



SMJ INTERNATIONAL HOLDINGS LTD.  
(Company Registration No: 201334844E)

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## **UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2014**

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### **Background**

The Company was incorporated in Singapore on 31 December 2013 under the Companies Act (Chapter 50) as a private company limited by shares under the name of SMJ International Holdings Pte Ltd. On 28 May 2014, our Company was converted into a public company limited by shares and our name was changed to SMJ International Holdings Ltd. The Company and its subsidiary (the "Group"), were formed pursuant to a restructuring exercise which was conducted to rationalise the Group structure (the "Restructuring Exercise") prior to the Company's initial public offering ("IPO") and listing on Catalist of the SGX-ST. Please refer to the Company's offer document dated 20 June 2014 ("Offer Document") for further details on the Restructuring Exercise.

The Company was admitted to Catalist on 30 June 2014. For the purpose of this announcement, the results of the Group for the full year ended 31 December 2014 ("FY2014"), and the comparative results of the Group for the full year ended 31 December 2013 ("FY2013"), and have been prepared based on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.



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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

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

	The Group		Change %
	FY 2014 S\$'000	FY 2013 S\$'000	
Revenue	20,228	22,026	(8.2)
Other income	97	34	185.3
Other losses - net	(2)	(45)	(95.6)
Changes in inventories	(233)	(111)	109.9
Purchases of inventories	(11,566)	(12,625)	(8.4)
Depreciation	(50)	(52)	(3.9)
Employee compensation	(2,562)	(2,259)	13.4
Finance expenses	(64)	(57)	12.3
Freight and transportation expense	(524)	(670)	(21.8)
Installation expense	(749)	(798)	(6.1)
Other operating expenses *	(2,663)	(2,217)	20.1
Total expenses	(18,411)	(18,789)	(2.0)
Profit before tax	1,912	3,226	(40.7)
Income tax expense	(326)	(494)	(34.0)
<b>Total comprehensive income, representing net profit</b>	<b>1,586</b>	<b>2,732</b>	<b>(41.9)</b>
<b>Total comprehensive income attributable to equity holders</b>	<b>1,586</b>	<b>2,732</b>	<b>(41.9)</b>

\* Included in the other operating expenses are the initial public offering ("IPO") shares issue expenses of \$0.4 million (FY2013: Nil)

**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

	The Group		Change %
	FY 2014 S\$'000	FY 2013 S\$'000	
<u>Other income</u>			
Sundry income	72	34	111.8
Finance income	25	-	NM
	<b>97</b>	<b>34</b>	<b>185.3</b>
Other losses - net			
Gain on disposal of property, plant and equipment	15	-	NM
Net foreign currency exchange loss	(17)	(45)	(62.2)
	<b>(2)</b>	<b>(45)</b>	<b>(95.6)</b>
<u>Profit before tax</u>			
<i>This is arrived at after charging in the Other Operating Expenses:</i>			
Bad debts written off	5	9	(44.4)
Provision for doubtful debts	64	-	NM
Rental expense on operating lease	811	819	(2.1)
Repair and maintenance	287	344	(16.6)
IPO shares issue expenses	446	-	NM

NM – Not Meaningful

**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.**

**BALANCE SHEETS**

**ASSETS**

**Current assets**

Cash and cash equivalents  
Trade and other receivables  
Inventories

**Non-current assets**

Investments in subsidiary  
Investment property  
Property, plant and equipment

**Total assets**

**LIABILITIES**

**Current liabilities**

Trade and other payables  
Current income tax liabilities  
Borrowings - trust receipts  
Deferred government grant

**Non-current liability**

Deferred income tax liability

**Total liabilities**

**NET ASSETS**

**EQUITY**

**Capital and reserves attributable to equity holders of the Company**

Share capital  
Retained profits/(Accumulated loss)  
**Total equity**

	Note	The Group		Company #
		31 Dec 14 S\$'000	31 Dec 13 ♦ S\$'000	31 Dec 14 S\$'000
	<b>A</b>	<b>8,591</b>	5,475	<b>2,188</b>
		<b>6,320</b>	5,960	<b>55</b>
		<b>4,802</b>	5,035	<b>-</b>
		<b>19,713</b>	16,470	<b>2,243</b>
		-	-	<b>3,500</b>
		<b>1,685</b>	1,047	<b>-</b>
		<b>157</b>	32	<b>-</b>
		<b>1,842</b>	1,079	<b>3,500</b>
		<b>21,555</b>	17,549	<b>5,743</b>
	<b>B</b>	<b>2,024</b>	2,193	<b>53</b>
		<b>414</b>	654	<b>-</b>
		<b>2,428</b>	2,480	<b>-</b>
		<b>16</b>	-	<b>-</b>
		<b>4,882</b>	5,327	<b>53</b>
		<b>9</b>	9	<b>-</b>
		<b>4,891</b>	5,336	<b>53</b>
		<b>16,664</b>	12,213	<b>5,690</b>
		<b>6,365</b>	3,500	<b>6,365</b>
		<b>10,299</b>	8,713	<b>(675)</b>
		<b>16,664</b>	12,213	<b>5,690</b>

♦ For illustrative and comparative purpose, the figures for 31 December 2013 were computed assuming that the Group has been in existence as at 1 January 2013.

# There are no comparative figures for the preceding financial period for the Company as it was incorporated on 31 December 2013 with a paid-up capital of S\$100 comprising of 100 ordinary shares at the date of incorporation.

**Note A: Cash and cash equivalents**

Cash at bank  
Fixed deposit  
Cash on hand

The Group		Company
31 Dec 14 S\$'000	31 Dec 13 S\$'000	31 Dec 14 S\$'000
5,088	5,475	2,188
3,500	-	-
3	*	*
<b>8,591</b>	5,475	<b>2,188</b>

\* Denotes amount less than S\$1,000

**Note B: Trade and other payables**

Trade payables  
Other payables  
Accrued operating expenses  
Goods and services tax payable

The Group		Company
31 Dec 14 S\$'000	31 Dec 13 S\$'000	31 Dec 14 S\$'000
1,074	1,247	-
26	-	-
672	745	53
252	201	-
<b>2,024</b>	2,193	<b>53</b>

**1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

**Amount repayable in one year or less, or on demand**

As at 31 Dec 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,428 *	-	2,480 *	-

\*Trust receipts

**Amount repayable after one year**

As at 31 Dec 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

The Group's existing borrowings (trust receipts) were secured by guarantee from the Company in favor of the bank for \$7.13 million (2013: secured by open legal mortgage over the properties held by individual shareholder at No. 151 Chin Swee Road, #07-11 and #07-13 Manhattan House, Singapore 169876 and guarantee from four individual shareholders in favor of the bank for \$7.35 million).

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>FY2014</b>	<b>FY2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Net profit	<b>1,586</b>	2,732
Adjustments for:		
Income tax expense	<b>326</b>	494
Depreciation	<b>50</b>	52
Gain on disposal of property, plant and equipment	<b>(15)</b>	-
Property, plant and equipment written off	<b>1</b>	-
IPO shares issue expenses charged to the income statement	<b>446</b>	-
Interest income	<b>(25)</b>	-
Interest expense	<b>64</b>	57
Operating cash flows before movements in working capital	<b>2,433</b>	3,335
Working capital changes:		
Trade and other receivables	<b>(339)</b>	(761)
Inventories	<b>233</b>	110
Trade and other payables	<b>(169)</b>	(202)
Deferred government grant	<b>16</b>	-
Cash generated from operations	<b>2,174</b>	2,482
Income tax paid	<b>(566)</b>	(296)
<b>Net cash generated from operating activities</b>	<b>1,608</b>	2,186
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	<b>(176)</b>	(6)
Additions to investment property	<b>(638)</b>	-
Interest received	<b>4</b>	-
Proceeds from disposal of property, plant and equipment	<b>15</b>	-
<b>Net cash used in investing activities</b>	<b>(795)</b>	(6)
<b>Cash flows from financing activities:</b>		
Net proceeds from IPO shares issue	<b>2,419</b>	-
Interest paid	<b>(64)</b>	(57)
Proceeds from borrowings	<b>7,689</b>	9,479
Repayments of borrowings	<b>(7,741)</b>	(7,434)
Dividends paid to equity holders of the Company	-	(3,584)
<b>Net cash provided by financing activities</b>	<b>2,303</b>	(1,596)
<b>Net increase in cash and cash equivalents</b>	<b>3,116</b>	584
Cash and cash equivalents: Beginning of financial year	<b>5,475</b>	4,891
<b>Cash and cash equivalents: End of the financial year</b>	<b>8,591</b>	5,475

**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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>The Group</b>	<b>Share Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
At 1 January 2014	3,500	8,713	12,213
Gross proceeds from shares issuance at IPO *	3,920	-	3,920
IPO shares issue expenses *	(1,055)	-	(1,055)
Total comprehensive income for the year	-	1,586	1,586
<b>At 31 December 2014</b>	<b>6,365</b>	<b>10,299</b>	<b>16,664</b>

\* During the financial year ended 31 December 2014, proceeds from IPO shares issue and its related expenses amounted to S\$3,920,000 and S\$1,501,000 respectively. IPO shares issue expenses which were directly attributable to the issue of new shares of S\$1,055,000 were offset against share capital. The remaining balance of S\$446,000 were charged to the income statement.

<b>The Group</b>	<b>Share Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
At 1 January 2013 #	3,500	9,981	13,481
Dividend paid	-	(4,000)	(4,000)
Total comprehensive income for the year	-	2,732	2,732
At 31 December 2013	3,500	8,713	12,213

# For illustrative and comparative purposes, the figures for the FY2013 were computed assuming that the Group has been in existence as at 1 January 2013. For the purpose of presentation of the Group's comparative share capital, the share capital represents the aggregate of the paid-up share capital of its subsidiary.

<b>The Company</b>	<b>Share Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Upon incorporation on 31 December 2013	*	-	*
Share swap pursuant to the Restructuring Exercise	3,500	-	3,500
Gross proceeds from shares issuance at IPO	3,920	-	3,920
IPO shares issue expenses	(1,055)	-	(1,055)
Total comprehensive loss for the year	-	(675)	(675)
<b>At 31 December 2014</b>	<b>6,365</b>	<b>(675)</b>	<b>5,690</b>

\* The Company was incorporated on 31 December 2013 with a paid up capital of \$100 comprising 100 ordinary shares at the date of incorporation.

**1(d) (ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise 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 shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as 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.**

<b>Ordinary shares of the Company</b>	<b>Number of shares</b>	<b>Share capital S\$</b>
Upon incorporation on 31 December 2013	100	100
Share issuance pursuant to the Restructuring Exercise <sup>(1)</sup>	100	3,500,000
	200	3,500,100
Subdivision of shares pursuant to the Restructuring Exercise <sup>(2)</sup>	63,999,800	-
	64,000,000	3,500,100
Issuance of new shares pursuant to the listing of the Company on the Catalist of SGX-ST <sup>(3)</sup>	14,000,000	3,920,000
Less: IPO shares issue expenses offset against equity	-	(1,055,293)
<b>As at 31 December 2014</b>	<b>78,000,000</b>	<b>6,364,807</b>

<sup>(1)</sup> On 16 May 2014, the Company issued 100 ordinary shares to acquire the entire issued and paid up share capital of SMJ Furnishings (S) Pte Ltd for a consideration of S\$3,500,000.

<sup>(2)</sup> On 2 June 2014, each share in the issued and paid up share capital of the Company was subdivided into 320,000 shares.

<sup>(3)</sup> On 30 June 2014, the Company issued 14,000,000 New Shares for the IPO at 28 cents per share.

The Company did not have any outstanding options, convertible or treasury shares as at 31 December 2014.

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

The Company’s total number of issued and paid up share capital as at 31 December 2014 was 78,000,000 ordinary shares (31 December 2013: 100 ordinary shares).

There were no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

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

Not applicable





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**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 auditors of the Company.

**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.**

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the audited financial statements for the financial year ended 31 December 2013 as set out in the Offer Document dated 20 June 2014.

**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.**

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 January 2014, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting year.

**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.**

Earnings per share ("EPS")	The Group	
	FY2014	FY2013
Profit attributable to equity holders of the Company (\$'000)	1,586	2,732
Pre-invitation number of ordinary shares <sup>(1)</sup>	64,000,000	64,000,000
<b>Basic and diluted EPS based on pre-invitation number of ordinary shares (cents) <sup>(2)</sup></b>	<b>2.48</b>	4.27
Post-invitation number of ordinary shares <sup>(1)</sup>	78,000,000	78,000,000
<b>Basic and diluted EPS based on post-invitation number of ordinary shares (cents) <sup>(2)</sup></b>	<b>2.03</b>	3.50

<sup>(1)</sup> For comparison and illustrative purposes, the calculation for the basic and diluted EPS for the respective financial periods are based on the pre-IPO and post-IPO share capital of 64,000,000 and 78,000,000 respectively.

<sup>(2)</sup> *The basic and diluted EPS were the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial years.*

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

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

Net asset value ("NAV") per ordinary share	The Group		Company #
	31 Dec 14	31 Dec 13	31 Dec 14
NAV (S\$'000)	<b>16,664</b>	12,213	<b>5,690</b>
Number of ordinary shares <sup>(1)</sup>	<b>78,000,000</b>	64,000,000	<b>78,000,000</b>
Net asset value per ordinary share based on issued share capital (cents)	<b>21.36</b>	19.08	7.29

<sup>(1)</sup> *For illustrative and comparative purposes, the NAV per ordinary share for the Group as at 31 December 2014 is computed based on the post-IPO share capital of the Company of 78,000,000 shares and the NAV per ordinary share for the Group as at 31 December 2013 is computed based on the pre-IPO share capital of the Company of 64,000,000 shares.*

# *There are no comparative figures for the preceding financial year for the Company as it was incorporated on 31 December 2013 with a paid-up capital of \$100 comprising of 100 ordinary shares at the date of incorporation.*

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 FINANCIAL PERFORMANCE

### Revenue

Our revenue decreased by approximately S\$1.8 million or 8.2% from S\$22.0 million in FY2013 to S\$20.2 million in FY2014. The decrease was mainly due to the decrease in Distribution Sales during the year as compared to the previous year. Breakdown of Revenue are as follows:

Revenue by geographical area	The Group		Change %
	FY2014	FY2013	
	S\$'000	S\$'000	
<u>Distribution sales</u>			
Singapore	3,566	3,789	(5.9)
Philippines	2,861	2,034	40.7
Malaysia	1,773	3,010	(41.1)
Indonesia	1,580	2,120	(25.5)
Brunei	310	316	(1.9)
Saudi Arabia	171	314	(45.5)
Others	587	977	(39.9)
	<b>10,848</b>	12,560	(13.6)
<u>Contract Sales</u>			
Singapore	9,380	9,466	(0.9)
	<b>20,228</b>	22,026	(8.2)

The decrease in Contract and Distribution Sales in Singapore of approximately S\$0.1 million and S\$0.2 million respectively was mainly due to the slowdown in private sector construction activities in 2014<sup>(a)</sup> which resulted in lower demand for carpets from distributors. Distribution Sales from around the region such as Malaysia and Indonesia also declined mainly due to the delay in construction projects in Malaysia and the market uncertainty as a result of the general election in Indonesia. The increase in sales to Philippines distributors of S\$0.8 million in FY2014 cushioned the impact of the decrease in overall Distribution Sales.

<sup>(a)</sup> Source: Ministry of Trade and Industry Singapore press release on 25 November 2014



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### **Changes in inventories**

The decrease in the level of inventories of S\$0.2 million was due to our on-going efforts to minimize inventory holding costs.

### **Purchases of inventories**

Our purchases of inventories decreased by approximately S\$1.0 million or 8.4% from S\$12.6 million in FY2013 to S\$11.6 million in FY2014. This was mainly due to the combination of lesser orders from our Distribution and Contract sales customers as well as our on-going efforts to manage the inventory level.

### **Employee compensation**

Employee cost has risen as compared to FY2013 due to the revision of pay scale effective beginning of the financial year 2014. Total employee compensation of the Group increased by 13.4% or S\$0.3 million mainly due to the new pay scale across the board in the Group.

### **Finance expense**

The slight increase in the finance expense was due to higher utilisation of trust receipts facility with a financial institution in FY2014 as compared to FY2013.

### **Freight and transportation expense**

There was a decrease in the freight and transportation expense by 21.8% or S\$0.1 million mainly due to a change in delivery/shipment terms with certain of our overseas customers. We have managed to get some of our overseas customers to absorb the freight and transportation cost without sacrificing our margins.

### **Other operating expense**

The increase in other operating expense of approximately S\$0.5 million of 20.7% was mainly due to IPO expenses of approximately S\$0.4 million.

### **Income tax expense**

Income tax expense in FY2014 of S\$0.3 million consist of the current year income tax provision of S\$0.4 million and reversal of prior year over provision of income tax expense of S\$0.1 million.

### **Profit after tax**

Profit after tax reduced by approximately S\$1.1 million or 41.9% in FY2014 as compared to FY2013 mainly due to the IPO expenses of S\$0.4 million and the decrease in Distribution Sales revenue.



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## **REVIEW OF FINANCIAL POSITION**

### **Current assets**

The Group's current assets increased by approximately S\$3.3 million or 19.7% mainly due to the increase in cash and cash equivalents of S\$3.1 million (mainly due to the net IPO proceeds after deducting all related expenses received by SMJ International Holdings Ltd. of approximately S\$2.9 million) and increase in the Trade and other receivables of S\$0.4 million offset by the decrease in the Inventories also by S\$0.2 million.

### **Non-current assets**

The Group's non-current assets increased by approximately S\$0.8 million or 70.7% mainly due to the progressive payment made for the investment property (Skyline Residences) under construction and acquisition of Property, plant and equipment during FY2014.

### **Current liabilities**

The decrease in current liabilities of approximately S\$0.4 million or 8.4% was mainly due to lower Trade and other payables as at 31 December 2014 by approximately S\$0.2 million and the reduction in income tax payable of approximately S\$0.2 million.

### **Working capital**

The Group had a positive working capital of S\$14.8 million as at 31 December 2014 as compared to S\$11.1 million as at 31 December 2013.

### **Shareholders' equity**

The Group's shareholders' equity increased by approximately S\$4.5 million or 36.4% due to the net IPO proceeds of S\$2.9 million and FY2014 profit after tax of approximately S\$1.6 million.

## **REVIEW OF CASH POSITION**

Cash flows generated from operating activities of the Group amounted to approximately S\$1.6 million in FY2014 as compared to approximately S\$2.2 million in FY2013 representing a decrease of 27.4%. This was mainly due to the reduced net profit after tax of S\$1.2 million.

Net cash used in investing activities were mainly due to the progressive payment made for the Group's investment property of \$0.6 million and acquisitions of Property, plant and equipment of S\$0.2 million.

Net cash provided by financing activities in FY2014 of approximately S\$2.3 million as compared to the net cash used in financing activities in FY2013 of S\$1.6 million was mainly due to net proceeds of issuance of new shares pursuant to the IPO of approximately S\$2.4 million and the absence of dividend payments to equity holders of the Company.

Overall, the Group recorded a net cash increase in FY2014 of approximately S\$3.1 million as compared to only S\$0.6 million in FY2013.



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

Not applicable. The Group has not issued any forecast or prospect statement to the shareholders.

**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.**

In the next 12 months, we would expect a slowdown in the private sector construction activities in the Singapore market. We believe the private organisations will continue to set prudent budgets for their office refurbishment projects or even postpone their refurbishments. On the other hand, we expect to see a rise of construction activities for the government sector. Hence there should be more constructions and renovations of schools and learning institutions, hospitals, nursing homes and government offices. However, it is common that the pricing for government related projects is expected to be competitive and hence less lucrative.

We will also focus our efforts on export Distribution Sales in the year 2015. With the establishment of the new government in Indonesia, we expect to see more opportunities arising from construction activities in both the private and government sector in Indonesia. Hence, we plan to intensify our marketing efforts in that country.

In our recent participation in Domotex Carpet Exhibition in Hannover, we have received encouraging response from potential distributors from previously untapped markets in the Middle East and eastern Europe. We are now engaging them in discussions on the possibility of opening up the markets for our products in their respective countries.

We are also actively seeking opportunities in potential acquisitions, joint ventures and or strategic alliances within the furnishings industry.

**11. If a decision regarding dividend has been made:-**

**(a) Dividend declared (recommended) for the current financial period reported on**

A final dividend has been recommended in respect of the current financial year ended 31 December 2014

<b>Name of dividend</b>	Final (proposed)
<b>Dividend type:</b>	Cash
<b>Dividend amount per ordinary shares (cents):</b>	0.61
<b>Tax rate:</b>	One tier tax exempt

**(b) Dividend declared (recommended) for the corresponding period of the immediately preceding financial year**

A special interim dividend tax-exempt (one-tier) dividend of 4.69 cents per share (based on 64,000,000 pre-invitation ordinary shares) was declared and paid in respect of financial year ended 31 December 2013.



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**(c) Date payable**

The proposed dividend, if approved at the forthcoming annual general meeting, will be paid out at a later date to be announced.

**(d) Book closure date**

The book closure date will be announced at a later date.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPT.

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

As at 31 December 2014 and 2013, the Group only has one business segment, which is sale and distribution of wide range of carpets. This is based on the Group's internal organisation, management structure and the primary way in which the Board of Directors is provided with the financial information.

Whilst revenue are reported into two business streams, as described below, the Group's results, the cost and combined balance sheets are only analysed by one operating segment.

*(i) Distribution sales*

Distribution sales refer to wholesale of carpets to dealers, carpet importers and carpet installation companies.

*(ii) Contract sales*

Contract sales refer to supply, deliver of carpets which include the project management work, by handling the installation of these carpets on site for its customers.

Please refer to paragraph 8 for the segmented revenue of the Group by geographical area.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

**16. A breakdown of sales.**

	The Group		Change %
	FY2014 S\$'000	FY2013 S\$'000	
(a) Sales reported for first half year	8,656	10,828	(20.1)
(b) Total comprehensive income, representing net profit	725	1,786	(59.4)
(c) Sales reported for second half year	11,572	11,198	3.3
(d) Total comprehensive income, representing net profit	773	946	(18.3)

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2014 S\$'000	FY2013 S\$'000
Ordinary, final proposed dividend	476	-
Ordinary, interim dividend	-	3,000
	476	3,000

**18. Use of IPO Proceeds**

The Company received the gross IPO proceeds of \$3.92 million and the utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unused S\$'000
Business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	-	1,500
Improving inventory management system and logistics support	340	(129)	211
Marketing and business development	250	-	250
General working capital	329	(229)	100
IPO shares issue expenses borne by the Company	1,501	(1,501)	-
	3,920	(1,859)	2,061

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. The IPO proceeds will be placed in short-term deposits with financial institutions and/or used to invest in short term money market instruments, as our Directors may deem appropriate.



**19. Disclosure of persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Rena Ho Pei Yuen	39	Daughter of the controlling shareholder  Sibling of Nellie Ho Wan Jing (Executive director and Deputy CEO)	Executive director and CEO of the Group since 2014. She is responsible for the formulation of the Group's strategic directions, expansion plans and overall business developments.	Not applicable
Nellie Ho Wan Jing	34	Daughter of the controlling shareholder  Sibling of Rena Ho Pei Yuen (CEO)  Spouse of Tay Twan Lee	Executive director and Deputy CEO of the Group since 2014. She is responsible for export sales and marketing functions. She is also responsible for the expansion plans and business development for the Group's overseas markets.	Not applicable
Tay Twan Lee	35	Spouse of Nellie Ho Wan Jing (Executive director and Deputy CEO)  Brother-in-law to Rena Ho Pei Yuen (CEO)  Son-in-law of the controlling shareholder	Business director since 2014. He is responsible for business development of the Group's export and local sales departments.	Not applicable

On behalf of the Board

Rena Ho Pei Yuen  
Executive Director and CEO  
16 February 2015

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SMJ INTERNATIONAL HOLDINGS LTD.  
(Company Registration No: 201334844E)

This announcement has been prepared by the Company (“SMJ International Holdings Ltd.”) and its contents have been reviewed by the Company’s sponsor (“Sponsor”), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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