



Soo Kee Group Ltd.

(Company Registration No.: 201214694Z)
(Incorporated in the Republic of Singapore on 13 June 2012)

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Soo Kee Group Ltd. (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 20 August 2015. The initial public offering (the “IPO”) of the Company was sponsored by United Overseas Bank Limited (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant rules of the 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. The Sponsor and the SGX-ST assume 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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Background

The Company was incorporated in the Republic of Singapore on 13 June 2012 under the Companies Act (Chapter 50) of Singapore as a private limited company under the name of “Soo Kee Group Pte. Ltd.”. On 3 August 2015, the Company changed its name to “Soo Kee Group Ltd.” in conjunction with its conversion to a public company limited by shares.

The group comprising the Company and its subsidiaries (the “Group”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 11 August 2015 (the “**Offer Document**”) for further details on the Restructuring Exercise.

For the purpose of this announcement, the results of the Group for the fourth quarter ended 31 December 2015 (“**Q42015**”), the comparative results of the Group for the fourth quarter ended 31 December 2014 (“**Q42014**”), the results of the Group for the year ended 31 December 2015 (“**FY2015**”) and the comparative results of the Group for the year ended 31 December 2014 (“**FY2014**”), have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 January 2014.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), 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 / COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group					
	Unaudited Q42015 S\$'000	Unaudited Q42014 S\$'000	Change %	Unaudited FY2015 S\$'000	Audited FY2014 S\$'000	Change %
Revenue	36,439	38,115	(4.4)	139,288	134,542	3.5
Other gains	597	494	20.9	801	890	(10.0)
Material costs	(19,258)	(19,428)	(0.9)	(72,987)	(70,590)	3.4
Employee benefits expense	(5,206)	(4,125)	26.2	(18,893)	(16,608)	13.8
Depreciation and amortisation expense	(895)	(594)	50.7	(2,564)	(2,565)	-*
Other losses	(195)	(905)	(78.5)	(1,565)	(1,152)	35.9
Finance costs	(626)	(146)	328.8	(1,407)	(638)	120.5
Other expenses	(8,356)	(7,842)	6.6	(32,242)	(30,159)	6.9
Profit before tax	2,500	5,569	(55.1)	10,431	13,720	(24.0)
Income tax expense	(269)	(1,177)	(77.1)	(2,086)	(2,914)	(28.4)
Profit, net of tax	2,231	4,392	(49.2)	8,345	10,806	(22.8)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	137	(224)	NM	(287)	(189)	51.9
Other comprehensive income for the period, net of tax	2,368	4,168	(43.2)	8,058	10,617	(24.1)
Total comprehensive income	2,368	4,168	(43.2)	8,058	10,617	(24.1)
Attributable to:						
Equity holders of the Company	2,368	4,168	(43.2)	8,058	10,617	(24.1)

NM: Not meaningful

*: Less than 0.1%

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

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

	Group					
	Unaudited Q42015 S\$'000	Unaudited Q42014 S\$'000	Change %	Unaudited FY2015 S\$'000	Audited FY2014 S\$'000	Change %
Bad debts written-off reversal	-	3	NM	-	3	NM
Central support service income	49	45	8.9	194	180	7.8
Depreciation and amortisation expenses	(895)	(594)	50.7	(2,564)	(2,565)	-*
Finance costs	(626)	(146)	328.8	(1,407)	(638)	120.5
Foreign exchange adjustment (losses)/gains	281	(789)	NM	(1,419)	(651)	118.0
Insurance compensation	-	-	-	2	4	(50.0)
Interest income	100	-	NM	100	-	NM
Inventories written down	-	(96)	NM	-	(100)	NM
IPO-related expenses	(200)	-	NM	(1,321)	-	NM
Loss on derivative instruments	-	(7)	NM	-	(255)	NM
Loss on disposal of property, plant and equipment	(195)	(13)	1,400.0	(146)	(146)	-
Miscellaneous income	227	351	(35.3)	413	289	42.9
Rental income	40	95	(57.9)	192	414	(53.6)

NM: Not meaningful

*: Less than 0.1%

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	
	Unaudited As at 31 December 2015 S\$'000	Audited As at 31 December 2014 S\$'000	Unaudited As at 31 December 2015 S\$'000	Audited As at 31 December 2014 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	32,374	11,130	-	-
Investment in subsidiaries	-	-	10,210	-
Investment in associates	2	2	-	-
Deferred tax assets	146	168	-	-
Other financial assets	30	-	-	-
Other assets	5,978	6,015	-	-
Total non-current assets	38,530	17,315	10,210	-
<u>Current assets</u>				
Inventories	60,470	51,821	-	-
Trade and other receivables	2,401	2,425	14,746	-
Other assets	5,857	5,811	149	-
Cash and cash equivalents	34,026	8,535	22,111	+
Total current assets	102,754	68,592	37,006	-
Total assets	141,284	85,907	47,216	-
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	1,572	42,399	+
Retained earnings/(accumulated losses)	8,336	28,691	3,472	(6)
Foreign currency translation reserve	(810)	(523)	-	-
Total equity	49,925	29,740	45,871	(6)
<u>Non-current liabilities</u>				
Deferred tax liabilities	160	160	-	-
Other financial liabilities	37,982	699	-	-
Other liabilities	1,026	1,076	-	-
Total non-current liabilities	39,168	1,935	-	-
<u>Current liabilities</u>				
Income tax payable	1,839	2,299	11	-
Trade and other payables	16,053	24,222	1,334	6
Other financial liabilities	33,503	26,546	-	-
Other liabilities	796	1,165	-	-
Total current liabilities	52,191	54,232	1,345	6
Total liabilities	91,359	56,167	1,345	6
Total equity and liabilities	141,284	85,907	47,216	-

+ Amount less than S\$1,000

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

Amount repayable by the Group in one year or less, or on demand

As at 31 December 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
29,903	3,600	26,546	-

Amount repayable by the Group after one year

As at 31 December 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
24,482	13,500	699	-

Details of collaterals

The Group's credit facilities are secured by one or several of, *inter alia*,

- (a) Personal guarantees from Mr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng;
- (b) Corporate guarantees from Soo Kee Group Ltd., SKJ Group Pte. Ltd. and/or SK Jewellery Pte. Ltd.;
- (c) Legal mortgages over properties owned by SK Properties Pte. Ltd.;
- (d) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of the building agreement in respect of the Changi Business Park Land (as defined in the Offer Document); and
- (e) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of, *inter alia*, all present and future leases of the Changi Business Park Headquarters (as defined in the Offer Document) of any units or part thereof.

The Group's hire purchase facilities are secured against the respective motor vehicles.

The Group's unsecured credit facilities comprise the Directors' Loans (as defined in the Offer Document).

- 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 / COMBINED STATEMENTS OF CASH FLOWS

	Unaudited Q42015 S\$'000	Unaudited Q42014 S\$'000	Unaudited FY2015 S\$'000	Audited FY2014 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	2,500	5,569	10,431	13,720
Adjustments for:				
Depreciation of property, plant and equipment	858	594	2,527	2,565
Amortisation of land use rights	37	-	37	-
Interest expense	626	146	1,407	638
Interest income	(100)	-	(100)	-
Loss on disposal of property, plant and equipment	195	13	146	146
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	106	(112)	(146)	(86)
Operating cash flows before changes in working capital	4,222	6,210	14,302	16,983
Inventories	(6,422)	(3,512)	(8,650)	(3,913)
Trade and other receivables	(476)	4,100	23	595
Other assets	557	1,456	(47)	1,444
Trade and other payables	(4,439)	2,189	(8,168)	528
Other liabilities	(349)	(5,304)	(419)	(419)
Net cash flows from operations	(6,907)	5,139	(2,959)	15,218
Income taxes paid	(124)	(1,330)	(2,545)	(1,108)
Net cash flows from/(used in) operating activities	(7,031)	3,809	(5,504)	14,110
<u>Cash flows from investing activities</u>				
Purchase of other financial asset	-	-	(30)	-
Purchase of property, plant and equipment	(4,812)	(3,170)	(23,655)	(8,744)
Disposal of property, plant and equipment	6	(19)	55	4
Interest received	100	-	100	-
Net cash flows used in investing activities	(4,706)	(3,189)	(23,530)	(8,740)
<u>Cash flows from financing activities</u>				
Cash restricted in use	-	252	-	252
Increase in borrowings	6,510	1,682	30,122	1,682
Decrease in other financial liabilities	(4,158)	(2,903)	(3,158)	(4,231)
Finance lease repayments	(268)	(4)	(78)	(35)
Net movement in amounts due to directors	7,225	1,036	16,576	872
Proceeds from issuance of shares	-	-	32,650	-
Interest paid	(807)	(212)	(1,587)	(704)
Dividends paid	-	-	(20,000)	(2,638)
Net cash flows from/(used in) financing activities	8,502	(149)	54,525	(4,802)
<u>Net increase/(decrease) in cash and cash equivalents</u>	(3,235)	471	25,491	568
Cash and cash equivalents, statement of cash flows, beginning balance	37,261	8,064	8,535	7,967
Cash and cash equivalents, statement of cash flows, ending balance	34,026	8,535	34,026	8,535

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.

STATEMENTS OF CHANGES IN EQUITY

Group	Total Equity S\$'000	Share Capital S\$'000	Retained Earnings S\$'000	Foreign Currency Translation Reserve S\$'000
Balance as at 1 January 2015	29,740	1,572	28,691	(523)
Dividends paid	(20,000)	-	(20,000)	-
Share swap pursuant to the Restructuring Exercise	(9,749)	(1,572)	(8,700)	523
	(9)	-	(9)	-
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	9,749	-	-
New shares issued pursuant to the IPO	33,750	33,750	-	-
Listing expenses taken to equity	(1,100)	(1,100)	-	-
	42,390	42,399	(9)	-
Total comprehensive income/(loss) for the period	7,535	-	8,345	(810)
Balance as at 31 December 2015	49,925	42,399	8,336	(810)
Balance as at 1 January 2014	21,761	1,572	20,523	(334)
Total comprehensive income for the period	10,617	-	10,806	(189)
Dividends paid	(2,638)	-	(2,638)	-
Balance as at 31 December 2014	29,740	1,572	28,691	(523)

Company	Total Equity S\$'000	Share Capital S\$'000	Retained Earnings/ (Accumulated Losses) S\$'000
Balance as at 1 January 2015	(6)	++	(6)
Total comprehensive loss for the period	-	-	-
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	9,749	-
New shares issued pursuant to the IPO	33,750	33,750	-
Listing expenses taken to equity	(1,100)	(1,100)	-
Total comprehensive loss for the period	3,478	-	3,478
Balance as at 31 December 2015	45,871	42,399	3,472
Balance as at 1 January 2014	(5)	++	(5)
Total comprehensive loss for the period	(1)	-	(1)
Balance as at 31 December 2014	(6)	-	(6)

+ Amount less than S\$1,000.

1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus issues, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issues 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 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.

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

	Company	
	Number of shares	Issued and paid-up share capital S\$
Issued and fully paid-up share capital As at 1 January 2015	100	100
Shares issued pursuant to the Restructuring Exercise As at 30 June 2015	9,749,117	9,749,117
	9,749,217	9,749,217
Sub-division of shares	450,000,000	9,749,217
New shares issued pursuant to IPO	112,500,000	33,750,000
Listing expenses taken to equity	-	(1,100,300)
As at 31 December 2015	562,500,000	42,398,917

There were no outstanding convertibles or shares held as treasury shares as at 31 December 2015 and 31 December 2014.

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.

	As at 31 December 2015	As at 31 December 2014
Total number of issued shares (excluding treasury shares)	562,500,000	100

The Company has no treasury shares or securities convertible into shares that were outstanding as at 31 December 2015 and 31 December 2014.

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.

Not applicable.

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 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 FY2015 as its most recently audited combined financial statements for FY2014.

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.**

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard.

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")

	Group			
	Q42015	Q42014	FY2015	FY2014
Profit, net of tax attributable to equity holders of the Company (S\$'000)	2,231	4,392	8,345	10,806
Weighted average number of ordinary shares ⁽¹⁾⁽²⁾				
(a) Basic	562,500,000	450,000,000	491,301,370	450,000,000
(b) Diluted ⁽³⁾	562,500,000	450,000,000	491,301,370	450,000,000
EPS (cents):-				
(a) Based on the weighted average number of ordinary shares	0.40	0.98	1.70	2.40
(b) On a fully diluted basis ⁽³⁾	0.40	0.98	1.70	2.40

Notes:

- (1) For comparative purposes, the pre-IPO issued and paid up share capital of the Company of 450,000,000 shares after the Sub-division of Shares (as defined in the Offer Document) is assumed to have been in issue since 1 January 2014.
- (2) The weighted average number of shares of the Company for Q42015 and FY2015 has been computed based on the pre-IPO issued and paid-up share capital of 450,000,000 shares and the post-IPO issued and paid-up share capital of 562,500,000 shares.
- (3) The weighted average number of shares on a basic and fully diluted basis were the same as there were no potentially dilutive instruments as at 31 December 2015 and 31 December 2014.

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.**

NET ASSET VALUE (“NAV”)

	Group		Company	
	Unaudited As at 31 December 2015	Audited As at 31 December 2014	Unaudited As at 31 December 2015	Audited As at 31 December 2014
NAV per ordinary share ⁽¹⁾ (cents)	8.88	6.61	8.15	NM

NM : Not meaningful

Note:

(1) NAV per ordinary share as at 31 December 2015 and as at 31 December 2014 has been computed based on the post-IPO share capital of 562,500,000 shares and pre-IPO share capital of 450,000,000 shares 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

Revenue

The Group’s revenue increased by S\$4.75 million or 3.5% from S\$134.54 million in FY2014 to S\$139.29 million in FY2015. The increase in revenue was mainly due to the general increase in demand for the Group’s jewellery products and mementoes over FY2015.

Revenue decreased by S\$1.68 million or 4.4% from S\$38.12 million in Q42014 to S\$36.44 million in Q42015. The decrease in revenue was mainly due to the moderation in demand for jewellery products and mementoes, as well as lower revenue contribution from Malaysia arising from the weakening of the MYR upon consolidation.

Other gains

Other gains decreased by S\$0.09 million or 10.0% from S\$0.89 million in FY2014 to S\$0.80 million in FY2015 mainly due to lower rental income receivable of S\$0.22 million, which was offset by higher government grants of S\$0.13 million.

Other gains increased by S\$0.10 million or 20.9% from S\$0.49 million in Q42014 to S\$0.60 million in Q42015 mainly due to foreign exchange adjustment gains of S\$0.28 million which had been recognized in Q42015 million arising from the strengthening of the MYR upon consolidation in Q42015, which was offset by lower government grants received during Q42015 of S\$0.12 million.

Material costs

Material costs increased by S\$2.40 million or 3.4% from S\$70.59 million in FY2014 to S\$72.99 million in FY2015. The increase in material costs was in line with the general increase in revenue over FY2015.

Material costs decreased by S\$0.17 million or 0.9% from S\$19.43 million in Q42014 to S\$19.26 million in Q42015. The less than proportionate decrease in material costs as compared to revenue in Q42015 was mainly due to year-end promotional discounts for the sale of jewellery products and mementoes.

Employee benefits expense

Employee benefits expense increased by S\$2.28 million or 13.8% from S\$16.61 million in FY2014 to S\$18.89 million in FY2015, and increased by S\$1.08 million or 26.2% from S\$4.13 million in Q42014 to S\$5.21 million in Q42015. The increase in employee benefits expense was mainly due to the increase in directors' remuneration and directors' fees in conjunction with the IPO, annual salary increments for existing employees and commissions payable to sales staff in line with the general increase in revenue over FY2015.

Depreciation and amortisation expense

Depreciation and amortisation expense remained relatively stable at S\$2.56 million and S\$2.57 million in FY2015 and in FY2014, respectively.

Depreciation and amortisation expense increased by S\$0.30 million or 50.7% from S\$0.59 million in Q42014 to S\$0.90 million in Q42015. This was mainly attributable to depreciation expenses for the Group's Changi Business Park Headquarters (as defined in the Offer Document) and amortization expenses on the land use-rights relating to the Changi Business Park Land (as defined in the Offer Document) commencing from November 2015 upon completion.

Other losses

Other losses increased by S\$0.41 million or 35.9% from S\$1.15 million in FY2014 to S\$1.57 million in FY2015 and decreased by S\$0.71 million or 78.5% from S\$0.91 million in Q42014 to S\$0.20 million in Q42015.

The increase in other losses of S\$0.41 million in FY2015 was mainly attributable to an increase in foreign exchange adjustment losses of S\$0.77 million arising from the weakening of the MYR upon consolidation, as well as, differences arising from currency exchange movements for the Group's purchases in US\$, RMB and HK\$ (being the transactional currency of the purchases of raw materials and finished products) with S\$ (which is the Group's reporting currency) between the time of the Group's purchase of the raw materials and finished products and the payment for such purchases, and which was partially offset by the absence in FY2015 of (i) loss on gold forward sale contracts of S\$0.25 million in FY2014; and (ii) inventories written down of S\$0.10 million in FY2014.

The decrease in other losses of S\$0.71 million in Q42015 was mainly attributable to the absence of foreign exchange adjustment losses attributable to the weakening of the MYR upon consolidation of S\$0.79 million which had been recognized in Q42014, which was offset by the loss on disposal of property, plant and equipment of S\$0.20 million which had been recognized in Q42015.

Finance costs

Finance costs increased by S\$0.77 million or 120.5% from S\$0.64 million in FY2014 to S\$1.41 million in FY2015 and increased by S\$0.48 million or 328.8% from S\$0.15 million in Q42014 to S\$0.63 million in Q42015. This was mainly due to interest payable pursuant to the Directors' Loans (as defined in the Offer Document) and interest payable relating to the construction loan for the Group's Changi Business Park Headquarters.

Other expenses

Other expenses increased by S\$2.08 million or 6.9% from S\$30.16 million in FY2014 to S\$32.24 million in FY2015. The increase was mainly due to IPO-related expenses and an increase in advertising and promotion expenses in aggregate of S\$1.74 million.

Other expenses increased by S\$0.52 million or 6.6%, from S\$7.84 million in Q42014 to S\$8.36 million in Q42015. This was mainly due to IPO-related expenses of S\$0.20 million, expenses related to the upkeep of the Group's Changi Business Park Headquarters of S\$0.11 million incurred in Q42015 and royalty expenses payable to licensors to design, develop and produce gold and diamond jewellery products featuring proprietary designs of S\$0.10 million.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$3.29 million or 24.0% from S\$13.72 million in FY2014 to S\$10.43 million in FY2015 and decreased by S\$3.07 million or 55.1% from S\$5.57 million in Q42014 to S\$2.50 million in Q42015. Excluding the one-off IPO expenses of S\$1.32 million, the Group's profit before tax would have decreased by S\$1.97 million or 14.4% from S\$13.72 million in FY2014 to S\$11.75 million in FY2015.

Income tax expense

Income tax expense decreased by S\$0.82 million or 28.4% from S\$2.91 million in FY2014 to S\$2.09 million in FY2015 and decreased by S\$0.91 million or 77.1% from S\$1.18 million in Q42014 to S\$0.27 million in Q42015 due to the decrease in profit before tax. In addition, the more than proportionate decrease in income tax expenses in Q42015 was mainly due to tax refunds receivable in relation to overprovision of tax in respect of FY2014.

REVIEW OF THE GROUP'S FINANCIAL POSITION**Non-current assets**

Non-current assets increased by S\$21.22 million or 122.5% from S\$17.32 million as at 31 December 2014 to S\$38.53 million as at 31 December 2015. This was mainly due to the increase in property, plant and equipment of S\$21.24 million in relation to the capitalization of construction costs for the Group's Changi Business Park Headquarters (as defined in the Offer Document).

Current assets

Current assets increased by S\$34.16 million or 49.8% from S\$68.59 million as at 31 December 2014 to S\$102.75 million as at 31 December 2015. This was mainly due to an increase in cash and cash equivalents of S\$25.49 million, and an increase in inventories of S\$8.65 million

The increase in cash and cash equivalents was due to net proceeds from the IPO. The increase in inventories was in line with the Group's strategy to expand and optimise its selection of product offerings to its customers.

Non-current liabilities

Non-current liabilities increased by S\$37.23 million from S\$1.94 million as at 31 December 2014 to S\$39.17 million as at 31 December 2015. This was mainly due to an increase in other financial liabilities, non-current, of S\$37.28 million attributable to the non-current portion of the Directors' Loans of S\$13.50 million and the non-current portion of the construction loan for the Group's Changi Business Park Headquarters of S\$21.66 million including the Reclassification (as defined below) and non-current portion

of the Money Market Loan (as defined in the Offer Document) of S\$2.0 million. Please refer to the sections entitled “**Capitalisation And Indebtedness**” and “**Interested Person Transactions And Conflicts Of Interests – Present And On-going Interested Person Transactions - Term loans granted by Mr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng to SKJ Group and SK Jewellery**” of the Offer Document for further details.

Current liabilities

Current liabilities decreased by S\$2.04 million or 3.8% from S\$54.23 million as at 31 December 2014 to S\$52.19 million as at 31 December 2015. This was primarily attributable to a decrease in trade and other payables of S\$8.17 million, a decrease in other liabilities, current, of S\$0.37 million and a decrease in income tax payable of S\$0.46 million, partially offset by an increase in other financial liabilities, current, of approximately S\$6.96 million.

The decrease in trade and other payables, current, was mainly due to reclassification of certain loans of S\$8.33 million from trade and other payables to other financial liabilities, to better reflect the specific nature of the balances.

The decrease in other liabilities, current, was mainly lower deposits received from customers.

The increase in other financial liabilities, current, was mainly due to the drawdown of (i) money market lines and term loans in aggregate of S\$11.0 million (ii) Directors’ Loans (as defined in the Offer Document) of which the current portion amounted to S\$3.60 million and (iii) the construction loan for the Group’s Changi Business Park Headquarters of S\$0.40 million. This was partially offset by the reclassification of a portion of the Group’s other financial liabilities, current, as at 31 December 2014, to other financial liabilities, non-current, as at 31 December 2015 of S\$4.04 million and repayment of certain term loans facilities of S\$3.16 million. The aforementioned reclassification (“Reclassification”) was pursuant to waivers and/or accommodation obtained from the relevant banks for the breach of certain debt covenants.

Total equity

Total equity increased by S\$20.18 million or 67.9% from S\$29.74 million as at 31 December 2014 to S\$49.92 million as at 31 December 2015. The increase was mainly due to the net increase in share capital of S\$40.83 million pursuant to the issuance of shares in the Company in conjunction with the Restructuring Exercise and the IPO, partially offset by a decrease in retained earnings of S\$20.35 million. The decrease in retained earnings was primarily attributable to dividends payable of S\$20.00 million in respect of FY2014.

REVIEW OF THE GROUP’S CASHFLOW STATEMENT

For FY2015, net cash flows used in operating activities was S\$5.50 million, which consisted of operating cash flows before changes in working capital of \$14.30 million, net of income tax paid of S\$2.55 million and working capital outflow of S\$17.26 million.

The net working capital outflow arose mainly from the following:

- (a) an increase in inventories of S\$8.65 million, in line with the Group’s strategy to expand and optimise its selection of product offerings to its customers; and
- (b) a decrease in trade and other payables, current, of S\$8.17 million, mainly due to the reclassification of certain loans from trade and other payables, current, to other financial liabilities, to better reflect the specific nature of the balances.

For FY2015, net cash used in investing activities amounted to S\$23.53 million mainly due to the expenditure in relation to the construction of the new Changi Business Park Headquarters.

For FY2015, net cash from financing activities was S\$54.53 million mainly due to the net proceeds from the IPO of S\$32.65 million, the net proceeds from the Money Market Loan (as defined in the Offer Document) and the construction loan for the Group's Changi Business Park Headquarters of S\$30.12 million in aggregate, and the net movement of amounts due to Directors of S\$16.58 million which relates mainly to the Directors' Loans (as defined in the Offer Document). This was partially offset by dividends payable of S\$20.00 million in respect of FY2014 and declared in the second quarter ended 30 June 2015, loan repayment of S\$3.16 million and interest paid of S\$1.58 million for FY2015.

As a result of the above, there was a net increase of S\$25.49 million in cash and cash equivalents, from a net cash surplus of S\$8.54 million as at 31 December 2014 to a net cash surplus of S\$34.03 million as at 31 December 2015.

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

The financial performance of the Group for Q42015 and FY2015 is generally in line with the information disclosed in the section entitled “**Prospects, Trends, Business Strategies And Future Plans**” of the Offer Document.

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 event that may affect the group in the next reporting period and the next 12 months.

In Q42015, the Group moved into its new Changi Business Park headquarters – Soo Kee HQ. The Soo Kee HQ serves as the regional hub to support the Group's local and overseas operations in activities such as design and development, branding and training. The Group will continue to develop its design and development capabilities and provide customer care services at its new premises.

The Group has secured the exclusive distributorship rights for ALLOVE brand of diamonds in Singapore and Malaysia in Q42015. The Group will continue to expand its product lines to cater to its customers.

As disclosed in the Company's announcement on SGXNET dated 16 February 2016, the Company has entered into a memorandum of understanding with Dai Keng Trading Pte Ltd to invest up to S\$0.8 million in a joint venture company, DK Bullion Pte Ltd (“DK Bullion”), pursuant to which the Company will hold a 70.0% stake in DK Bullion, which will be engaged in the business of distributing precious metals in Singapore, Malaysia and Indonesia, as well as the provision of storage services for precious metals. The Company sees this bullion business as a strategic fit to its overall strategy in business expansion and introduction of new product lines.

The macroeconomic environment has grown more uncertain, and this has affected consumer sentiments. According to the latest Nielsen survey of consumer confidence and spending released on 2 February 2016, Singapore's consumer confidence index has fallen in the last quarter of 2015.⁽¹⁾ Notwithstanding, the Group is cautiously optimistic of its outlook in 2016.

Going forward, the Group will continue to invest in branding, enhance its distribution channels and launch new product lines, while improving operational efficiency. The Group will continue to seek opportunities to grow its business locally and overseas, diversify existing revenue streams and enhance shareholder value.

(1) The information was extracted from <http://www.nielsen.com/sg/en/insights/news/2016/singapore-q4-2015-consumer-confidence-dips.html> on 27 February 2016.

11. Dividend**(a) Any dividend declared for the current financial period reported on?**

Name of Dividend:	Ordinary cash dividend
Dividend Type:	Final
Dividend Amount per Ordinary Share:	S\$0.5 cents per ordinary share
Tax Rate:	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year?

No.

(c) Date payable

To be announced, subject to shareholders' approval of the final ordinary cash dividend at the annual general meeting of the Company ("AGM") to be convened.

(d) Books closure date

To be announced, subject to shareholders' approval of the final ordinary cash dividend at the AGM to be convened.

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 IPTs, 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 does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the SGX-ST, Section B: Rules of Catalyst (“Catalist Rules”). However, pursuant to Rule 905 of the Catalyst Rules, the following is disclosed:-

	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 902 of the Catalyst Rules)	
Name of Interested Person	FY2015 S\$’000	FY2014 S\$’000
Sales of pre-owned jewellery MoneyMax Financial Services Ltd. and its subsidiaries (the “MoneyMax Group”)	55	9
Central support services MoneyMax Group	194	180
Rental income MoneyMax Group	184	384
Rental expense SK Properties Pte. Ltd.	264	264
Lim Yong Guan	320	312
Working capital advances to Easimine Group Sdn. Bhd.	556 ⁽¹⁾	-
	1,573	1,149

Note:

- (1) This relates to advances extended by the Company’s wholly-owned subsidiary, SK Jewellery Sdn. Bhd. (“SK Malaysia”) as bridging advances to Easimine Group Sdn. Bhd. and a subsidiary of its related party MoneyMax Financial Services Limited for working capital purposes. The advances were interest-free and unsecured, and made over two tranches in January 2015 and February 2015. The advances had a repayment term of four months and three months, respectively. The largest amount due from Easimine Group Sdn. Bhd. and its wholly-owned subsidiary over FY2015 (based on month-end balances) was MYR1.5 million or approximately S\$556,000. No fees or other benefits were payable or accrued to SK Malaysia for the provision of the advances. As at 30 June 2015, the bridging advances have been fully repaid to SK Malaysia.

14. Use of IPO proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$31.6 million (the "**Net Proceeds**"). Please refer to the Offer Document for further details. As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expansion of network of retail stores and introduction of new product lines	12,000	4,356	7,644
Capital expenditure for new Changi Business Park Headquarters (as defined in the Offer Document) including jewellery product design and development facilities and equipment which will be housed at the same premises	3,000	1,300	1,700
Repayment in part of DBS Bank loans in connection with the construction of the new Changi Business Park Headquarters (as defined in the Offer Document)	6,000	547	5,453
Working capital and general corporate purposes	10,564	3,597	6,967
	31,564	9,800	21,764

The Company will make periodic announcements on the use of Net Proceeds as and when the funds are materially disbursed. Pending the deployment of the Net Proceeds, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments.

15. Confirmation by the issuer pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors ("**Directors**") and executive officers as required under Rule 720(1) of the Catalist Rules.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Revenue

	Group		
	FY2015 S\$'000	FY2014 S\$'000	Change %
Singapore	122,759	115,335	6.4
Malaysia	16,529	19,207	(13.9)
Total	139,288	134,542	3.5

Non-current assets

	Group		
	As at 31 December 2015	As at 31 December 2014	Change %
Singapore	37,514	16,103	133.0
Malaysia	870	1,044	(16.7)
Total	38,384	17,147	123.9

The Group operates predominately in only one business segment, which is the retail and trading of jewellery business segment. Accordingly, no segmental information is presented based on profit or loss as it is not meaningful.

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

18. **A breakdown of sales as follows:**

	Group		
	FY2015 S\$'000	FY2014 S\$'000	Change %
Sales reported for first half year	65,329	66,001	(1.0)
Operating profit after tax reported for first half year	5,362	4,326	23.9
Sales reported for second half year	73,959	68,541	7.9
Operating profit after tax reported for second half year	2,983	6,480	(54.0)

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

Not applicable.

20. Person 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 issuer pursuant to Rule 704(10)

Name	Age	Family relationship with any director 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
Ms. Lau Wan Kei, Angelina	33	Daughter of Mdm. Lim Liang Eng, and niece of Mr. Lim Yong Guan and Mr. Lim Yong Sheng.	General Manager, Singapore Operations since 2010. In charge of all strategic, operational and management matters pertaining to the Group's Singapore operations, which include, <i>inter alia</i> , overseeing its network of retail stores, branding and marketing activities, jewellery design, and quality control.	NA
Mr. Wong Jak	62	Brother-in-law to Mr. Lim Yong Guan, Mr. Lim Yong Sheng, and Mdm. Lim Liang Eng, and the spouse of Mdm. Lim Liang Cheng.	General Manager, Malaysia Operations since 2002. In charge of all strategic, operational and management matters pertaining to the Group's Malaysian operations, which include, <i>inter alia</i> , identifying and securing suitable locations for the Group's retail stores, establishing suitable servicing and manufacturing facilities in Malaysia to support the Group's retail operations, and identifying suitable business opportunities for the Group's growth in Malaysia.	NA
Mdm. Lim Liang Cheng	51	Sister of Mr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, and the spouse of Mr. Wong Jak	Area Manager, Malaysia Operations since 2002. In charge of the day-to-day running of the Group's retail operations in Malaysia.	NA

NA: Not applicable.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Yong Guan
Non-Executive Chairman

Lim Yong Sheng
Executive Director and Chief Executive Officer

28 February 2016