

**UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2020**
PART 1 – INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	1H2020	1H2019	Change
	\$'000	\$'000	%
Revenue	95,045	105,590	(10.0)
Cost of sales	(68,320)	(80,356)	(15.0)
Gross profit	26,725	25,234	5.9
Other item of income			
Other operating income	3,677	2,163	70.0
Other items of expense			
Marketing and distribution expenses	(483)	(497)	(2.8)
Administrative expenses	(11,985)	(12,400)	(3.3)
Finance costs	(2,060)	(1,858)	10.9
Other operating expenses	(3,107)	(234)	n.m.
Share of results of associates	2,273	1,904	19.4
Profit before tax	15,040	14,312	5.1
Income tax expense	(1,912)	(1,759)	8.7
Profit for the period	13,128	12,553	4.6
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(141)	(79)	78.5
Total comprehensive income for the period	12,987	12,474	4.1
Profit for the period attributable to:			
Owners of the Company	12,751	12,245	4.1
Non-controlling interests	377	308	22.4
	13,128	12,553	4.6
Total comprehensive income for the period attributable to:			
Owners of the Company	12,610	12,166	3.6
Non-controlling interests	377	308	22.4
	12,987	12,474	4.1

n.m.: Not meaningful

1(a)(ii) Notes to consolidated statements of profit or loss and other comprehensive income

The Group's profit before tax was arrived at after charging/(crediting) the following:

	Group		
	1H2020	1H2019	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	872	898	(2.9)
Inventories recognised as an expense in cost of sales	65,298	77,083	(15.3)
Operating lease expense	264	806	(67.2)
Interest expense on loans and borrowings	5,100	5,022	1.6
Allowance for expected credit losses	2,214	234	n.m.
Net fair value (gain)/loss on loan from an unrelated party	(16)	110	n.m.
Net exchange loss	41	44	(6.8)
Increase in fair value of inventories less point-of-sale costs	(979)	(557)	75.8
Amortisation of intangible assets	75	–	n.m.
Depreciation of right-of-use assets	2,052	1,611	27.4
Allowance for write-down of inventories	893	–	n.m.
Rental income from leasehold property	(360)	(671)	(46.3)
Interest income	(403)	(401)	0.5
Dividend income from unquoted investments	–	(48)	n.m.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30.06.2020 \$'000	31.12.2019 \$'000	30.06.2020 \$'000	31.12.2019 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	27,030	27,690	44	69
Intangible asset	393	468	–	–
Right-of-use assets	7,887	8,451	67	93
Investment in subsidiaries	–	–	67,620	66,470
Investment in associates	20,919	18,825	1,002	1,002
Other investments	688	688	688	688
Trade and other receivables	128,739	139,657	–	–
	185,656	195,779	69,421	68,322
<u>Current assets</u>				
Inventories	76,579	72,880	–	–
Trade and other receivables	276,625	279,534	166,602	162,175
Prepaid operating expenses	511	572	34	47
Cash and bank balances	20,878	8,922	6,659	1,814
	374,593	361,908	173,295	164,036
Total assets	560,249	557,687	242,716	232,358
<u>Current liabilities</u>				
Trade and other payables	12,968	5,263	22,226	13,691
Other liabilities	2,526	3,472	740	1,121
Interest-bearing loans and borrowings	239,411	246,641	5,000	5,000
Lease liabilities	3,711	3,566	40	51
Income tax payable	5,354	5,297	552	1,329
	263,970	264,239	28,558	21,192
Net current assets	110,623	97,669	144,737	142,844
<u>Non-current liabilities</u>				
Other payables	44	39	–	–
Provisions	403	403	–	–
Deferred tax liabilities	2,001	1,834	207	9
Interest-bearing loans and borrowings	64,278	64,509	49,915	49,864
Lease liabilities	4,331	4,999	29	43
	71,057	71,784	50,151	49,916
Total liabilities	335,027	336,023	78,709	71,108
Net assets	225,222	221,664	164,007	161,250
<u>Equity attributable to owners of the Company</u>				
Share capital	84,230	84,230	84,230	84,230
Treasury shares	(26)	(26)	(26)	(26)
Retained earnings	143,249	139,438	79,803	77,046
Other reserves	(6,743)	(6,602)	–	–
	220,710	217,040	164,007	161,250
Non-controlling interests	4,512	4,624	–	–
Total equity	225,222	221,664	164,007	161,250

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	As at 30 June 2020		As at 31 December 2019	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	–	3,134	–	3,034
Included in interest-bearing loans and borrowings	228,152	11,259	232,145	14,496
Total	228,152	14,393	232,145	17,530

Amount repayable by the Group after one year

	As at 30 June 2020		As at 31 December 2019	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in interest-bearing loans and borrowings	14,363	49,915	14,646	49,863
Total	14,363	49,915	14,646	49,863

Details of collateral:

- A fixed and floating charge on all assets of certain subsidiaries, legal mortgages over several properties and personal guarantees by certain directors of a subsidiary.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS	1H2020 \$'000	1H2019 \$'000
Operating activities		
Profit before tax	15,040	14,312
Adjustments for:		
Depreciation of property, plant and equipment	872	898
Depreciation of right-of-use assets	2,052	1,611
Amortisation of intangible assets	75	–
Allowance for expected credit losses	2,214	234
Interest income	(403)	(401)
Finance costs	5,100	5,022
Decrease in fair value of inventories less point-of-sale costs	(979)	(557)
Allowance for write-down of inventories	893	–
Net fair value (gain)/loss on loan from an unrelated party	(16)	110
Dividend income from unquoted investments	–	(48)
Share of results of associates	(2,273)	(1,904)
Unrealised exchange loss	39	36
Operating cash flows before changes in working capital	22,614	19,313
<u>Changes in working capital</u>		
Increase in inventories	(3,613)	(12,341)
Decrease in trade and other receivables	11,613	13,435
Decrease/(increase) in prepaid operating expenses	60	(44)
Decrease in trade and other payables	(1,230)	(3,394)
Decrease in other liabilities	(1,308)	(1,512)
Cash flows generated from operations	28,136	15,457
Interest received	403	401
Finance costs paid	(5,048)	(4,971)
Income taxes paid	(1,689)	(1,626)
Net cash flows generated from operating activities	21,802	9,261
Investing activities		
Purchase of property, plant and equipment	(212)	(101)
Dividend income from associates	–	160
Dividend income from unquoted investments	–	48
Net cash flows (used in)/generated from investing activities	(212)	107
Financing activities		
Proceeds from interest-bearing loans and borrowings	25,084	15,662
Repayment of interest-bearing loans and borrowings	(30,635)	(33,096)
Payment of lease liabilities	(1,649)	(1,585)
Dividends paid to non-controlling interests	(489)	(507)
Net cash flows used in financing activities	(7,689)	(19,526)
Net increase/(decrease) in cash and cash equivalents	13,901	(10,158)
Cash and cash equivalents at beginning of period	5,222	9,128
Cash and cash equivalents at end of period	19,123	(1,030)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period for the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	84,230	(26)	1,984	(7,599)	(987)	139,438	217,040	4,624	221,664
Profit for the period	–	–	–	–	–	12,751	12,751	377	13,128
Foreign currency translation	–	–	–	–	(141)	–	(141)	–	(141)
Total comprehensive income for the period	–	–	–	–	(141)	12,751	12,610	377	12,987
Contributions by and distributions to owners									
Dividends on ordinary shares	–	–	–	–	–	(8,940)	(8,940)	–	(8,940)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(489)	(489)
Total contributions by and distributions to owners	–	–	–	–	–	(8,940)	(8,940)	(489)	(9,429)
At 30 June 2020	84,230	(26)	1,984	(7,599)	(1,128)	143,249	220,710	4,512	225,222

Group	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	78,313	(26)	1,984	(7,599)	(824)	121,067	192,915	4,532	197,447
Profit for the period	–	–	–	–	–	12,245	12,245	308	12,553
Foreign currency translation	–	–	–	–	(79)	–	(79)	–	(79)
Total comprehensive income for the period	–	–	–	–	(79)	12,245	12,166	308	12,474
<u>Contributions by and distributions to owners</u>									
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(507)	(507)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(507)	(507)
At 30 June 2019	78,313	(26)	1,984	(7,599)	(903)	133,312	205,081	4,333	209,414

Company	Attributable to owners of the Company			
	Share capital	Treasury shares	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 January 2020				
	84,230	(26)	77,046	161,250
Profit for the period, representing total comprehensive income for the period	–	–	11,697	11,697
<u>Distributions to owners</u>				
Dividend on ordinary shares	–	–	(8,940)	(8,940)
At 30 June 2020	84,230	(26)	79,803	164,007
At 1 January 2019	78,313	(26)	69,308	147,595
Profit for the period, representing total comprehensive income for the period	–	–	14,152	14,152
<u>Contributions by and distributions to owners</u>				
Dividends paid on ordinary shares	–	–	–	–
At 30 June 2019	78,313	(26)	83,460	161,747

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of issued shares excluding treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company's issued and fully paid up shares as at 30 June 2020 comprised 555,311,105 (30 June 2019: 533,397,960) ordinary shares and 100,000 (30 June 2019: 100,000) treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.**

	30.06.2020	31.12.2019
Total number of issued shares	555,411,105	533,497,960
Less: Treasury shares	(100,000)	(100,000)
Total number of issued shares excluding treasury shares	555,311,105	533,397,960

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury share as at the end of the current financial period reported on.**

Treasury Shares	No. of shares	S\$'000
Balance as at 31/12/2019	100,000	26
No. of shares purchased	–	–
Balance as at 30/06/2020	100,000	26

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 December 2019, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period.

The Group has also early adopted the Amendments to SFRS(I) 16 on COVID-19 related rent concessions, which is effective for financial years beginning on or after 1 June 2020, and where early application is permitted. The effects of adoption of the Amendments to SFRS(I) 16 have been included in the announcement for the current financial period.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1H2020	1H2019
	Cents	Cents
i) Basic earnings per share	2.30	2.30
ii) Diluted earnings per share	2.30	2.30
- Weighted average number of shares ('000)	555,311	533,398

The calculation of basic earnings per share for half year ended 30 June 2020 is based on the net profits attributable to shareholders for the half year ended 30 June 2020 divided by the weighted average number of ordinary shares outstanding of 555,311,105.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net asset value per ordinary share (cents)	39.75	39.08	29.53	29.04
Number of ordinary shares in issue ('000)	555,311	555,311	555,311	555,311

The number of ordinary shares was based on the number of outstanding shares (excluding treasury shares) as at 30 June 2020 and 31 December 2019 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Performance

1H2020 vs 1H2019

Revenue

The Group's revenue decreased from \$105.6 million in 1H2019 to \$95.0 million in 1H2020. Revenue from retail and trading of jewellery and gold business declined by \$10.8 million as a result of the temporary closure of operations due to the circuit breaker. This was partially offset by the increase in revenue from pawnbroking businesses of \$0.2 million.

Cost of sales

The Group's cost of sales decreased from \$80.4 million in 1H2019 to \$68.3 million in 1H2020. The decrease was mainly due to a decrease of \$11.9 million in cost of goods sold for retail and trading of jewellery and gold business, which is in line with decline in revenue.

Gross profit

Overall gross profit increased by \$1.5 million in 1H2020 compared with the same period in 1H2019. Gross profit margin improved from 23.9% in 1H2019 to 28.1% in 1H2020 due to a higher proportion contribution to revenue by the pawnbroking and moneylending businesses which have higher gross margins.

Other operating income

Other operating income was \$3.7 million in 1H2020 compared with \$2.2 million in 1H2019. The higher other operating income was mainly due to the increase in government grant, including Job Support Scheme, of \$1.4 million and management fee income from associates of \$0.1 million.

Marketing and distribution expenses

Marketing and distribution expenses comprise mainly commission expenses, labour charges, licenses, packaging, and repair and reconditioning expenses. The marketing and distribution expenses remained at stable \$0.5 million in 1H2020 and 1H2019 respectively.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The decrease in administrative expenses from \$12.4 million in 1H2019 to \$12.0 million in 1H2020 was mainly due to the decrease in operating lease expenses of \$0.5 million.

Other operating expense

Other operating expenses comprise mainly allowance for expected credit losses of \$2.2 million and allowance of write-down inventory of \$0.9 million in 1H2020 compared with allowance for expected credit losses of \$0.2 million in 1H2019.

Share of results of associates

The Group's share of results of associates increased from \$1.9 million in 1H2019 to \$2.3 million in 1H2020, due to increased contribution from Malaysian associated companies.

Profit before tax

As a result of the above, profit before tax increased by \$0.7 million to \$15.0 million in 1H2020.

Income tax expense

Income tax expense increased by \$0.2 million in 1H2020, which is in line with the increase in profit.

Review of the Group's Financial Position

Non-current assets declined by \$10.1 million from \$195.8 million as at 31 December 2019 to \$185.7 million as at 30 June 2020. This was due to the decreases in trade and other receivables of \$10.9 million, property, plant and equipment of \$0.7 million, right-of-use assets of \$0.5 million and intangible asset of \$0.1 million. These were offset by an increase in investment in associates of \$2.1 million.

Current assets increased by \$12.7 million from \$361.9 million as at 31 December 2019 to \$374.6 million as at 30 June 2020. This was mainly due to the increases in inventories and cash and bank balances of \$3.7 million and \$12.0 million respectively. These were offset by a decrease in trade and other receivables and prepaid operating expenses of \$2.9 million and \$0.1 million respectively.

Current liabilities decreased by \$0.2 million from \$264.2 million as at 31 December 2019 to \$264.0 million as at 30 June 2020 due to a decrease in interest-bearing loans and borrowings and other current liabilities of \$7.2 million and \$0.9 million respectively. These were partially offset by increases in trade and other payables of \$7.7 million, lease liabilities of \$0.1 million and income tax payable of \$0.1 million.

Non-current liabilities decreased by \$0.7 million from \$71.8 million as at 31 December 2019 to \$71.1 million as at 30 June 2020 as a result of decreases in interest-bearing loans and borrowings of \$0.2 million and lease liabilities of \$0.7 million. These were partially offset by an increase in deferred tax liabilities of \$0.2 million.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$221.7 million as at 31 December 2019 to \$225.2 million as at 30 June 2020 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

1H2020 vs 1H2019

In 1H2020, the net cash used in operating activities was \$28.1 million. This comprises operating cash flows before working capital adjustments of \$22.6 million, adjusted by net working capital inflow of \$5.5 million. In 1H2020, the Group received interest income of \$0.4 million, with net income tax paid of \$1.7 million and interest expense paid of \$5.0 million respectively. The net working capital inflow was a result of the decrease in trade and other receivables of \$11.6 million. These was partially offset by the increase in inventories of \$3.6 million, decrease in trade and other payables of \$1.2 million and decrease in other liabilities of \$1.3 million.

In 1H2020, the net cash used in investing activity comprised the purchase of property, plant and equipment of \$0.2 million.

The net cash used in financing activities in 1H2020 amounted to \$7.7 million comprising the net repayment of interest-bearing loans and borrowings of \$5.6 million, finance lease repayment of \$1.6 million and payment of dividends of \$0.5 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no material variance from the prospects disclosed in paragraph 10 of the Group's previous results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Gold price rose substantially from about USD1,500 since the last results announcement to above USD2,000 before dropping to just over USD1,900 per troy ounce on 11 August 2020. Given the increasing economic and geopolitical uncertainties, gold price is likely to remain relatively high. The Group continues to face a challenging business environment in midst of the COVID-19 pandemic.

In the face of the uncertain and challenging business environment due to Covid-19, the Group's priority is to ensure the viability and sustainability of its business operations to preserve jobs for its staff. Hence it will take a cautious approach as it continues to explore acquisition opportunities and suitable locations to grow its network of pawnshops and retail outlets.

11. Dividend

i. Current Financial Period Reported on Any dividend declared for the current period?

No.

ii. Corresponding Period of the Immediately Preceding Financial Year Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for the six-month period ended 30 June 2020 as it is the Company's policy to consider declaring a final dividend after the end of each financial year.

13. Interested Person Transactions

The Group has a general mandate from shareholders of the Company for interested person transactions which was renewed in the Annual General Meeting held on 24 June 2020. During the financial period, the following interested person transactions were entered into by the Group:

**Aggregate value of all interested person transactions during
the financial year under review (excluding transactions less
than \$100,000)**

	YTD-30 Jun 20 \$'000	YTD-30 Jun 19 \$'000
Sales of goods to director-related companies		
- Hwa Goldsmith and Jewellers	–	517
- Lucky Jewellery	186	568
Sales of goods to a controlling shareholder		
- Tan Hong Yee	–	197
Purchase of goods from director-related companies		
- Hwa Goldsmith and Jewellers	236	134
- Kong Hin Goldsmith & Jewellers	171	–
Rental paid to director-related company		
- Yeah Properties Pte Ltd	168	156

14. Confirmation that the Issuer has procured undertakings from all its directors and executive officers.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15. Negative confirmation pursuant to Rule 705(5)

The board of Directors of the Company (the "Board") confirms that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for the period ended 30 June 2020 to be false or misleading in any material respects.

For and on behalf of the Board

Yeah Hiang Nam
Managing Director

Yeah Lee Ching
Executive Director