinary shares pursuant to the initial public offering	25	–	70,380
Listing expenses	25	–	(3,624)
Dividends paid to non-controlling interests		(306)	(303)
Dividends paid on ordinary shares		(4,695)	–
Net cash flows (used in)/generated from financing activities		(956)	59,008
Net (decrease)/increase in cash and cash equivalents		(9,246)	53,945
Cash and cash equivalents at beginning of year		45,514	(8,431)
Cash and cash equivalents at end of year	20	36,268	45,514

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2014	2013
		$'000	$'000
Current year additions to property, plant and equipment	13	689	423
Less: Provision for restoration costs included in "Renovations"		(40)	(195)
Net cash outflow for purchase of property, plant and equipment		649	228

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

1. Corporate information

1.1 *The Company*

ValueMax Group Limited is a limited liability company incorporated and domiciled in Singapore and was listed on the Singapore Exchange on 30 October 2013. The immediate and ultimate holding company is Yeah Holdings Pte. Ltd. ("Yeah Holdings"), which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 213 Bedok North Street 1, #01-121, Singapore 460213.

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

1.2 *The Restructuring Exercise*

Transfer of businesses under common control

The Group undertook the following transaction as part of a corporate reorganisation implemented in preparation for its listing on the Singapore Exchange (the "Restructuring Exercise"), the effects of which have been included in the Group's financial statements at the beginning of the earliest period presented (i.e. 1 January 2013):

<u>Transfer of gold trading and retail of pre-owned jewellery businesses from Yeah Capital Pte. Ltd. ("Yeah Capital") and Dormant2 Jewellery Pte. Ltd. ("Dormant2 Jewellery"), respectively</u>

Pursuant to the business transfer agreements dated 1 January 2013 and 1 February 2013 respectively, ValueMax Precious Metals Pte. Ltd. and Spring Jewellery (SG) Pte. Ltd. purchased the gold trading and retail of pre-owned jewellery businesses of Yeah Capital and Dormant2 Jewellery, respectively. The purchase consideration for the retail of pre-owned jewellery business of Dormant2 Jewellery was approximately $1,787,000, being the carrying value of the net assets of the retail of pre-owned jewellery business of Dormant2 Jewellery acquired by the Group as at 31 January 2013. The purchase consideration for the gold trading business of Yeah Capital was approximately $12,438,000, being the carrying value of the net assets of the gold trading business of Yeah Capital acquired by the Group as at 31 December 2012. The purchase consideration for each of the businesses of Yeah Capital and Dormant2 Jewellery was satisfied by cash payments to Yeah Capital and Dormant2 Jewellery respectively.

1. Corporate information (cont'd)

1.2 *The Restructuring Exercise (cont'd)*

Transfer of businesses under common control (cont'd)

The above Restructuring Exercise is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these businesses transferred have been included in the Group's financial statements at the beginning of the earliest period presented (i.e. 1 January 2013) at their carrying amounts. Although the Restructuring Exercise occurred in January and February 2013, the Group's financial statements for the comparative period of the financial year ended 31 December 2013 present the financial condition and results of operations as if the businesses had always been combined since the beginning of the earliest period presented.

In connection with the Restructuring Exercise, the Group also undertook the transactions described below, the effects of which have not been included in the Group's financial statements at the beginning of the earliest period presented (i.e. 1 January 2013):

(a) Acquisition of equity interests in ValueMax Pawnshop Pte. Ltd., ValueMax Pawnshop (BD) Pte. Ltd., ValueMax Pawnshop (PR) Pte. Ltd., ValueMax Pawnshop (CCK) Pte. Ltd., ValueMax Pawnshop (WL) Pte. Ltd., ValueMax Pawnshop (EL) Pte. Ltd., ValueMax Pawnshop (BK) Pte. Ltd., ValueMax Pawnshop (SG) Pte. Ltd., ValueMax Retail Pte. Ltd., Soon Hong Pawnshop Pte. Ltd., Ban Soon Pawnshop Pte. Ltd., Ban Lian Pawnshop Pte. Ltd., Ban Seng Pawnshop Pte. Ltd. ("Ban Seng Pawnshop") and Fook Loy Trading Pte. Ltd. (collectively, the "Singapore Entities")

Pursuant to a share purchase agreement dated 1 August 2013 entered into between the Company (as the purchaser) and certain shareholders of the Singapore Entities (the "Existing Shareholders"), the Company acquired the shares held by the Existing Shareholders in the Singapore Entities for an aggregate consideration of approximately $2,928,000. Save for Ban Seng Pawnshop, the purchase consideration was arrived at based on the latest audited net asset value of the companies as at 31 December 2012. The purchase consideration of Ban Seng Pawnshop of $688,000, was at a premium of approximately $272,000 above the latest audited net asset value of Ban Seng Pawnshop as at 31 December 2012. The purchase consideration was satisfied by (a) the issue and allotment of 53,344 ordinary shares at $12.90 per ordinary share (being the approximate net asset value per share of the Group as at 31 December 2012) in the issued share capital of the Company, credited as fully paid, by the Company to the Existing Shareholders; and (b) in cash of an amount of approximately $2,240,000 to the Existing Shareholders. The Existing Shareholders then renounced and transferred all the 53,344 shares received as purchase consideration to Yeah Holdings.

1. Corporate information (cont'd)

1.2 *The Restructuring Exercise (cont'd)*

Transfer of businesses under common control (cont'd)

(b) Acquisition of equity interests in Kedai Emas Well Chip Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd., SYT Pavilion Sdn. Bhd. and Thye Shing Pawnshop Sdn. Bhd. (collectively, the "Malaysian Companies")

Pursuant to the share restructuring agreements dated 12 August 2013 (the "Malaysian Share Restructuring Agreements") entered into between the Company, Goldjew Sdn. Bhd. ("Goldjew"), Great Prompt Sdn. Bhd. ("Great Prompt") as well as the Managing Director and CEO, Yeah Hiang Nam, and his nominees, the Company acquired 46.6% of the issued share capital of each of the Malaysian Companies for a purchase consideration of approximately $3,279,000. VMM Holdings Sdn. Bhd., a subsidiary of the Group, was nominated to receive the shares. The purchase consideration was arrived at based on the latest audited net asset value of the Malaysian Companies as at 31 December 2012 of approximately RM 20,017,000 (equivalent to approximately $8,007,000), and was satisfied fully by the allotment and issue of 147,245, 55,278 and 86,632 ordinary shares at $12.90 per ordinary share (being the approximate net asset value per share of the Group as at 31 December 2012), credited as fully paid, to Yeah Hiang Nam, Goldjew and Great Prompt respectively.

Goldjew and Great Prompt are investment holding companies. They own various assets including real estate in Malaysia and are not in the business of pawnbroking. The shares of Goldjew and Great Prompt are beneficially owned by Yeah Hiang Nam.

Each of Goldjew and Great Prompt subsequently declared a dividend in specie in favour of Yeah Hiang Nam, whereupon the aggregate 141,190 shares which Goldjew and Great Prompt received pursuant to the Malaysian Share Restructuring Agreements were distributed to Yeah Hiang Nam. Goldjew and Great Prompt consequently ceased to hold any shares in the Company.

Yeah Hiang Nam thereafter renounced and transferred all the 289,155 shares received pursuant to the Malaysian Share Restructuring Agreements to Yeah Holdings.

Upon completion of the Malaysian Share Restructuring Agreement, the issued and paid-up share capital of the Company increased to approximately $10,160,000, comprising 6,084,584 shares.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(b) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
(c) Amendments to FRS 103 *Business Combinations*	1 July 2014
(d) Amendments to FRS 108 *Operating Segments*	1 July 2014
(e) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendments to FRS 16 *Property, Plant and Equipment*: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

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

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 109 and FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

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

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

(c) *Business combinations achieved in stages*

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

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

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

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

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

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

2.6 *Functional and foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

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
Machinery, tools, office equipment and computers	–	3 to 5 years
Furniture and fittings	–	5 years
Renovations	–	5 years

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

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

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

2.8 *Intangible asset*

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

The useful life of the intangible asset is assessed as indefinite.

Intangible asset with indefinite useful life is 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. The intangible asset is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Moneylending licence

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

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

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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

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

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

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

2.11 *Associates*

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

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

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

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

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

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

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

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

2.12 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

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

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

Derecognition

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

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

2.12 *Financial instruments (cont'd)*

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

Regular way purchase or sale of a financial asset

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

(b) *Financial liabilities*

Initial recognition and measurement

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

All 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

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

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*

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

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

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

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

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

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

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

2.14 *Cash and cash equivalents*

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

2.15 *Inventories*

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

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

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

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

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

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

2.16 *Provisions*

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

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

2.17 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the government grant is recognised in profit or loss upon receipt of the grant. Grants related to income are presented under other operating income.

2.18 *Financial guarantee*

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

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

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

2.20 *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)

2.21 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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 where the Group retains 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 2.22(c). Contingent rents are recognised as revenue in the period in which they are earned.

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

2.22 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

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

(b) *Interest income*

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

(c) *Rental income*

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

(d) *Rendering of services*

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

(e) *Dividend income*

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

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

2.23 ***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 consolidation 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.

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

2.23 *Taxes (cont'd)*

(b) *Deferred tax (cont’d)*

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 consolidation is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business consolidation, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

2.24 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 *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.

2.26 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

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

2.27 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $933,000 (2013: $1,351,000) and $793,000 (2013: $385,000) respectively.

3.2 *Key sources of estimation uncertainty*

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

(a) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements. A 1% reduction in the redemption rate of collateralised loans of the pawnbroking segment is not expected to have a significant impact on the Group's financial statements as at 31 December 2014 and 2013.

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

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

(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 or net realisable value. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an allowance for write-down of inventories. To determine whether there is objective evidence of obsolescence or decline in net realisable value, the Group estimates future demand for the product and assesses prevailing market conditions and gold prices. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements. If the prevailing market gold prices decrease by 5%, the carrying amount of inventories stated as at 31 December 2014 would reduce by $244,000. A 5% reduction in the prevailing market gold prices did not have a significant impact on the Group's inventories stated as at 31 December 2013.

(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. The carrying amount of such receivables at the end of the reporting period was $124,173,000 (2013: $124,047,000). 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 2014 and 2013.

4. Revenue

	Group	
	2014	**2013**
	$'000	$'000
Retail and trading of pre-owned jewellery and gold	304,293	332,676
Interest income from pawnbroking services	20,147	20,472
Interest income from moneylending services	76	–
	324,516	353,148

5. Other operating income

	Note	Group 2014	Group 2013
		$'000	$'000
Rental income from leasehold property		624	415
Interest income on loans and receivables		700	249
Workmanship income		3	6
Dividend income from unquoted investments		80	76
Management fee income from director-related companies		241	385
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	15	–	685
Excess of fair value over consideration of equity interest acquired in a subsidiary	15	194	405
Special Employment Credit		75	68
Wage Credit Scheme		61	–
Grant income from SME cash grant		–	6
Income from assignment of tenancy agreement to unrelated party		–	300
Others		97	47
		2,075	2,642

The Special Employment Credit 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.

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

During the financial year ended 31 December 2011, the Singapore Finance Minister announced the introduction of Corporate Income Tax Rebate or SME cash grant (for smaller companies that are not taxable) in Budget 2011. Under this Scheme, certain entities of the Group received a 5% cash grant on their respective total revenue, subject to a cap of $5,000 per entity.

6. Finance costs

	Group 2014	Group 2013
	$'000	$'000
Interest expense		
- Bank overdrafts	41	207
- Short-term bank borrowings	1,333	1,401
- Loans from directors/shareholders	84	154
	1,458	1,762

Included in the consolidated statement of comprehensive income under:

	Group 2014	Group 2013
- Cost of sales	1,198	1,586
- Finance costs	260	176
	1,458	1,762

7. Other operating expenses

	Note	Group 2014	Group 2013
		$'000	$'000
Allowance for write-down of inventories	18	131	160
Allowance for doubtful trade receivables	19	2,674	2,546
Listing expenses	25	–	1,397
		2,805	4,103

8. Profit before tax

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

	Note	Group 2014	Group 2013
		$'000	$'000
Audit fees paid to auditors of the Company		225	176
Non-audit fees:			
– Auditors of the Company		86	462
– Other auditors		–	4
Depreciation of property, plant and equipment	13	653	504
Employee benefits expense	9	8,439	7,321
Inventories recognised as an expense in cost of sales	18	298,279	328,841
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	(145)	1,719
Operating lease expense	27(a)	3,499	2,809
Net fair value loss/(gain) on loan from an unrelated party		62	(510)

9. Employee benefits

	Group	
	2014	**2013**
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	7,420	6,471
Central Provident Fund contributions	774	618
Other personnel expenses	245	232
	8,439	7,321

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	
	2014	**2013**
	$'000	$'000
Sale of goods to director-related companies	3,010	2,804
Purchase of goods from associates	(1,300)	(2,751)
Purchase of goods from an investee company	–	(319)
Purchase of goods from director-related companies	(724)	(12,164)
Purchase of services from a director-related company	–	(1)
Dividend income from associates	442	802
Dividend income from an investee company	80	76
Rental paid to director-related companies	(479)	(455)
Rental paid to a director	(52)	(60)
Consideration paid on acquisition of a subsidiary from shareholders	(1,000)	–
Management fee income received from associates	237	127
Management fee income received from an investee company	–	18
Management fee income received from director-related companies	4	240
Interest received from associates	67	150
Interest paid to shareholders	(83)	(154)
Administrative service fee income received from a director-related company	2	–

10. Related party transactions (cont'd)

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

	Group	
	2014	**2013**
	$'000	$'000
Short-term employee benefits	1,443	1,308
Central Provident Fund contributions	69	71
Total compensation paid to key management personnel	1,512	1,379
Comprise amounts paid to:		
Directors of the Company	1,042	992
Other key management personnel	470	387
	1,512	1,379

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

On 1 May 2013, ValueMax Retail Pte. Ltd. ("VRP") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties Pte. Ltd. ("Yeah Properties"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Properties to be $194,700 and $64,900 in 2015 and 2016 respectively.

On 1 May 2013, ValueMax Pawnshop (SG) Pte. Ltd. ("VMSG") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Properties to be $116,820 and $38,940 in 2015 and 2016 respectively.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Yeah Capital Pte. Ltd. ("Yeah Capital"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Capital to be $78,000 and $45,500 in 2015 and 2016 respectively.

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with Yeah Capital for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Capital to be $78,000 and $45,500 in 2015 and 2016 respectively.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Mr. Yeah Hiang Nam ("YHN"), a director, for the lease of one of VRP's retail outlets. The Group expects the rental paid to YHN to be $25,600 and $15,050 in 2015 and 2016 respectively.

10. Related party transactions (cont'd)

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

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with YHN for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to YHN to be $25,800 and $15,050 in 2015 and 2016 respectively.

On 1 November 2013, the Company entered into a 33-month agreement ending 1 August 2016 with YHN 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 $21,600 and $12,600 in 2015 and 2016 respectively.

On 28 August 2014, VRP entered into a 12-month agreement ending 1 September 2015 with Golden Goldsmith Jewellers (“GGJ”), a director-related partnership, for the lease of office space. The Group expects the rental paid to GGJ in 2015 to be $14,400.

11. Income tax expense

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

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	**2013**
	$'000	$'000
Current income tax		
Current income taxation	641	816
Over provision in respect of previous years	(290)	(299)
	351	517
Deferred income tax		
Origination and reversal of temporary differences	408	336
Income tax expense recognised in profit or loss	759	853

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 is as follows:

	Group	
	2014	**2013**
	$'000	$'000
Profit before tax	10,154	10,423
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,812	1,791
Adjustments:		
- Non-deductible expenses	190	365
- Income not subject to taxation	(85)	(260)
- Effect of partial tax exemption	(653)	(623)
- Deferred tax assets not recognised	145	173
- Over provision in respect of previous years	(290)	(299)
- Share of results of associates	(355)	(325)
- Others	(5)	31
Income tax expense recognised in profit or loss	759	853

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

(c) *Deferred income tax*

	Group	
	2014	**2013**
	$'000	$'000
Balance at 1 January	385	49
Tax charged to profit or loss	408	336
Balance at 31 December	793	385

Deferred income tax as at 31 December relates to the following:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	31	23	4	7
Fair value adjustments on acquisitions of subsidiaries	762	362	–	–
	793	385	4	7

11. Income tax expense (cont'd)

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

At the end of the reporting period, the Group has tax losses of approximately $28,000 (2013: $1,182,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 32).

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	
	2014	**2013**
Profit for the year attributable to owners of the Company ($'000)	8,994	9,357
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)	533,498	403,203
Basic and diluted earnings per share (cents)	1.69	2.32

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 2014 and 2013.

13. Property, plant and equipment

	Leasehold properties	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost					
At 1 January 2013	2,167	981	206	1,097	4,451
Additions	–	183	25	215	423
Acquisition of a subsidiary (Note 15)	2,500	6	7	–	2,513
Written off	–	(11)	–	–	(11)
At 31 December 2013 and 1 January 2014	4,667	1,159	238	1,312	7,376
Additions	–	333	7	349	689
Acquisition of a subsidiary (Note 15)	2,750	6	–	–	2,756
Written off	–	(83)	–	–	(83)
At 31 December 2014	7,417	1,415	245	1,661	10,738
Accumulated depreciation					
At 1 January 2013	563	582	65	706	1,916
Depreciation charge for the year	92	161	40	211	504
Written off	–	(11)	–	–	(11)
At 31 December 2013 and 1 January 2014	655	732	105	917	2,409
Depreciation charge for the year	155	207	41	250	653
Written off	–	(82)	–	–	(82)
At 31 December 2014	810	857	146	1,167	2,980
Net carrying amount					
At 31 December 2013	4,012	427	133	395	4,967
At 31 December 2014	6,607	558	99	494	7,758

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

	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2013	159	15	50	224
Additions	2	5	2	9
At 31 December 2013 and 1 January 2014	161	20	52	233
Additions	2	2	–	4
Written off	(19)	–	–	(19)
At 31 December 2014	144	22	52	218
Accumulated depreciation				
At 1 January 2013	136	6	27	169
Depreciation charge for the year	13	3	8	24
At 31 December 2013 and 1 January 2014	149	9	35	193
Depreciation charge for the year	6	4	8	18
Written off	(18)	–	–	(18)
At 31 December 2014	137	13	43	193
Net carrying amount				
At 31 December 2013	12	11	17	40
At 31 December 2014	7	9	9	25

Restoration costs

Included in the Group's carrying amount of renovations is $85,000 (2013: $136,000) of provision for restoration costs.

Assets held under finance leases

There was no property, plant and equipment under finance leases as at 31 December 2014. The carrying amount of property, plant and equipment held under finance leases as at 31 December 2013 was $5,000, which had been included in the Group's carrying amount of machinery, tools, office equipment and computers.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

A fixed and floating charge has been placed on property, plant and equipment with a carrying value of $4,798,000 (2013: S$4,520,000) as security for bank borrowings (Note 23).

14. Intangible asset

	Group 2014	Group 2013
	$'000	$'000
Moneylending licence	43	–

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. As explained in Note 2.8, the useful life of the moneylending licence is estimated to be indefinite.

Impairment testing of moneylending licence

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

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

15. Investment in subsidiaries

	Company 2014	Company 2013
	$'000	$'000
Unquoted equity shares, at cost	36,998	27,916
Impairment losses	(112)	(112)
	36,886	27,804

15. Investment in subsidiaries (cont'd)

The Company had the following subsidiaries as at 31 December:

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2014	2013
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	50.55	50.55
Tai Eng Pawnbroker Pte. Ltd. (1) (2)	Singapore	Pawnbroking	100.00	–
ValueMax Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (BD) Pte. Ltd. (1)	Singapore	Pawnbroking	97.70	97.70
ValueMax Pawnshop (PR) Pte. Ltd. (1)	Singapore	Pawnbroking	90.89	90.89
ValueMax Pawnshop (SG) Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (JP) Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (CCK) Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (BK) Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (WL) Pte. Ltd. (1)	Singapore	Pawnbroking	97.50	97.50
ValueMax Pawnshop (EL) Pte. Ltd. (1)	Singapore	Pawnbroking	100.00	100.00
ValueMax Retail Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	100.00	100.00
ValueMax Management Pte. Ltd. (1)	Singapore	Provision of management and IT services	100.00	100.00

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2014	2013
Held by the Company (cont'd)				
ValueMax International Pte. Ltd. (1)	Singapore	Investment holding and provision of management services	100.00	100.00
ValueMax Corporate Services Pte. Ltd. (1)	Singapore	Provision of business management and consultancy services	100.00	100.00
ValueMax Precious Metals Pte. Ltd. (1)	Singapore	Retail and trading of gold	100.00	100.00
Spring Jewellery (SG) Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	100.00	100.00
VM Credit Pte. Ltd. (1) (2)	Singapore	Licensed moneylending	100.00	–
VMM Holdings Sdn. Bhd. (3)	Malaysia	Investment holding	100.00	100.00

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

(2) New acquisition during the financial year ended 31 December 2014.

(3) Audited by Lim & Company, Malaysia.

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion (%) of ownership interest held by NCI
As at 31 December 2014 and 31 December 2013		
Pawnbroking subsidiaries:		
Ban Soon Pawnshop Pte. Ltd.	Singapore	49.45
ValueMax Pawnshop (BD) Pte. Ltd.	Singapore	2.30
ValueMax Pawnshop (PR) Pte. Ltd.	Singapore	9.11
ValueMax Pawnshop (WL) Pte. Ltd.	Singapore	2.50

15. Investment in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised aggregated financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Pawnbroking subsidiaries	
	2014	**2013**
	$'000	$'000
Current		
Assets	74,857	65,566
Liabilities	(55,596)	(46,627)
Net current assets	19,261	18,939
Non-current		
Assets	4,031	4,233
Liabilities	(386)	(397)
Net non-current assets	3,645	3,836
Net assets	22,906	22,775

Summarised statement of comprehensive income

	Pawnbroking subsidiaries	
	2014	**2013**
	$'000	$'000
Revenue	17,717	14,661
Profit before income tax	3,605	3,259
Income tax expense	(186)	(332)
Profit after tax, representing total comprehensive income	3,419	2,927

Other summarised information

	Pawnbroking subsidiaries	
	2014	**2013**
	$'000	$'000
Net cash flows generated from operations	20,282	13,404
Profit allocated to NCI during the reporting period	401	213
Accumulated NCI at the end of reporting period	4,238	4,143
Dividends paid to NCI	306	303

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

Acquisiton of Tai Eng Pawnbroker Pte. Ltd.

On 29 July 2014, the Company acquired the entire equity interest in Tai Eng Pawnbroker Pte. Ltd. ("TEP") for a cash consideration of $4,982,000. Upon the acquisition, TEP became a wholly-owned subsidiary of the Group.

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

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

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	2,756
Trade and other receivables	2,088
Prepaid operating expenses	7
Inventories	75
Cash and bank balances	647
	5,573
Other liabilities	5
Income tax payable	10
Deferred tax liabilities	425
	440
Total identifiable net assets at fair value	5,133
Excess of fair value over consideration of interest acquired in a subsidiary	(151)
Cash paid, representing total consideration transferred	4,982

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

Cash paid	4,982
Less: Cash and cash equivalents of subsidiary acquired	(647)
Net cash outflow on acquisition	4,335

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisiton of Tai Eng Pawnbroker Pte. Ltd. (cont'd)

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of TEP amounting to $151,000 arose because the purchase consideration for the acquisition of the equity interests in TEP was arrived at based on the estimated carrying value of the net assets of TEP as at 31 December 2013, while the acquisition was completed on 29 July 2014.

The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2014.

Impact of the acquisitions on profit or loss

From the acquisition date, TEP contributed $377,000 of revenue and a profit of $37,000 to the Group's profit for the year. If the business combinations had taken place at the beginning of the year, the Group's revenue would have been $324,714,000 and the Group's profit for the financial year ended 31 December 2014 would have been $9,512,000.

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisiton of VM Credit Pte. Ltd.

On 2 September 2014, the Company acquired the entire equity interest in VM Credit Pte. Ltd. ("VMC") for a cash consideration of $1,000,000. Upon the acquisition, VMC became a wholly-owned subsidiary of the Group.

The Group acquired VMC in order to enlarge the range of loan services it can offer to its customers.

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

	Fair value recognised on acquisition
	$'000
Intangible asset	43
Cash and bank balances	1,000
	1,043
Total identifiable net assets at fair value	1,043
Excess of fair value over consideration of interest acquired in a subsidiary	(43)
Cash paid, representing total consideration transferred	1,000

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

Cash paid	1,000
Less: Cash and cash equivalents of subsidiary acquired	1,000
Net cash outflow on acquisition	–

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisiton of VM Credit Pte. Ltd. (cont'd)

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of VMC amounting to $43,000 arose because the purchase consideration for the acquisition of the equity interests in VMC was arrived at based on the carrying value of the net tangible assets of VMC as at 2 September 2014, which amounted to $1,000,000.

The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2014.

Impact of the acquisitions on profit or loss

From the acquisition date, VMC contributed $76,000 of revenue and a loss of $64,000 to the Group's profit for the year. If the business combinations had taken place at the beginning of the year, the Group's revenue would have been $324,516,000 and the Group's profit for the financial year ended 31 December 2014 would have been $9,393,000.

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisiton of Ban Soon Pawnshop Pte. Ltd.

Pursuant to the Restructuring Exercise, on 1 August 2013, the Company acquired an additional 17.84% equity interest in its 32.71% owned associate, Ban Soon Pawnshop Pte. Ltd. ("BSP") for a cash consideration of approximately $868,000. Upon the acquisition, BSP became a subsidiary of the Group.

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

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

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	2,513
Trade and other receivables	16,370
Prepaid operating expenses	13
Inventories	983
Cash and bank balances	456
	20,335
Trade and other payables	9,289
Other liabilities	148
Interest-bearing loans and borrowings	3,135
Income tax payable	260
Deferred tax liabilities	370
	13,202
Total identifiable net assets at fair value	7,133
Non-controlling interest measured at the non-controlling interest's proportionate share of BSP's net identifiable assets	(3,527)
Excess of fair value over consideration of interest acquired in a subsidiary	(405)
	3,201

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisiton of Ban Soon Pawnshop Pte. Ltd. (cont'd)

Consideration transferred for the acquisition of BSP

	$'000
Cash paid, representing total consideration transferred	868
Fair value of equity interest in BSP held by the Group immediately before the acquisition	2,333
	3,201

Effect of the acquisition of BSP on cash flows

Cash paid	868
Less: Cash and cash equivalents of subsidiary acquired	(21)
Net cash outflow on acquisition	847

Gain on remeasuring previously held equity interest in BSP to fair value at acquisition date

The Group recognised a gain of $685,000 as a result of measuring at fair value its 32.71% equity interest in BSP held before the business combination. The gain is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2013.

Gain on bargain purchase arising from acquisition

The gain on bargain purchase of $405,000 arose because the purchase consideration for the acquisition of the additional equity interest in BSP was arrived at based on the latest audited net asset value of BSP as at 31 December 2012, while the acquisition took place on 31 July 2013. The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2013.

Impact of the acquisition on profit or loss

From the date of acquisition, BSP contributed $1,499,000 of revenue and a loss of $144,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $355,405,000 and the Group's profit for the year ended 31 December 2013 would have been $10,359,000.

15. Investment in subsidiaries (cont'd)

Acquisition of non-controlling interests

Pursuant to the Restructuring Exercise, on 1 August 2013, the Company acquired additional equity interests in certain subsidiaries from their respective non-controlling interests for an aggregate cash consideration of $960,000. As a result of these acquisitions, ValueMax Pawnshop Pte. Ltd., ValueMax Pawnshop (SG) Pte. Ltd., ValueMax Pawnshop (CCK) Pte. Ltd., ValueMax Pawnshop (BK) Pte. Ltd., ValueMax Pawnshop (EL) Pte. Ltd. and ValueMax Retail Pte. Ltd. became wholly-owned subsidiaries of the Company. The aggregate carrying value of the additional interests acquired was $1,101,000. The aggregate difference of $141,000 between the aggregate consideration and the aggregate carrying value of the additional interests acquired has been recognised in "Capital reserve" within equity.

The following summarises the effect of the change in the Group's ownership interest in these subsidiaries on the equity attributable to owners of the Company:

	$'000
Aggregate consideration paid for acquisition of non-controlling interests	960
Decrease in equity attributable to non-controlling interests	(1,101)
Increase in equity attributable to owners of the Company	(141)

16. Investment in associates

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pawnbroking associates	6,392	5,994	1,874	1,874
Other associates	1,461	1,465	–	–
	7,853	7,459	1,874	1,874
Currency realignment	(84)	(17)	–	–
	7,769	7,442	1,874	1,874

16. Investment in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2014	2013
			%	%
Held by the Company				
Soon Hong Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	50.00	50.00
Ban Lian Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	19.80	19.80
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. (2)	Malaysia	Investment holding	46.58	46.58
Thye Shing Pawnshop Sdn. Bhd. (3)	Malaysia	Pawnbroking	46.58	46.58
Kedai Emas Well Chip Sdn. Bhd. (2)	Malaysia	Retail and trading of pre-owned jewellery	46.58	46.58
Kedai Pajak Well Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58
Pajak Gadai Shinegold Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.11
Grand Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.11
SYT Berlian Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.11

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

(2) Audited by Lim & Company, Malaysia.

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

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

16. Investment in associates (cont'd)

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

	2014	**2013**
	$'000	$'000
(Loss)/profit for the year, representing total comprehensive income for the year	(224)	17

The following tables summarise the financial information in respect of the Group's pawnbroking associates for the financial year ended 31 December 2014 based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	Pawnbroking associates As at 31 December 2014
	$'000
Current assets	49,766
Non-current assets	732
Total assets	50,498
Current liabilities	33,429
Non-current liabilities	43
Total liabilities	33,472
Net assets	17,026
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	6,327
Other adjustments	65
Carrying amount of the investments	6,392

Summarised statement of comprehensive income

	Pawnbroking associates 2014
	$'000
Revenue	15,025
Profit after tax, representing total comprehensive income	3,884

17. Other investments

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	701	701	701	701

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

18. Inventories

	Group	
	2014	2013
	$'000	$'000
Consolidated statement of financial position:		
Commodity inventories at fair value	4,362	5,198
Other inventories at the lower of cost and net realisable value	39,884	38,102
	44,246	43,300
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	298,279	328,841
- Inventories written-down	131	160
- (Increase)/decrease in fair value of inventories less point-of-sale costs	(145)	1,719

A floating charge has been placed on the inventories with a carrying value of $32,083,000 (2013: $35,337,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Trade receivables		144,294	133,393	–	–
Other receivables		188	333	42	217
Deposits		1,739	1,395	296	6
Amounts due from subsidiaries (trade)		–	–	1,838	1,049
Amounts due from subsidiaries (non-trade)		–	–	15,916	701
Amounts due from associates (trade)		230	16	–	2
Amounts due from associates (non-trade)		118	–	14	–
Amounts due from director-related companies (trade)		9	73	–	19
Amounts due from director-related companies (non-trade)		–	1	–	–
Loans to subsidiaries		–	–	53,049	52,611
Loans to associates		4,719	1,000	1,545	1,000
Total trade and other receivables		151,297	136,211	72,700	55,605
Add:					
Cash and bank balances	20	37,098	46,520	14,939	37,817
Total loans and receivables		188,395	182,731	87,639	93,422

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

	Group 2014	Group 2013	Company 2014	Company 2013
United States Dollar	–	2,518	–	–
Malaysian Ringgit	3,278	–	–	–

A floating charge has been placed on trade and other receivables with a carrying value of $148,526,000 (2013: $150,250,000) as security for bank borrowings (Note 23).

Trade receivables

Included in trade receivables are receivables from the retail and trading of pre-owned jewellery and gold, and pawnbroking and moneylending loans to customers.

Receivables from the retail and trading of pre-owned jewellery and gold 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.

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 5 months (2013: 1.0% for the first month and 1.5% for the subsequent 5 months). The quantum of loans granted to customers is based on a fraction of the value of the articles pledged to the Group.

19. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Loans to customers in the moneylending segment are loans which are interest bearing at interest rates of between 8.4% and 24.0% per annum. The quantum of loans granted to customers is based on a fraction of the value of the assets pledged to the Group.

Related party balances

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

Loans to associates are unsecured, bear interest at 5.00% (2013: 5.00%) per annum, repayable on demand and are to be settled in cash.

Loans to subsidiaries are unsecured, bear interest at 1.50% to 5.00% (2013: 5.00%) per annum, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group does not have receivables that are past due but not impaired as at 31 December 2014 and 2013.

Receivables that are impaired

The Group's trade receivables relating to the pawnbroking segment 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	
	2014	**2013**
	$'000	$'000
Trade receivables – nominal amounts	128,883	128,997
Less: Allowance for impairment	(144)	(399)
	128,739	128,598
Movement in allowance accounts:		
At 1 January	399	656
Charge for the year	2,674	2,546
Written off	(2,929)	(2,803)
At 31 December	144	399

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to loans to customers that have defaulted on payments. These receivables are secured by the related articles pledged to the Group.

20. Cash and bank balances

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	9,816	8,520	1,810	2,817
Short-term deposits	27,282	38,000	13,129	35,000
	37,098	46,520	14,939	37,817

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2014 for both the Group and the Company was 1.30% (2013: 0.98%).

There are no cash and bank balances denominated in foreign currencies as at 31 December 2014 and 2013.

Cash and cash equivalents

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

		Group	
	Note	**2014**	**2013**
		$'000	$'000
Cash and bank balances		37,098	46,520
Bank overdrafts	23	(830)	(1,006)
Cash and cash equivalents		36,268	45,514

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 $19,965,000 (2013: $7,983,000) as security for bank borrowings (Note 23).

21. Trade and other payables

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Trade payables		6,831	4,003	–	–
Other payables		1,133	311	223	83
Amounts due to subsidiaries (non-trade)		–	–	16	220
Amount due to an associate (non-trade)		3	2	3	2
Amounts due to director-related companies (trade)		–	658	–	–
Amounts due to director-related companies (non-trade)		8	8	–	–
Amounts due to directors (non-trade)		388	–	–	–
Amounts due to shareholders		381	89	–	–
Loans from shareholders		3,524	5,802	–	–
Total trade and other payables		12,268	10,873	242	305
Add:					
Accrued operating expenses	22	1,366	1,257	589	621
Interest-bearing loans and borrowings	23	78,919	74,985	–	–
Less:					
Loan from an unrelated party	23	(1,581)	(1,519)	–	–
Total financial liabilities carried at amortised cost		90,972	85,596	831	926

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

United States Dollar	5,726	–	–	–

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, interest-free, repayable on demand and are to be settled in cash.

Loans from shareholders are unsecured, bear interest at 1.50% to 5.00% (2013: 3.00% to 5.00%) per annum, and are repayable on demand.

22. Other liabilities

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Accrued operating expenses	1,366	1,257	589	621
Advances from customers	294	254	–	–
Deferred revenue from customer loyalty award	8	7	–	–
	1,668	1,518	589	621

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	
	2014	2013
	$'000	$'000
At 1 January	7	6
Additions during the year	2	15
Recognised in profit or loss	(1)	(14)
At 31 December	8	7

23. Interest-bearing loans and borrowings

	Note	Group	
		2014	2013
		$'000	$'000
Current			
Obligations under finance leases	27(c)	–	2
Loan from an unrelated party		1,581	1,519
Bank overdrafts		830	1,006
Bank loans		76,508	72,458
		78,919	74,985
Add:			
Loans from shareholders	21	3,524	5,802
Total loans and borrowings		82,443	80,787

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

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases for the financial year ended 31 December 2013 was 2.96% per annum.

Loan from an unrelated party

This loan is unsecured, repayable on demand and carried at fair value through profit or loss. The fair value of the loan is determined directly by reference to the bid price quotation of gold at the end of the reporting period.

Bank overdrafts

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

Bank loans

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

Effective interest rate

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

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
Bank overdrafts		2.34% to 5.00%	2.30% to 5.75%	5.00%	5.00%
Bank loans		1.59% to 2.17%	1.525% to 3.050%	–	–
Loan from an unrelated party		2.50%	2.50%	–	–
Loans from shareholders	21	1.50% to 5.00%	3.00% to 5.00%	–	–

24. Provisions

	Group	
	2014	**2013**
	$'000	$'000
Provision for restoration costs:		
At 1 January	224	29
- Arose during the financial year	40	195
At 31 December	264	224

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

25. Share capital

	Group and Company			
	2014		**2013**	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January	533,498	78,313	5,742	5,742
Issuance of shares pursuant to the Restructuring Exercise (1)	–	–	343	4,418
	533,498	78,313	6,085	10,160
After sub-division (2)	–	–	395,498	10,160
Issuance of shares pursuant to the initial public offering(3)	–	–	138,000	70,380
Shares issuance expense (4)	–	–	–	(2,227)
At 31 December	533,498	78,313	533,498	78,313

(1) Pursuant to the Restructuring Exercise as detailed in Note 1.2, 343,000 shares at $12.90 per share were issued as consideration for the acquisition of equity interests in subsidiaries and associated companies.

(2) Pursuant to the Extraordinary General Meeting held on 11 October 2013, the shareholders of the Company approved the sub-division of every one share of the Company into 65 shares.

(3) The Company issued 138,000,000 shares at $0.51 per share as part of its listing on the Main Board of the Singapore Exchange on 30 October 2013.

(4) Total listing expenses incurred pursuant to the Company's listing on the Main Board of the Singapore Exchange amounted to $3,624,000, of which share issuance expense of $2,227,000 has been capitalised against share capital, while the remaining amount of $1,397,000 has been included in "Other operating expenses" in the consolidated statement of comprehensive income for the financial year ended 31 December 2013.

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

26. Other reserves

	Note	Group 2014	Group 2013
		$'000	$'000
Capital reserve	(a)	1,984	1,984
Merger reserve	(b)	(7,599)	(7,599)
Foreign currency translation reserve	(c)	(235)	(142)
At 31 December		(5,850)	(5,757)

(a) ***Capital reserve***

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

(b) ***Merger reserve***

This 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 and retail outlet premises. There is no contingent rent provision included in the contracts. Certain of the 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 2014 amounted to $3,499,000 (2013: $2,809,000).

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

	Group 2014	Group 2013
	$'000	$'000
Not later than one year	3,399	2,723
Later than one year but not later than five years	3,359	3,579
	6,758	6,302

27. Commitments (cont'd)

(b) *Operating lease commitments - as lessor*

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

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

	Group	
	2014	**2013**
	$'000	$'000
Not later than one year	628	306
Later than one year but not later than five years	635	246
	1,263	552

(c) *Finance lease commitments*

The Group did not have finance leases as at 31 December 2014. As at 31 December 2013, the Group had finance leases for certain items of machinery, tools, office equipment and computers included in property, plant and equipment (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	Group	
	Minimum lease payments 2013	**Present value of payments 2013**
	$'000	$'000
Not later than one year	2	2
Later than one year but not later than five years	–	–
Total minimum lease payments	2	2
Less: Amounts representing finance charges	–*	–
Present value of minimum lease payments	2	2

* Less than $1,000

28. Fair value of assets and liabilities

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

		Fair value measurements at the end of the reporting period using			
	Note	**Quoted prices in active markets for identical instruments** (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant un-observable inputs** (Level 3)	**Total**
		$'000	$'000	$'000	$'000
Group					
2014					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	4,362	–	–	4,362
Non-financial assets as at 31 December 2014		4,362	–	–	4,362
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	23	(1,581)	–	–	(1,581)
Non-financial liabilities as at 31 December 2014		(1,581)	–	–	(1,581)

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

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

		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					
2013					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	5,198	–	–	5,198
Non-financial assets as at 31 December 2013		5,198	–	–	5,198
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	23	(1,519)	–	–	(1,519)
Non-financial liabilities as at 31 December 2013		(1,519)	–	–	(1,519)

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.

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

(c) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's liabilities not measured at fair value at 31 December 2014 and 2013 but for which fair value is disclosed:

	Quoted prices in active markets for identical assets	**Significant observable inputs other than quoted prices**	**Significant unobservable inputs**	**Total**	**Carrying amount**
	(Level 1)	(Level 2)	(Level 3)		
	$'000	$'000	$'000	$'000	$'000
Group					
2013					
Current liability					
– Obligations under finance leases	–	–	2	2	2

There is no asset or liability carried at fair value but for which fair value is disclosed for the financial year ended 31 December 2014.

Determination of fair value

Obligations under finance lease

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements at the end of the reporting period.

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

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

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

		Group				**Company**			
	Note	**2014**	**2014**	**2013**	**2013**	**2014**	**2014**	**2013**	**2013**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:									
- Unquoted equity shares, at cost	17	701	–	701	T	701	–	701	T
Financial liabilities:									
- Obligations under finance leases	23	–	–	2	2	–	–	–	–

T <u>Investment in equity shares carried at cost</u>

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

29. Segmental 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 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 serves different markets.

The Group is organised into three main operating business segments, namely:

(a) Pawnbroking;
(b) Retail and trading of pre-owned jewellery and gold; and
(c) Other operations including moneylending, investment holding and provision of other support services.

Allocation basis and transfer pricing

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.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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

Geographical information

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

Information about major customers

Revenue from five major customers amounted to $201,307,000 (2013: $223,578,000), arising from the retail and trading of pre-owned jewellery and gold segment.

29. Segmental information (cont'd)

	Pawnbroking	Retail and trading of pre-owned jewellery and gold	Others	Adjustments /eliminations	Note	Group
	$'000	$'000	$'000	$'000		$'000
2014						
Revenue from external customers	20,147	304,293	76	–		324,516
Inter-segment revenue	19,566	–	–	(19,566)	A	–
Results:						
Interest income	–	–	2,178	(1,478)	A	700
Allowance for write-down of inventories	–	131	–	–		131
Allowance for doubtful trade receivables	2,674	–	–	–		2,674
Share of results of associates	–	–	1,625	–		1,625
Segment profit	6,698	847	790	1,819	B	10,154
Assets:						
Investment in associates	–	–	7,769	–		7,769
Segment assets	158,010	54,869	73,876	(36,886)	C	249,869
Segment liabilities	70,052	21,476	1,591	1,726	D	94,845
2013						
Revenue from external customers	20,472	332,676	–	–		353,148
Inter-segment revenue	15,097	–	–	(15,097)	A	–
Results:						
Interest income	–	–	1,053	(804)	A	249
Allowance for write-down of inventories	–	160	–	–		160
Allowance for doubtful trade receivables	2,546	–	–	–		2,546
Share of results of associates	–	–	1,909	–		1,909
Segment profit	8,023	441	(1,040)	2,999	B	10,423
Assets:						
Investment in associates	–	–	7,442	–		7,442
Segment assets	142,980	48,974	73,935	(25,830)	C	240,059
Segment liabilities	67,660	18,832	1,108	1,736	D	89,336

29. Segmental information (cont'd)

Notes

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

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

	Group	
	2014	**2013**
	$'000	$'000
Share of results of associates	1,625	1,909
Excess of fair value over consideration of interest acquired in a subsidiary	194	405
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	–	685
	1,819	2,999

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

	Group	
	2014	**2013**
	$'000	$'000
Inter-segment assets	36,886	25,830

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

	Group	
	2014	**2013**
	$'000	$'000
Deferred tax liabilities	793	385
Income tax payable	933	1,351
	1,726	1,736

30. Financial risk management objectives and policies

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

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

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

(a) *Credit risk*

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

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

Excessive risk concentration

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

In order to avoid excessive concentrations 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.

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

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired 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.

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

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

Analysis of financial instruments by remaining contractual maturities

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

	Group 1 year or less	
	2014	**2013**
	$'000	$'000
Financial assets:		
Trade and other receivables	151,297	136,211
Cash and bank balances	37,098	46,520
Total undiscounted financial assets	188,395	182,731
Financial liabilities:		
Trade and other payables	12,268	10,873
Accrued operating expenses	1,366	1,257
Interest-bearing loans and borrowings	78,919	74,985
Total undiscounted financial liabilities	92,553	87,115
Total net undiscounted financial assets	95,842	95,616

	Company 1 year or less	
	2014	**2013**
	$'000	$'000
Financial assets:		
Trade and other receivables	72,700	55,605
Cash and bank balances	14,939	37,817
Total undiscounted financial assets	87,639	93,422
Financial liabilities:		
Trade and other payables	242	305
Accrued operating expenses	589	621
Total undiscounted financial liabilities	831	926
Total net undiscounted financial assets	86,808	92,496

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

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

The table below shows the contractual expiry of the Group 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.

	1 year or less	
	2014	**2013**
	$'000	$'000
Group		
Financial guarantees	10,241	6,740
Company		
Financial guarantees	87,580	41,333

(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 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 (2013: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $387,000 (2013: $366,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

31. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

31. Capital management (cont'd)

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

	Note	Group 2014	Group 2013
		$'000	$'000
Interest-bearing loans and borrowings	23	78,919	74,985
Trade and other payables	21	12,268	10,873
Other liabilities	22	1,668	1,518
Less: Cash and bank balances	20	(37,098)	(46,520)
Net debt		55,757	40,856
Equity attributable to owners of the Company		150,786	146,580
Capital and net debt		206,543	187,436
Gearing ratio		27%	22%

32. Dividends

	Group and Company 2014	Group and Company 2013
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 0.88 cents per share	4,695	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: 0.88 cents (2013: 0.88 cents) per share	4,695	4,695

33. Events occurring after the reporting period

On 5 January 2015, the Company acquired the entire equity interest in Kwong Hin Pawnshop Pte. Ltd. ("KHP") for a cash consideration of $5,860,000. Upon the acquisition, KHP became a wholly-owned subsidiary of the Group.

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

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

Goodwill arising from consolidation

The provisional goodwill of $408,000 resulting from the acquisition of KHP relates to the expansion of the Group's market reach and customer base due to the location of KHP.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 25 March 2015.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VALUEMAX GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix III has been reproduced from the auditor's report on the consolidated financial statements of ValueMax Group Limited and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

Company Registration No. 200307530N

ValueMax Group Limited and its subsidiaries

Annual Financial Statements
31 December 2015

General information

Directors

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

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

213 Bedok North Street 1
#01-121
Singapore 460213

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 (since financial year ended 31 December 2012): Max Loh Khum Whai

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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 2015.

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 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. Directors

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

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

In accordance with Article 98, of the Company's Articles of Association, Phua Tin How and Yeah Chia Kai retire and, being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares or debentures

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 2016	At the beginning of financial year	At the end of financial year	At 21 January 2016
Ordinary shares of the Company						
Yeah Hiang Nam	42,528,000	42,727,000	42,727,000	355,769,960	378,597,960	378,597,960
Lim Hwee Hai	–	–	–	1,141,000	1,141,000	1,141,000

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

Name of director	Direct interest: At the beginning of financial year	Direct interest: At the end of financial year	Direct interest: At 21 January 2016	Deemed interest: At the beginning of financial year	Deemed interest: At the end of financial year	Deemed interest: At 21 January 2016
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.

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

5. Options

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

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

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

6. Audit committee

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

7. Auditor

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

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
24 March 2016

Independent auditor's report to the members of ValueMax Group Limited

Report on the financial statements

We have audited the accompanying financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 6 to 80, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

24 March 2016

Consolidated statement of comprehensive income
For the financial year ended 31 December 2015

(Amounts in Singapore Dollars)

	Note	2015	2014
		$'000	$'000
Revenue	4	269,883	324,516
Cost of sales		(242,085)	(299,478)
Gross profit		27,798	25,038
Other item of income			
Other operating income	5	2,027	2,075
Other items of expense			
Marketing and distribution expenses		(317)	(411)
Administrative expenses		(16,681)	(15,108)
Finance costs	6	(374)	(260)
Other operating expenses	7	(2,324)	(2,805)
Share of results of associates		1,552	1,625
Profit before tax	8	11,681	10,154
Income tax expense	11	(1,264)	(759)
Profit for the year		10,417	9,395
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(658)	(93)
Total comprehensive income for the year		9,759	9,302
Profit for the year attributable to:			
Owners of the Company		10,045	8,994
Non-controlling interests		372	401
		10,417	9,395
Total comprehensive income for the year attributable to:			
Owners of the Company		9,387	8,901
Non-controlling interests		372	401
		9,759	9,302
Earnings per share (cents per share)			
Basic and diluted	12	1.88	1.69

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

Statements of financial position
As at 31 December 2015

(Amounts in Singapore Dollars)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	13	14,595	7,758	18	25
Intangible assets	14	451	43	–	–
Investment in subsidiaries	15	–	–	44,846	36,886
Investment in associates	16	8,485	7,769	1,874	1,874
Other investments	17	688	701	688	701
Trade receivables	19	29,444	–	–	–
		53,663	16,271	47,426	39,486
Current assets					
Inventories	18	45,334	44,246	–	–
Trade and other receivables	19	161,216	151,297	82,512	72,700
Prepaid operating expenses		780	957	44	39
Cash and bank balances	20	12,032	37,098	479	14,939
		219,362	233,598	83,035	87,678
Total assets		273,025	249,869	130,461	127,164
Current liabilities					
Trade and other payables	21	5,455	12,268	110	242
Other liabilities	22	2,400	1,668	855	589
Interest-bearing loans and borrowings	23	102,702	78,919	–	–
Income tax payable		1,076	933	234	147
		111,633	93,788	1,199	978
Net current assets		107,729	139,810	81,836	86,700
Non-current liabilities					
Provisions	24	264	264	–	–
Deferred tax liabilities	11	1,442	793	30	4
		1,706	1,057	30	4
Total liabilities		113,339	94,845	1,229	982
Net assets		159,686	155,024	129,232	126,182

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

Statements of financial position
As at 31 December 2015

(Amounts in Singapore Dollars)

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	78,313	78,313	78,313	78,313
Retained earnings		83,673	78,323	50,919	47,869
Other reserves	26	(6,508)	(5,850)	–	–
		155,478	150,786	129,232	126,182
Non-controlling interests		4,208	4,238	–	–
Total equity		159,686	155,024	129,232	126,182
Total equity and liabilities		273,025	249,869	130,461	127,164

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

ValueMax Group Limited and its Subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2015

(Amounts in Singapore Dollars)

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

ValueMax Group Limited and its Subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2015

(Amounts in Singapore Dollars)

	Note	Attributable to owners of the Company							
		Share capital	**Capital reserve**	**Merger reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2014									
At 1 January 2014		78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723
Profit for the year		–	–	–	–	8,994	8,994	401	9,395
Other comprehensive income									
Foreign currency translation		–	–	–	(93)	–	(93)	–	(93)
Total comprehensive income for the year		–	–	–	(93)	8,994	8,901	401	9,302
Contributions by and distributions to owners									
Dividends paid on ordinary shares	33	–	–	–	–	(4,695)	(4,695)	–	(4,695)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(306)	(306)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	–	–	–	(4,695)	(4,695)	(306)	(5,001)
At 31 December 2014		78,313	1,984	(7,599)	(235)	78,323	150,786	4,238	155,024

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 2015

(Amounts in Singapore Dollars)

	Note	Share capital	Retained earnings	Total
		$'000	$'000	$'000
Company				
At 1 January 2014		78,313	44,681	122,994
Profit for the year, representing total comprehensive income for the year		–	7,883	7,883
Contributions by and distributions to owners				
Dividends paid on ordinary shares, representing total contributions by and distributions to owners and total transactions with owners in their capacity as owners	33	–	(4,695)	(4,695)
At 31 December 2014 and 1 January 2015		78,313	47,869	126,182
Profit for the year, representing total comprehensive income for the year		–	7,745	7,745
Contributions by and distributions to owners				
Dividends paid on ordinary shares, representing total contributions by and distributions to owners and total transactions with owners in their capacity as owners	33	–	(4,695)	(4,695)
At 31 December 2015		78,313	50,919	129,232

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 2015

(Amounts in Singapore Dollars)

	Note	2015	2014
		$'000	$'000
Operating activities			
Profit before tax		11,681	10,154
Adjustments for:			
Depreciation of property, plant and equipment	13	942	653
Allowance for doubtful trade receivables	7	1,794	2,674
Allowance for write-down of inventories	7	211	131
Interest income	5	(518)	(700)
Finance costs	6	2,188	1,458
Loss on disposal of property, plant and equipment		2	–
Loss on disposal of unquoted investment	7	6	–
Dividend income from unquoted investments	5	(48)	(80)
Decrease/(increase) in fair value of inventories less point-of-sale costs	18	255	(145)
Net fair value (gain)/loss on loan from an unrelated party	8	(85)	62
Excess of fair value over consideration of interest acquired in a subsidiary	5	–	(194)
Share of results of associates		(1,552)	(1,625)
Unrealised exchange loss		52	–
Operating cash flows before changes in working capital		14,928	12,388
Changes in working capital			
Increase in inventories		(1,286)	(855)
Increase in trade and other receivables		(38,475)	(15,696)
Decrease/(increase) in prepaid operating expenses		207	(32)
(Decrease)/increase in trade and other payables		(9,063)	1,394
Increase in other liabilities		701	146
Cash flows used in operations		(32,988)	(2,655)
Interest received		518	700
Finance costs paid		(2,188)	(1,458)
Income taxes paid		(1,020)	(1,203)
Net cash flows used in operating activities		(35,678)	(4,616)
Investing activities			
Purchase of property, plant and equipment	A	(3,071)	(649)
Net cash outflow on acquisition of a subsidiary	15	(4,674)	(4,335)
Additional capital injection in an associate		(74)	–
Dividend income from associates		392	1,230
Dividend income from other investments		48	80
Proceeds from disposal of unquoted investment		7	–
Net cash flows used in investing activities		(7,372)	(3,674)

Consolidated Statement of cash flows
For the financial year ended 31 December 2015

(Amounts in Singapore Dollars)

	Note	2015 $'000	2014 $'000
Financing activities			
Proceeds from interest-bearing loans and borrowings		25,729	9,550
Repayment of interest-bearing loans and borrowings		(3,807)	(5,501)
Repayment of obligations under finance leases		–	(4)
Dividends paid to non-controlling interests		(402)	(306)
Dividends paid on ordinary shares	33	(4,695)	(4,695)
Net cash flows generated from/(used in) financing activities		16,825	(956)
Net decrease in cash and cash equivalents		(26,225)	(9,246)
Cash and cash equivalents at beginning of year		36,268	45,514
Cash and cash equivalents at end of year	20	10,043	36,268

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2015 $'000	2014 $'000
Current year additions to property, plant and equipment	13	3,071	689
Less: Provision for restoration costs included in "Renovations"		–	(40)
Net cash outflow for purchase of property, plant and equipment		3,071	649

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 was listed on the Singapore Exchange on 30 October 2013. The immediate and ultimate holding company is Yeah Holdings Pte. Ltd. ("Yeah Holdings"), which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 213 Bedok North Street 1, #01-121, Singapore 460213.

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
- Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, measuring progress toward satisfaction of a performance obligation, and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

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

FRS 109 *Financial Instruments*

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

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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)*

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

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

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

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

(c) *Business combinations achieved in stages*

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

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

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

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

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

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

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

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

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. Summary of significant accounting policies (cont'd)

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
Machinery, tools, office equipment and computers	–	3 to 5 years
Furniture and fittings	–	5 years
Renovations	–	5 years

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

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

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

2.8 *Intangible assets*

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

The useful lives of intangible assets are assessed as indefinite.

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

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

Moneylending licence

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

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

2.9 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

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

2.10 *Subsidiaries*

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

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

2.11 *Associates*

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

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

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

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

2.11 *Associates (cont'd)*

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

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

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

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Loans and receivables

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

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

2.12 *Financial instruments (cont'd)*

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

Subsequent measurement (cont'd)

(ii) Available-for-sale financial assets

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

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

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

Derecognition

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

Regular way purchase or sale of a financial asset

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

(b) *Financial liabilities*

Initial recognition and measurement

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

All 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.

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

2.12 *Financial instruments (cont'd)*

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

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.

2.13 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

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

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

(a) *Financial assets carried at amortised cost (cont'd)*

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

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

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

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

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

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

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

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

2.14 *Cash and cash equivalents*

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

2.15 *Inventories*

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

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

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

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

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

2.16 *Provisions*

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

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

2.17 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the government grant is recognised in profit or loss upon receipt of the grant. Grants related to income are presented under other operating income.

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

2.18 *Financial guarantee*

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

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

2.19 *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.

2.20 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Employee share award plan*

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

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

2.20 *Employee benefits (cont'd)*

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

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

2.21 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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 2.22(c). Contingent rents are recognised as revenue in the period in which they are earned.

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

2.22 *Revenue*

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

(a) *Sale of goods*

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

(b) *Interest income*

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

(c) *Rental income*

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

(d) *Rendering of services*

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

(e) *Dividend income*

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

2.23 *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.

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

2.23 *Taxes (cont'd)*

(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 consolidation 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 consolidation is adjusted against goodwill on acquisition.

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

2.23 *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.

2.24 *Segment reporting*

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

2.25 *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.

2.26 *Contingencies*

A contingent liability is:

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

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

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

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

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

2.26 *Contingencies (cont'd)*

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 consolidation 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.

3.1 *Judgements made in applying accounting policies*

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

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $1,076,000 (2014: $933,000) and $1,442,000 (2014: $793,000) 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.

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

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

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

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements. A 1% reduction in the redemption rate of collateralised loans of the pawnbroking segment is not expected to have a significant impact on the Group's financial statements as at 31 December 2015 and 2014.

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

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

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

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

The Group assesses periodically the allowance for write-down of inventories for inventories that are stated at the lower of cost or net realisable value. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an allowance for write-down of inventories. To determine whether there is objective evidence of obsolescence or decline in net realisable value, the Group estimates future demand for the product and assesses prevailing market conditions and gold prices. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements. If the prevailing market gold prices decrease by 5%, the carrying amount of inventories stated as at 31 December 2015 would reduce by $134,000 (2014: $244,000).

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

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

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

The Group has trade receivables that are in the form of collateralised loans to customers. These loans are extended to customers based on a fraction of the individual values of the corresponding pledged articles, for which individual values are assigned to each article by the Group's appraisers. Estimating the values of the articles requires the Group to make certain estimates and assumptions, including assessing prevailing market conditions and gold prices. The carrying amount of such receivables (excluding interest) at the end of the reporting period was $135,875,000 (2014: $124,173,000). 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 2015 and 2014.

4. Revenue

	Group	
	2015	**2014**
	$'000	$'000
Retail and trading of pre-owned jewellery and gold	246,779	304,293
Interest income from pawnbroking services	20,396	20,147
Interest income from moneylending services	2,708	76
	269,883	324,516

5. Other operating income

		Group	
	Note	**2015**	**2014**
		$'000	$'000
Rental income from leasehold property		765	624
Interest income on loans and receivables		518	700
Dividend income from unquoted investments		48	80
Management fee income from director-related companies		278	241
Excess of fair value over consideration of equity interest acquired in a subsidiary	15	–	194
Special Employment Credit		122	75
Wage Credit Scheme		134	61
Grant income from SME cash grant		32	–
Others		130	100
		2,027	2,075

5. Other operating income (cont'd)

The Special Employment Credit 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.

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

During the financial year ended 31 December 2011, the Singapore Finance Minister announced the introduction of Corporate Income Tax Rebate or SME cash grant (for smaller companies that are not taxable) in Budget 2011. Under this Scheme, certain entities of the Group received a 5% cash grant on their respective total revenue, subject to a cap of $5,000 per entity.

6. Finance costs

	Group	
	2015	**2014**
	$'000	$'000
Interest expense		
- Bank overdrafts	43	41
- Bank loans	2,073	1,333
- Loans from directors/shareholders	72	84
	2,188	1,458

Included in the consolidated statement of comprehensive income under:

- Cost of sales	1,814	1,198
- Finance costs	374	260
	2,188	1,458

7. Other operating expenses

	Note	Group 2015	Group 2014
		$'000	$'000
Allowance for write-down of inventories	18	211	131
Allowance for doubtful trade receivables	19	1,794	2,674
Net foreign exchange loss		313	–
Loss on disposal of unquoted investment		6	–
		2,324	2,805

8. Profit before tax

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

	Note	Group 2015	Group 2014
		$'000	$'000
Audit fees paid to auditors of the Company		252	225
Non-audit fees paid to auditors of the Company		111	86
Depreciation of property, plant and equipment	13	942	653
Employee benefits expense	9	9,779	8,637
Inventories recognised as an expense in cost of sales	18	240,270	298,279
Decrease/(increase) in fair value of inventories less point-of-sale costs	18	255	(145)
Operating lease expense	27(b)	3,702	3,499
Net fair value (gain)/loss on loan from an unrelated party		(85)	62

9. Employee benefits

	Group 2015	Group 2014
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	8,579	7,618
Central Provident Fund contributions	973	774
Other personnel expenses	227	245
	9,779	8,637

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	
	2015	**2014**
	$'000	$'000
Sale of goods to director-related companies	2,795	3,010
Purchase of goods from associates	(1,415)	(1,300)
Purchase of goods from director-related companies	(503)	(724)
Dividend income from associates	392	1,230
Dividend income from an investee company	48	80
Rental paid to director-related companies	(489)	(479)
Rental paid to a director	(53)	(52)
Consideration paid on acquisition of a subsidiary from shareholders	–	(1,000)
Management fee income received from associates	278	237
Management fee income received from director-related companies	–	4
Interest received from associates	78	67
Interest paid to shareholders	(72)	(83)
Administrative service fee income received from a director-related company	6	2

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.

10. Related party transactions (cont'd)

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

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee benefits	1,754	1,443
Central Provident Fund contributions	82	69
Total compensation paid to key management personnel	1,836	1,512
Comprise amounts paid to:		
Directors of the Company	1,212	1,042
Other key management personnel	624	470
	1,836	1,512

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

On 1 May 2013, ValueMax Retail Pte. Ltd. ("VRP") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties Pte. Ltd. ("Yeah Properties"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Properties to be $64,900 in 2016.

On 1 May 2013, ValueMax Pawnshop (SG) Pte. Ltd. ("VMSG") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Properties to be $38,940 in 2016.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Yeah Capital Pte. Ltd. ("Yeah Capital"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Capital to be $45,500 in 2016.

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with Yeah Capital for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Capital to be $45,500 in 2016.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Mr. Yeah Hiang Nam ("YHN"), a director of the Company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to YHN to be $15,050 in 2016.

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with YHN for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to YHN to be $15,050 in 2016.

On 1 November 2013, the Company entered into a 33-month agreement ending 1 August 2016 with YHN 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 $12,600 in 2016.

11. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	$'000
Current income tax		
Current income taxation	655	641
Over provision in respect of previous years	(40)	(290)
	615	351
Deferred income tax		
Origination and reversal of temporary differences	562	408
Under provision in respect of previous years	87	–
Income tax expense recognised in profit or loss	1,264	759

(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 is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Profit before tax	11,681	10,154
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,125	1,812
Adjustments:		
- Non-deductible expenses	166	190
- Income not subject to taxation	(139)	(85)
- Effect of partial tax exemption and tax relief	(726)	(653)
- Deferred tax assets not recognised	102	145
- Under/(over) provision in respect of previous years	47	(290)
- Share of results of associates	(362)	(355)
- Others	51	(5)
Income tax expense recognised in profit or loss	1,264	759

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

11. Income tax expense (cont'd)

(c) ***Deferred income tax***

	Group	
	2015	**2014**
	$'000	$'000
Balance at 1 January	793	385
Tax expense	649	408
Balance at 31 December	1,442	793

Deferred income tax as at 31 December relates to the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	164	31	4	4
Differences arising from unremitted interest income from a subsidiary	26	–	26	–
Fair value adjustments on acquisitions of subsidiaries	1,252	762	–	–
	1,442	793	30	4

At the end of the reporting period, the Group has tax losses of approximately $614,000 (2014: $28,000) 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.

<u>Tax consequences of proposed dividends</u>

There are no income tax consequences (2014: 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	
	2015	**2014**
Profit for the year attributable to owners of the Company ($'000)	10,045	8,994
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)	533,498	533,498
Basic and diluted earnings per share (cents)	1.88	1.69

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 2015 and 2014.

13. Property, plant and equipment

	Leasehold properties	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost					
At 1 January 2014	4,667	1,159	238	1,312	7,376
Additions	–	333	7	349	689
Acquisition of subsidiary (Note 15)	2,750	6	–	–	2,756
Written off	–	(83)	–	–	(83)
At 31 December 2014 and 1 January 2015	7,417	1,415	245	1,661	10,738
Additions	2,449	374	38	210	3,071
Acquisition of subsidiary (Note 15)	4,700	8	2	–	4,710
Written off	–	–	(4)	–	(4)
At 31 December 2015	14,566	1,797	281	1,871	18,515
Accumulated depreciation					
At 1 January 2014	655	732	105	917	2,409
Depreciation charge for the year	155	207	41	250	653
Written off	–	(82)	–	–	(82)
At 31 December 2014 and 1 January 2015	810	857	146	1,167	2,980
Depreciation charge for the year	452	260	39	191	942
Written off	–	–	(2)	–	(2)
At 31 December 2015	1,262	1,117	183	1,358	3,920
Net carrying amount					
At 31 December 2014	6,607	558	99	494	7,758
At 31 December 2015	13,304	680	98	513	14,595

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

	Machinery, tools, office equipment and computers	Furniture and fittings	Renovations	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2014	161	20	52	233
Additions	2	2	–	4
Written off	(19)	–	–	(19)
At 31 December 2014 and 1 January 2015	144	22	52	218
Additions	11	–	2	13
At 31 December 2015	155	22	54	231
Accumulated depreciation				
At 1 January 2014	149	9	35	193
Depreciation charge for the year	6	4	8	18
Written off	(18)	–	–	(18)
At 31 December 2014 and 1 January 2015	137	13	43	193
Depreciation charge for the year	7	5	8	20
At 31 December 2015	144	18	51	213
Net carrying amount				
At 31 December 2014	7	9	9	25
At 31 December 2015	11	4	3	18

Restoration costs

Included in the Group's carrying amount of renovations is $40,000 (2014: $85,000) 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 value of $8,711,000 (2014: $4,798,000) as security for bank borrowings (Note 23).

14. Intangible assets

	Group 2015	Group 2014
	$'000	$'000
Moneylending licence	43	43
Goodwill	408	–
	451	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.

The recoverable amount of the moneylending licence has been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a ten-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The applied compounded average growth rate for the first ten years is 10% (2014: 10%) and an annual growth rate of 5% (2014: 5%) is applied thereafter. The pre-tax discount rates applied in the cash flow projections is 12% (2014: 12%), which reflects management's estimation of the risks specific to the business unit.

Goodwill

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

Impairment testing of goodwill

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

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

15. Investment in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity shares, at cost	44,958	36,998
Impairment losses	(112)	(112)
	44,846	36,886

The Company had the following subsidiaries as at 31 December:

Name of subsidiaries	**Country of incorporation and place of business**	**Principal activities**	**Proportion (%) of ownership interest 2015**	**2014**
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. [1]	Singapore	Pawnbroking	50.55	50.55
Tai Eng Pawnbroker Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (BD) Pte. Ltd. [1]	Singapore	Pawnbroking	97.70	97.70
ValueMax Pawnshop (PR) Pte. Ltd. [1]	Singapore	Pawnbroking	90.89	90.89
ValueMax Pawnshop (SG) Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (JP) Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (CCK) Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (BK) Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
ValueMax Pawnshop (WL) Pte. Ltd. [1]	Singapore	Pawnbroking	97.50	97.50
ValueMax Pawnshop (EL) Pte. Ltd. [1]	Singapore	Pawnbroking	100.00	100.00
Kwong Hin Pawnshop Pte. Ltd. [1] [4]	Singapore	Pawnbroking	100.00	–

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2015	2014
Held by the Company (cont'd)				
ValueMax Retail Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	100.00	100.00
ValueMax Management Pte. Ltd. (1)	Singapore	Provision of management and IT services	100.00	100.00
ValueMax International Pte. Ltd. (1)	Singapore	Investment holding and provision of management services	100.00	100.00
ValueMax Corporate Services Pte. Ltd. (1)	Singapore	Provision of business management and consultancy services	100.00	100.00
ValueMax Precious Metals Pte. Ltd. (1)	Singapore	Retail and trading of gold	100.00	100.00
ValueMax Executives Pte. Ltd. (1) (3)	Singapore	Provision of management services	100.00	–
ValueMax Properties Pte. Ltd. (1) (3)	Singapore	Investment holding and provision of property management services	100.00	–
Spring Jewellery (SG) Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	100.00	100.00
VM Credit Pte. Ltd. (1)	Singapore	Licensed moneylending	100.00	100.00
VM Capital Pte. Ltd. (3)	Singapore	Moneylending	100.00	–
VM AutoFinance Pte. Ltd. (3)	Singapore	Car financing	100.00	–
VMM Holdings Sdn. Bhd. (2)	Malaysia	Investment holding	100.00	100.00

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

(2) Audited by Lim & Company, Malaysia.

(3) Newly incorporated during the financial year ended 31 December 2015.

(4) Newly acquired during the financial year ended 31 December 2015.

15. Investment in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion (%) of ownership interest held by NCI
As at 31 December 2015 and 31 December 2014		
Pawnbroking subsidiaries:		
Ban Soon Pawnshop Pte. Ltd.	Singapore	49.45
ValueMax Pawnshop (BD) Pte. Ltd.	Singapore	2.30
ValueMax Pawnshop (PR) Pte. Ltd.	Singapore	9.11
ValueMax Pawnshop (WL) Pte. Ltd.	Singapore	2.50

Summarised financial information about subsidiaries with material NCI

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

Summarised statement of financial position

	Pawnbroking subsidiaries with material NCI	
	2015	**2014**
	$'000	$'000
Current		
Assets	61,855	74,857
Liabilities	(42,843)	(55,596)
Net current assets	19,012	19,261
Non-current		
Assets	3,805	4,031
Liabilities	(370)	(386)
Net non-current assets	3,435	3,645
Net assets	22,447	22,906

15. Investment in subsidiaries (cont'd)

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

Summarised statement of comprehensive income

	Pawnbroking subsidiaries with material NCI	
	2015	**2014**
	$'000	$'000
Revenue	14,494	17,717
Profit before income tax	3,262	3,605
Income tax expense	(384)	(186)
Profit after tax, representing total comprehensive income	2,878	3,419

Other summarised information

	Pawnbroking subsidiaries with material NCI	
	2015	**2014**
	$'000	$'000
Net cash flows (used in)/generated from operations	(6,586)	20,282
Profit allocated to NCI during the reporting period	372	401
Accumulated NCI at the end of reporting period	4,208	4,238
Dividends paid to NCI	402	306

Acquisition of subsidiaries

Acquisiton of Kwong Hin Pawnshop Pte. Ltd.

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

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

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Kwong Hin Pawnshop Pte. Ltd. (cont'd)

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

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

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

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

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Kwong Hin Pawnshop Pte. Ltd. (cont'd)

Impact of the acquisition on profit or loss

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

Acquisition of Tai Eng Pawnbroker Pte. Ltd.

On 29 July 2014, the Company acquired the entire equity interest in Tai Eng Pawnbroker Pte. Ltd. ("TEP") for a cash consideration of $4,982,000. Consequent to the acquisition, TEP became a wholly-owned subsidiary of the Group.

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

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

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	2,756
Trade and other receivables	2,088
Prepaid operating expenses	7
Inventories	75
Cash and bank balances	647
	5,573
Other liabilities	5
Income tax payable	10
Deferred tax liabilities	425
	440
Total identifiable net assets at fair value	5,133
Excess of fair value over consideration of interest acquired in a subsidiary	(151)
Cash paid, representing total consideration transferred	4,982

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Tai Eng Pawnbroker Pte. Ltd. (cont'd)

Effect of the acquisition of TEP on cash flows

	Fair value recognised on acquisition
	$'000
Cash paid	4,982
Less: Cash and cash equivalents of subsidiary acquired	(647)
Net cash outflow on acquisition	4,335

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of TEP amounting to $151,000 arose because the purchase consideration for the acquisition of the equity interests in TEP was arrived at based on the estimated carrying value of the net assets of TEP as at 31 December 2013, while the acquisition was completed on 29 July 2014.

The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2014.

Acquisition of VM Credit Pte. Ltd.

On 2 September 2014, the Company acquired the entire equity interest in VM Credit Pte. Ltd. ("VMC") for a cash consideration of $1,000,000. Consequent to the acquisition, VMC became a wholly-owned subsidiary of the Group.

The Group acquired VMC in order to enlarge the range of loan services it can offer to its customers.

15. Investment in subsidiaries (cont'd)

Acquisition of VM Credit Pte. Ltd. (cont'd)

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

	Fair value recognised on acquisition
	$'000
Intangible asset	43
Cash and bank balances	1,000
	1,043
Total identifiable net assets at fair value	1,043
Excess of fair value over consideration of interest acquired in a subsidiary	(43)
Cash paid, representing total consideration transferred	1,000

Effect of the acquisition of VMC on cash flows

Cash paid	1,000
Less: Cash and cash equivalents of subsidiary acquired	1,000
Net cash outflow on acquisition	–

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of VMC amounting to $43,000 arose in view of an intangible asset value of $43,000 attributable to the moneylending licence acquired.

The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2014.

16. Investment in associates

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Pawnbroking associates	7,248	6,392	1,874	1,874
Other associates	1,842	1,461	–	–
	9,090	7,853	1,874	1,874
Currency realignment	(605)	(84)	–	–
	8,485	7,769	1,874	1,874

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2015	2014
			%	%
Held by the Company				
Soon Hong Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	50.00	50.00
Ban Lian Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	19.80	19.80
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. [(2)]	Malaysia	Investment holding	46.58	46.58
Thye Shing Pawnshop Sdn. Bhd. [(3)]	Malaysia	Pawnbroking	46.58	46.58
Kedai Emas Well Chip Sdn. Bhd. [(2)]	Malaysia	Retail and trading of pre-owned jewellery	46.58	46.58
Kedai Pajak Well Chip Sdn. Bhd. [(2)]	Malaysia	Pawnbroking	46.58	46.58

16. Investment in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58
Pajak Gadai Shinegold Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58
Pajak Gadai Grand Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58
Pajak Gadai Berlian Sdn. Bhd. (2)	Malaysia	Pawnbroking	46.58	46.58

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

(2) Audited by Lim & Company, Malaysia.

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

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:

	2015 $'000	2014 $'000
Profit/(loss) for the year, representing total comprehensive income for the year	514	(224)

The following tables summarise the financial information in respect of the Group's pawnbroking associates for the financial years ended 31 December 2015 and 2014 based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

16. Investment in associates (cont'd)

Summarised statement of financial position

	Pawnbroking associates	
	As at 31 December 2015	**As at 31 December 2014**
	$'000	$'000
Current assets	47,607	49,766
Non-current assets	626	732
Total assets	48,233	50,498
Current liabilities	30,483	33,429
Non-current liabilities	31	43
Total liabilities	30,514	33,472
Net assets	17,719	17,026
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	6,719	6,327
Other adjustments	54	19
Carrying amount of the investments, after currency alignment	6,773	6,346

Summarised statement of comprehensive income

	Pawnbroking associates	
	2015	**2014**
	$'000	$'000
Revenue	13,342	15,025
Profit after tax, representing total comprehensive income	2,415	3,884

17. Other investments

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	688	701	688	701

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

18. Inventories

	Group	
	2015	2014
	$'000	$'000
Consolidated statement of financial position:		
Commodity inventories at fair value	2,091	4,362
Other inventories at the lower of cost and net realisable value	43,243	39,884
	45,334	44,246
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
- Inventories recognised as an expense in cost of sales	240,270	298,279
- Inventories written-down	211	131
- Decrease/(increase) in fair value of inventories less point-of-sale costs	255	(145)

A floating charge has been placed on the inventories with a carrying value of $35,343,000 (2014: $32,083,000) as security for bank borrowings (Note 23).

19. Trade and other receivables

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$'000	$'000	$'000	$'000
Trade and other receivables (current)					
Trade receivables		152,167	144,294	–	–
Other receivables		506	188	300	42
Deposits		2,733	1,739	4	296
Loans to subsidiaries		–	–	74,507	53,049
Loans to associates		5,373	4,719	1,545	1,545
Amounts due from subsidiaries (trade)		–	–	329	1,838
Amounts due from subsidiaries (non-trade)		–	–	5,827	15,916
Amounts due from associates (trade)		313	230	–	–
Amounts due from associates (non-trade)		123	118	–	14
Amounts due from director-related companies (trade)		1	9	–	–
		161,216	151,297	82,512	72,700
Trade receivables (non-current)					
Trade receivables		29,444	–	–	–
Total trade receivables (current and non-current)		190,660	151,297	82,512	72,700
Add:					
Cash and bank balances	20	12,032	37,098	479	14,939
Total loans and receivables		202,692	188,395	82,991	87,639

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

Malaysian Ringgit	3,935	3,278	–	–

A floating charge has been placed on trade and other receivables with a carrying value of $184,395,000 (2014: $148,526,000) as security for bank borrowings (Note 23).

Trade receivables

Loans to customers in the pawnbroking segment are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 7 months (2014: 1.0% for the first month and 1.5% for the subsequent 5 months). The quantum of loans granted to customers is based on a fraction of the value of the articles pledged to the Group. The Group may repossess unredeemed pledged articles after 8 months.

19. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Secured loans to customers in the moneylending segment are loans which are interest bearing at interest rates of between 8.4% and 12.0% (2014: 8.4% to 24.0%) per annum. The quantum of loans granted to customers is based on a fraction of the value of the assets pledged to the Group.

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

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

Related party balances

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

Loans to associates are unsecured, bear interest at 5.00% (2014: 5.00%) per annum, repayable on demand and are to be settled in cash.

Loans to subsidiaries are unsecured, bear interest at 2.00% to 5.00% (2014: 1.50% to 5.00%) per annum, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $3,124,000 (2014: Nil) 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	
	2015	**2014**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	73	–
30 to 60 days	2,950	–
61 to 90 days	46	–
91 to 120 days	30	–
121 to 150 days	4	–
151 to 180 days	21	–
	3,124	–

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

19. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables relating to the pawnbroking segment 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	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	141,187	128,663
Less: Allowance for impairment	(1,036)	(144)
	140,151	128,519
Movement in allowance accounts:		
At 1 January	144	399
Charge for the year	1,794	2,674
Written off	(902)	(2,929)
At 31 December	1,036	144

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to loans to customers that are expected to be defaulted. These receivables are secured by the related articles pledged to the Group.

20. Cash and bank balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	8,027	9,816	479	1,810
Short-term deposits	4,005	27,282	–	13,129
	12,032	37,098	479	14,939

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for both the Group and the Company was 1.50% (2014: 1.30%).

There are no cash and bank balances denominated in foreign currencies as at 31 December 2015 and 2014.

20. Cash and bank balances (cont'd)

Cash and cash equivalents

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

		Group	
	Note	**2015**	**2014**
		$'000	$'000
Cash and bank balances		12,032	37,098
Bank overdrafts	23	(1,989)	(830)
Cash and cash equivalents		10,043	36,268

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 $10,024,000 (2014: $19,965,000) as security for bank borrowings (Note 23).

21. Trade and other payables

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade payables		924	6,831	–	–
Other payables		830	1,133	58	223
Amounts due to subsidiaries (trade)		–	–	31	–
Amounts due to subsidiaries (non-trade)		–	–	18	16
Amount due to an associate (trade)		5	–	–	–
Amount due to an associate (non-trade)		5	3	3	3
Amounts due to director-related companies (non-trade)		1	8	–	–
Amounts due to directors (non-trade)		360	388	–	–
Amounts due to shareholders		56	381	–	–
Loans from shareholders		3,274	3,524	–	–
Total trade and other payables		5,455	12,268	110	242
Add:					
Accrued operating expenses	22	2,079	1,366	855	589
Interest-bearing loans and borrowings	23	102,702	78,919	–	–
Less:					
Loan from an unrelated party	23	(1,496)	(1,581)	–	–
Total financial liabilities carried at amortised cost		108,740	90,972	965	831

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

	Group 2015	Group 2014	Company 2015	Company 2014
United States Dollar	3,191	5,726	–	–

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, interest-free, repayable on demand and are to be settled in cash.

Loans from shareholders are unsecured, bear interest at 1.50% to 3.00% (2014: 1.50% to 5.00%) per annum, and are repayable on demand.

22. Other liabilities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Accrued operating expenses	2,079	1,366	855	589
Advances from customers	312	294	–	–
Deferred revenue from customer loyalty award	9	8	–	–
	2,400	1,668	855	589

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	
	2015	2014
	$'000	$'000
At 1 January	8	7
Additions during the year	2	2
Recognised in profit or loss	(1)	(1)
At 31 December	9	8

23. Interest-bearing loans and borrowings

	Note	Group	
		2015	2014
		$'000	$'000
Current			
Loan from an unrelated party		1,496	1,581
Bank overdrafts		1,989	830
Bank loans		99,217	76,508
		102,702	78,919
Add:			
Loans from shareholders	21	3,274	3,524
Total loans and borrowings		105,976	82,443

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.

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

Bank overdrafts

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

Bank loans

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

Effective interest rate

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

		Group		Company	
	Note	2015	2014	2015	2014
Bank overdrafts		2.88% to 5.00%	2.34% to 5.00%	5.00%	5.00%
Bank loans		2.43% to 2.88%	1.59% to 2.17%	–	–
Loan from an unrelated party		2.50%	2.50%	–	–
Loans from shareholders	21	1.50% to 3.00%	1.50% to 5.00%	–	–

24. Provisions

	Group	
	2015	2014
	$'000	$'000
Provision for restoration costs:		
At 1 January	264	224
- Arose during the financial year	–	40
At 31 December	264	264

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

25. Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	533,498	78,313	533,498	78,313

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

26. Other reserves

		Group	
	Note	2015	2014
		$'000	$'000
Capital reserve	(a)	1,984	1,984
Merger reserve	(b)	(7,599)	(7,599)
Foreign currency translation reserve	(c)	(893)	(235)
		(6,508)	(5,850)

(a) ***Capital reserve***

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

(b) ***Merger reserve***

This 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) ***Capital commitment***

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

	Group	
	2015	**2014**
	$'000	$'000
Capital commitment in respect of leasehold properties	8,800	–

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

The Group has entered into commercial leases in respect of office and retail outlet premises. There is no contingent rent provision included in the contracts. Certain of the 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 2015 amounted to $3,702,000 (2014: $3,499,000).

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

	Group	
	2015	**2014**
	$'000	$'000
Not later than one year	3,216	3,399
Later than one year but not later than five years	2,381	3,359
	5,597	6,758

27. Commitments (cont'd)

(c) *Operating lease commitments - as lessor*

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

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

	Group	
	2015	**2014**
	$'000	$'000
Not later than one year	773	628
Later than one year but not later than five years	539	635
	1,312	1,263

28. Contingencies

Guarantees

The Group has guaranteed part of the loans and borrowings of the associates to a maximum amount of $8,622,000 (2014: $10,241,000), 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 $112,746,000 (2014: $88,170,000) 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					
2015					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	2,091	–	–	2,091
Non-financial assets as at 31 December 2015		2,091	–	–	2,091
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	23	(1,496)	–	–	(1,496)
Non-financial liabilities as at 31 December 2015		(1,496)	–	–	(1,496)
2014					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	4,362	–	–	4,362
Non-financial assets as at 31 December 2014		4,362	–	–	4,362
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	23	(1,581)	–	–	(1,581)
Non-financial liabilities as at 31 December 2014		(1,581)	–	–	(1,581)

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

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

Determination of fair value

Commodity inventories at fair value

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

Loan from an unrelated party

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

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

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

		Group				Company			
	Note	2015 $'000 Carrying amount	2015 $'000 Fair value	2014 $'000 Carrying amount	2014 $'000 Fair value	2015 $'000 Carrying amount	2015 $'000 Fair value	2014 $'000 Carrying amount	2014 $'000 Fair value
Financial assets:									
*Unquoted equity shares, at cost	17	688	–	701	–	688	–	701	–

T Investment in equity shares carried at cost

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

30. Segmental information

Business segments

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

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

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

Allocation basis and transfer pricing

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.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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

Geographical information

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

Information about major customers

Revenue from five major customers amounted to $137,821,000 (2014: $201,307,000), arising from the retail and trading of pre-owned jewellery and gold segment.

30. Segmental information (cont'd)

	Pawnbroking $'000	Retail and trading of pre-owned jewellery and gold $'000	Moneylending $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
2015							
Revenue from external customers	20,396	246,779	2,708	–	–		269,883
Inter-segment revenue	16,319	–	–	–	(16,319)	A	–
Results:							
Interest income	–	81	–	2,791	(2,354)	A	518
Allowance for write-down of inventories	–	211	–	–	–		211
Allowance for doubtful trade receivables	1,794	–	–	–	–		1,794
Share of results of associates	–	–	–	1,552	–		1,552
Segment profit	6,632	885	989	1,623	1,552	B	11,681
Assets:							
Investment in associates	–	–	–	8,485	–		8,485
Segment assets	162,265	48,660	40,905	66,041	(44,846)	C	273,025
Segment liabilities	71,282	18,541	17,431	3,567	2,518	D	113,339

30. Segmental information (cont'd)

	Pawnbroking $'000	Retail and trading of pre-owned jewellery and gold $'000	Moneylending $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
2014							
Revenue from external customers	20,147	304,293	76	–	–		324,516
Inter-segment revenue	19,566	–	–	–	(19,566)	A	–
Results:							
Interest income	–	–	–	2,178	(1,478)	A	700
Allowance for write-down of inventories	–	131	–	–	–		131
Allowance for doubtful trade receivables	2,674	–	–	–	–		2,674
Share of results of associates	–	–	–	1,625	–		1,625
Segment profit	6,698	847	(94)	884	1,819	B	10,154
Assets:							
Investment in associates	–	–	–	7,769	–		7,769
Segment assets	158,010	54,869	7,704	66,172	(36,886)	C	249,869
Segment liabilities	70,052	21,476	390	1,201	1,726	D	94,845

30. Segmental information (cont'd)

Notes

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

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

	Group	
	2015	**2014**
	$'000	$'000
Share of results of associates	1,552	1,625
Excess of fair value over consideration of interest acquired in a subsidiary	–	194
	1,552	1,819

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

	Group	
	2015	**2014**
	$'000	$'000
Inter-segment assets	44,846	36,886

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

	Group	
	2015	**2014**
	$'000	$'000
Deferred tax liabilities	1,442	793
Income tax payable	1,076	933
	2,518	1,726

31. Financial risk management objectives and policies

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

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

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

(a) ***Credit risk***

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

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

Excessive risk concentration

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

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

Exposure to credit risk

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

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

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired 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.

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

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

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000
2015				
Group				
Financial assets:				
Trade and other receivables	165,123	20,397	24,853	210,373
Cash and bank balances	12,032	–	–	12,032
Total undiscounted financial assets	177,155	20,397	24,853	222,405
Financial liabilities:				
Trade and other payables	5,455	–	–	5,455
Accrued operating expenses	2,079	–	–	2,079
Interest-bearing loans and borrowings	103,759	–	–	103,759
Total undiscounted financial liabilities	111,293	–	–	111,293
Total net undiscounted financial assets	65,862	20,397	24,853	111,112

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

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

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

	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000
2014				
Group				
Financial assets:				
Trade and other receivables	153,503	–	–	153,503
Cash and bank balances	37,098	–	–	37,098
Total undiscounted financial assets	190,601	–	–	190,601
Financial liabilities:				
Trade and other payables	12,268	–	–	12,268
Accrued operating expenses	1,366	–	–	1,366
Interest-bearing loans and borrowings	78,919	–	–	78,919
Total undiscounted financial liabilities	92,553	–	–	92,553
Total net undiscounted financial assets	98,048	–	–	98,048

	Company 1 year or less	
	2015	**2014**
	$'000	$'000
Financial assets:		
Trade and other receivables	82,512	72,700
Cash and bank balances	479	14,939
Total undiscounted financial assets	82,991	87,639
Financial liabilities:		
Trade and other payables	110	242
Accrued operating expenses	855	589
Total undiscounted financial liabilities	965	831
Total net undiscounted financial assets	82,026	86,808

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

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

The table below shows the contractual expiry of the Group 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.

	1 year or less	
	2015	**2014**
	$'000	$'000
Group		
Financial guarantees	8,622	10,241
Company		
Financial guarantees	112,746	88,170

(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 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 (2014: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $485,000 (2014: $387,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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

The Group has transactional currency exposures arising from its loans extended to a subsidiary 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 Malaysian Ringgit ("MYR").

The Group did not hedge any of its foreign currency loans during the financial years ended 31 December 2015 and 2014. There was no outstanding forward currency contract as at 31 December 2015 and 2014.

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.

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

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

Sensitivity analysis for foreign currency risk

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

	2015 Profit before tax $'000 higher/(lower)	**2014 Profit before tax** $'000 higher/(lower)
MYR - strengthened/(weakened) 5% (2014: 5%)	197	164

(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. These gold commodity inventories 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% (2014: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been $179,000 (2014: $297,000) higher/lower, arising as a result of an increase/decrease in the fair value of the gold commodity inventories.

32. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

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

32. Capital management (cont'd)

	Note	Group 2015	Group 2014
		$'000	$'000
Interest-bearing loans and borrowings	23	102,702	78,919
Trade and other payables	21	5,455	12,268
Other liabilities	22	2,400	1,668
Less: Cash and bank balances	20	(12,032)	(37,098)
Net debt		98,525	55,757
Equity attributable to owners of the Company		155,478	150,786
Capital and net debt		254,003	206,543
Gearing ratio		39%	27%

33. Dividends

	Group and Company 2015	Group and Company 2014
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2014: 0.88 cents (2013: 0.88 cents) per share	4,695	4,695
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2015: 0.95 cents (2014: 0.88 cents) per share	5,068	4,695

34. Events occurring after the reporting period

On 23 February 2016, the Company issued a letter of offer to the remaining existing equity holders of an associated company, Ban Lian Pawnshop Pte. Ltd. ("Ban Lian"), to acquire all the issued and paid-up ordinary shares of Ban Lian which the Group does not hold (equivalent to 80.2% equity interest in Ban Lian) (the "Offer"). As at 3 March 2016, the date of close of the Offer, the Company received valid acceptances from certain existing equity holders of Ban Lian for 1,699,099 ordinary shares (equivalent to 47.6% equity interest) in Ban Lian, for a cash consideration of $2,940,000 (the "Proposed Acquisition"). As at the date of these financial statements, approval of the Proposed Acquisition is still pending from the Registry of Pawnbrokers. Upon the approval of the Proposed Acquisition, Ban Lian will become a 67.4% subsidiary of the Group.

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 March 2016.

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