



Soo Kee Group Ltd.

(Company Registration No.: 201214694Z)

(Incorporated in the Republic of Singapore on 13 June 2012)

UNAUDITED THIRD QUARTER AND NINE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 third quarter ended 30 September 2016 (“**Q3-2016**”) and the comparative results of the Group for the third quarter ended 30 September 2015 (“**Q3-2015**”) and the results of the Group for the nine-month period ended 30 September 2016 (“**9M-2016**”) with comparative results of the Group for the nine-month ended 30 September 2015 (“**9M-2015**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 January 2015.

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					
	Q3-2016 S\$'000	Q3-2015 S\$'000	Change %	9M-2016 S\$'000	9M-2015 S\$'000	Change %
Revenue	49,803	37,520	32.7	122,069	102,849	18.7
Other gains	295	109	170.6	1,286	534	140.8
Material costs	(36,369)	(20,211)	80.0	(77,489)	(53,729)	44.2
Employee benefits expense	(4,341)	(4,684)	(7.3)	(13,912)	(13,687)	1.6
Depreciation and amortisation expense	(1,060)	(587)	80.6	(3,177)	(1,669)	90.4
Other losses	(196)	(1,138)	(82.8)	(48)	(1,700)	(97.2)
Finance costs	(487)	(526)	(7.4)	(1,561)	(781)	99.9
Other expenses	(7,242)	(9,115)	(20.5)	(22,831)	(23,886)	(4.4)
Profit before tax	403	1,368	(70.5)	4,337	7,931	(45.3)
Income tax expense	(151)	(616)	(75.5)	(933)	(1,817)	(48.7)
Profit, net of tax	252	752	(66.5)	3,404	6,114	(44.3)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(103)	(80)	28.8	23	(424)	NM
Other comprehensive income for the period, net of tax	(103)	(80)	28.8	23	(424)	NM
Total comprehensive income	149	672	(77.8)	3,427	5,690	(39.8)
Attributable to:						
Equity holders of the Company	236	752	(68.6)	3,375	6,114	(44.8)
Non-controlling interest	16	-	N.M	29	-	NM
Profit, net of tax	252	752	(66.5)	3,404	6,114	(44.3)
Attributable to:						
Equity holders of the Company	133	672	(80.2)	3,398	5,690	(40.3)
Non-controlling interest	16	-	NM	29	-	NM
Total comprehensive income	149	672	(77.8)	3,427	5,690	(39.8)

NM: Not meaningful

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					
	Q3-2016 S\$'000	Q3-2015 S\$'000	Change %	9M-2016 S\$'000	9M-2015 S\$'000	Change %
Central support service income	50	50	-	149	145	2.8
Depreciation and amortisation expenses	(1,060)	(587)	80.6	(3,177)	(1,669)	90.4
Finance costs	(487)	(526)	(7.4)	(1,561)	(781)	99.9
Foreign exchange adjustment gains/(losses)	(131)	(1,138)	(88.5)	147	(1,700)	NM
Interest income	69	-	NM	208	-	NM
Gain/(Loss) on disposal of property, plant and equipment	(65)	11	NM	(48)	49	NM
Miscellaneous income	185	48	285.4	810	338	139.6
Rental income	60	-	NM	180	-	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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited As at 30 September 2016 S\$'000	Audited As at 31 December 2015 S\$'000	Unaudited As at 30 September 2016 S\$'000	Audited As at 31 December 2015 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	33,241	32,374	-	-
Investment in subsidiaries	-	-	12,002	10,210
Investment in associates	2	2	-	-
Deferred tax assets	127	146	-	-
Other financial assets	30	30	-	-
Goodwill	800	-	-	-
Other assets (land use rights)	5,595	5,759	-	-
Total non-current assets	39,795	38,311	12,002	10,210
<u>Current assets</u>				
Inventories	56,691	60,470	-	-
Trade and other receivables	1,683	2,262	20,287	14,708
Other assets (land use rights)	219	219	-	-
Other assets	6,090	5,857	98	149
Cash and cash equivalents	28,941	34,026	12,229	22,111
Total current assets	93,624	102,834	32,614	36,968
Total assets	133,419	141,145	44,616	47,178
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	8,898	8,336	726	3,320
Other reserves	(787)	(810)	-	-
Equity attributable to owners of the Company	50,510	49,925	43,125	45,719
Non-controlling interest	329	-	-	-
Total equity	50,839	49,925	43,125	45,719
<u>Non-current liabilities</u>				
Deferred tax liabilities	110	160	-	-
Other financial liabilities	34,981	37,978	-	-
Other liabilities	1,014	1,015	-	-
Total non-current liabilities	36,105	39,153	-	-
<u>Current liabilities</u>				
Income tax payable	1,245	1,839	36	11
Trade and other payables	14,559	15,930	1,455	1,448
Other financial liabilities	26,553	33,507	-	-
Other liabilities	4,118	791	-	-
Total current liabilities	46,475	52,067	1,491	1,459
Total liabilities	82,580	91,220	1,491	1,459
Total equity and liabilities	133,419	141,145	44,616	47,178

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 30 September 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
21,566	4,987	29,907	3,600

Amount repayable by the Group after one year

As at 30 September 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
23,289	11,692	24,478	13,500

Details of collaterals

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

- (a) Corporate guarantees from the Company;
- (b) 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
- (c) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of all present and future leases of any units or part thereof of the Changi Business Park Headquarters (as defined in the Offer Document).

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

The Group's unsecured credit facilities comprise (a) the Directors' Loans (as defined in the Offer Document) and (b) a loan of S\$1.20 million to the Company's 70%-owned subsidiary, SK Bullion Pte Ltd, from its minority shareholders.

- 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			
	Q3-2016 S\$'000	Q3-2015 S\$'000	9M-2016 S\$'000	9M-2015 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	403	1,368	4,337	7,931
Adjustments for:				
Depreciation of property, plant and equipment	1,008	587	3,016	1,669
Amortisation of land use rights	55	-	164	-
Interest expense	487	526	1,561	781
Interest income	(69)	-	(208)	-
Loss/(Gain) on disposal of property, plant and equipment	65	(11)	48	(49)
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	8	35	106	(253)
Operating cash flows before changes in working capital	1,957	2,505	9,024	10,079
Inventories	1,950	(1,224)	3,779	(2,228)
Trade and other receivables	196	6	580	499
Other assets	(206)	86	(232)	(603)
Trade and other payables	1,595	(3,636)	(1,372)	(3,729)
Other liabilities	2,472	(592)	3,326	(70)
Net cash flows from operations	7,964	(2,855)	15,105	3,948
Income taxes paid	(910)	(1,343)	(1,823)	(2,421)
Net cash flows from / (used in) operating activities	7,054	(4,198)	13,282	1,527
<u>Cash flows from investing activities</u>				
Purchase of other financial assets	-	-	-	(30)
Purchase of property, plant and equipment	(1,323)	(5,900)	(4,006)	(18,843)
Disposal of property, plant and equipment	-	11	87	49
Acquisition of a subsidiary	-	-	(300)	-
Interest received	69	-	208	-
Net cash flows used in investing activities	(1,254)	(5,889)	(4,011)	(18,824)
<u>Cash flows from financing activities</u>				
(Decrease)/Increase in borrowings	(2,979)	(1,225)	(9,579)	24,614
(Decrease)/Increase in other financial liabilities	(32)	227	1,568	227
Finance lease repayments	(18)	(15)	(49)	(38)
Net movement in amounts due to directors	(1,209)	9,389	(1,922)	9,351
Proceeds from issuance of shares	-	32,650	-	32,650
Interest paid	(487)	(526)	(1,561)	(781)
Dividends paid	-	-	(2,813)	(20,000)
Net cash flows (used in) / from financing activities	(4,725)	40,500	(14,356)	46,023
<u>Net decrease in cash and cash equivalents</u>	1,075	30,413	(5,085)	28,726
Cash and cash equivalents, statement of cash flows, beginning balance	27,866	6,848	34,026	8,535
Cash and cash equivalents, statement of cash flows, ending balance	28,941	37,261	28,941	37,261

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	Share Capital	Retained Earnings	Other reserves	Attributable to Owners	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	8,336	(810)	49,925	-	49,925
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	3,375	23	3,398	29	3,427
Acquisition of interest in subsidiary	-	-	-	-	300	300
Balance as at 30 September 2016	42,399	8,898	(787)	50,510	329	50,839
Balance as at 1 January 2015	1,572	28,691	(523)	29,740	-	29,740
Dividends paid	-	(20,000)	-	(20,000)	-	(20,000)
Shares swap pursuant to the Restructuring Exercise	(1,572)	(8,700)	523	(9,749)	-	(9,749)
	-	(9)	-	(9)	-	(9)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	-	-	9,749	-	9,749
New shares issued pursuant to the IPO	33,750	-	-	33,750	-	33,750
Listing expenses taken to equity	(1,100)	-	-	(1,100)	-	(1,100)
	42,399	(9)	-	42,390	-	42,390
Total comprehensive income/(loss) for the period	-	6,114	(947)	5,167	-	5,167
Balance as at 30 September 2015	42,399	6,105	(947)	47,557	-	47,557

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	3,320	45,719
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	219	219
Balance as at 30 September 2016	42,399	726	43,125
Balance as at 1 January 2015	+	(6)	(6)
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 income/(loss) for the period	-	(1,816)	(1,816)
Balance as at 30 September 2015	42,399	(1,822)	40,577

+ 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 Balance as at 30 September 2016	562,500,000	42,398,917

During 3Q-2016, there was no change in the Company's issued and paid-up share capital. There were no outstanding convertibles or shares held as treasury shares as at 30 September 2016 and 30 September 2015.

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 30 September 2016	As at 31 December 2015
Total number of issued shares (excluding treasury shares)	562,500,000	562,500,000

The Company has no treasury shares or securities convertible into shares that were outstanding as at 30 September 2016 and 31 December 2015.

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. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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 Q3-2016 and 9M-2016 as its most recently audited consolidated financial statements for the financial year ended 31 December 2015 ("FY2015").

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 Unaudited			
	Q3-2016	Q3-2015	9M-2016	9M-2015
Profit, net of tax attributable to equity holders of the Company (S\$'000)	236	752	3,375	6,114
Weighted average number of ordinary shares ⁽¹⁾				
(a) Basic	562,500,000	501,358,696	562,500,000	467,307,692
(b) Diluted ⁽²⁾	562,500,000	501,358,696	562,500,000	467,307,692
EPS (cents)				
(a) Basic	0.04	0.15	0.60	1.31
(b) Diluted	0.04	0.15	0.60	1.31

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 2015.

(2) 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 30 September 2016 and 30 September 2015.

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 30 September 2016	Audited As at 31 December 2015	Unaudited As at 30 September 2016	Audited As at 31 December 2015
NAV per ordinary share (cents)	9.04	8.88	7.67	8.13

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

Revenue increased by S\$19.22 million or 18.7% from S\$102.85 million in 9M-2015 to S\$122.07 million in 9M-2016 and increased by S\$12.28 million or 32.7% from S\$37.52 million in Q3-2015 to S\$49.80 million in Q3-2016. The change in revenue was mainly due to the change in product mix and contribution from the bullion business.

Other gains

Other gains increased by S\$0.76 million or 140.8 % from S\$0.53 million in 9M-2015 to S\$1.29 million in 9M-2016. This was mainly attributable to an increase in government grants of S\$0.43 million, increase in foreign exchange adjustment gains of S\$0.15 million which had been recognized in 9M-2016 arising from the strengthening of the MYR and increase in rental income of S\$0.18 million.

In Q3-2016, other gains was S\$0.30 million, as compared to S\$0.11 million in Q3-2015. The increase of S\$0.19 million or 170.6% was mainly due to an increase in government grants of S\$0.13 million and increase in rental income of S\$0.06 million.

Material costs

Material costs increased by S\$23.76 million or 44.2% from S\$53.73 million in 9M-2015 to S\$77.49 million in 9M-2016 and increased by S\$16.16 million or 80.0% from S\$20.21 million in Q3-2015 to S\$36.37 million in Q3-2016. The more than proportionate increase in material costs as compared to the increase in revenue in the respective periods was mainly due to the change in product mix and costs associated to the bullion business which has relatively lower margins.

Employee benefits expense

Employee benefits expense increased by S\$0.22 million or 1.6% from S\$13.69 million in 9M-2015 to S\$13.91 million in 9M-2016. The increase in employee benefits expense was mainly due to the increase in directors' remuneration and directors' fees following the listing of the Company on the SGX-ST.

Employee benefits expenses, however, decreased by S\$0.34 million or 7.3% from S\$4.68 million in Q3-2015 to S\$4.34 million in Q3-2016. The decrease was mainly due to reduction in staff-related expenses because of reduced headcounts.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by S\$1.51 million or 90.4% from S\$1.67 million in 9M-2015 to S\$3.18 million in 9M-2016 and increased by S\$0.47 million or 80.6% from S\$0.59 million in Q3-2015 to S\$1.06 million in Q3-2016. The increase was mainly attributable to depreciation expenses for the Group's Changi Business Park Headquarters and amortisation expenses on the land use rights relating to the Changi Business Park Land commencing from November 2015 upon completion.

Other losses

The decrease in other losses of S\$1.65 million from S\$1.70 million in 9M-2016 to S\$0.05 million in 9M-2015 was mainly due to the absence of foreign exchange adjustment losses of S\$1.70 million attributable to the weakening of the MYR which had been recognized in 9M-2015, offset by an increase in a loss on disposal of property, plant and equipment of S\$0.05 million.

The decrease in other losses of S\$0.94 million from S\$1.14 million in Q3-2016 to S\$0.20 million in Q3-2015 was due to a decrease in foreign exchange adjustment losses of S\$1.01 million offset by an increase in a loss on disposal of property, plant and equipment of S\$0.07 million.

Finance costs

Finance costs increased by S\$0.78 million or 99.9% from S\$0.78 million in 9M-2015 to S\$1.56 million in 9M-2016. The increase was mainly due to interest expenses on the Directors' Loans and the construction loan for the Group's Changi Business Park Headquarters.

Finance costs, however, decreased by S\$0.04 million or 7.4% from S\$0.53 million in Q3-2015 to S\$0.49 million in Q3-2016. The decrease was mainly due to lower borrowings following the repayment of certain term loans facilities and the Directors' Loans.

Other expenses

Other expenses decreased by S\$1.06 million or 4.4% from S\$23.89 million in 9M-2015 to S\$22.83 million in 9M-2016 and decreased by S\$1.88 million or 20.5% from S\$9.12 million in Q3-2015 to S\$7.24 million in Q3-2016. This decrease was mainly due to (i) the absence of IPO-related expenses of S\$1.12 million; (ii) decrease in advertising and promotion expenses; and (iii) decrease in rental expenses, offset by expenses incurred for the upkeep of the Group's Changi Business Park Headquarters commencing from November 2015 upon completion.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$3.59 million or 45.3% from S\$7.93 million in 9M-2015 to S\$4.34 million in 9M-2016 and decreased by S\$0.97 million or 70.5% from S\$1.37 million in Q3-2015 to S\$0.40 million in Q3-2016.

Income tax expense

Income tax expense decreased by S\$0.89 million or 48.7% from S\$1.82 million in 9M-2015 to S\$0.93 million in 9M-2016 and decreased by S\$0.47 million or 75.5% from S\$0.62 million in Q3-2015 to S\$0.15 million in Q2-2016. The decrease was in line with the decrease in profit before tax.

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

Non-current assets increased by S\$1.49 million or 3.9% from S\$38.31 million as at 31 December 2015 to S\$39.80 million as at 30 September 2016. This was mainly due to the increase in property, plant and equipment of S\$0.87 million and increase in goodwill of S\$0.80 million arising from the acquisition of the 70% interest in SK Bullion Pte Ltd, partially offset by the decrease in other assets (land use rights) of S\$0.16 million and decrease in deferred tax assets of S\$0.02 million.

The increase in property, plant and equipment was mainly due to capital expenditures incurred on renovation works for the Group's retail stores, building improvements for the Group's Changi Business Park Headquarters and purchase of other plant and equipment.

Current assets

Current assets decreased by S\$9.21 million or 9.0% from S\$102.83 million as at 31 December 2015 to S\$93.62 million as at 30 September 2016. This was mainly due to the decrease in cash and cash equivalents of S\$5.09 million mainly due to repayment of certain loan facilities offset by higher sales orders deposits received from customers, decrease in inventories of S\$3.78 million mainly due to reduction in the Group's jewellery products and mementoes offset by an increase in bullion inventory following the acquisition of the Group's bullion business in April 2016 and decrease in trade and other receivables of S\$0.58 million, partially offset by the increase in other assets of S\$0.23 million.

Non-current liabilities

Non-current liabilities decreased by S\$3.04 million or 7.8% from S\$39.15 million as at 31 December 2015 to S\$36.11 million as at 30 September 2016. This was mainly due to the repayment of certain term loans facilities of S\$1.24 million and repayment of the Directors' Loans of S\$1.80 million.

Current liabilities

Current liabilities decreased by S\$5.59 million or 10.7% from S\$52.07 million as at 31 December 2015 to S\$46.48 million as at 30 September 2016. This was mainly attributable to a decrease in other financial liabilities of S\$6.96 million, a decrease in trade and other payables of S\$1.37 million and a decrease in income tax payables of S\$0.59 million, partially offset by an increase in other liabilities of S\$3.33 million.

The decrease in other financial liabilities was mainly due to the repayment of certain term loans facilities.

The decrease in trade and other payables was mainly due to the repayment of trade payables for raw materials and finished products, and an increased proportion of purchases of yellow gold and yellow gold finished products which are typically payable on cash terms.

The increase in other liabilities was mainly due to higher sales order deposits received from customers.

Total equity

Total equity increased by S\$0.91 million or 1.83% from S\$49.93 million as at 31 December 2015 to S\$50.84 million as at 30 September 2016. The increase was mainly due to the total comprehensive income, net of tax of S\$3.38 million for 9M-2016 and an increase in non-controlling interest of S\$0.33 million which was offset by payment of ordinary dividends in respect of FY2015 of S\$2.81 million in Q2-2016.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For 9M-2016, net cash flows from operating activities was S\$ 13.28 million, which consisted of operating cash flows before changes in working capital of S\$ 9.02 million, net of income tax paid of S\$1.82 million and working capital inflow of S\$6.08 million.

The net working capital inflow arose mainly from the following:

- (a) a decrease in inventories of S\$3.78 million, an increase in other liabilities of S\$3.33 million due mainly to higher sales orders deposits received from customers and a decrease in trade and other receivables of S\$0.58 million;
- (b) offset by a decrease in trade and other payables of S\$1.37 million, mainly due to the decrease of trade payables for raw materials and finished products, and an increased proportion of purchases of yellow gold and yellow finished products which are typically payable on cash terms, and an increase of other assets of S\$0.23 million.

For 9M-2016, net cash used in investing activities amounted to S\$4.01 million mainly due to the purchase of property, plant and equipment relating to capital expenditures incurred on renovation works for the Group's retail stores, building improvements for the Group's Changi Business Park Headquarters and purchase of other plant and equipment.

For 9M-2016, net cash used in financing activities was S\$14.36 million mainly due to loan repayment of S\$9.58 million, dividend payment of S\$2.81 million, interest payment of S\$1.56 million and net movement in amounts due to directors of S\$1.92 million arising from the repayment of the Directors' Loans. This was offset by an increase in other financial liabilities of S\$1.57 million which relates to loan payable to non-controlling interest and finance leases for motor vehicles.

As a result of the above, there was a net decrease of S\$5.09 million in cash and cash equivalents, from a net cash surplus of S\$34.03 million as at 31 December 2015 to a net cash surplus of S\$28.94 million as at 30 September 2016.

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

Not applicable as no forecast for 9M-2016 was provided.

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.

The retail sector in Singapore is expected to remain under pressure for the rest of the year as consumers tighten their purse strings due to sluggish economic growth and a weakening job market. Consumer confidence in Singapore had also dived to its lowest since 2009 in the first half of the year¹. The Group seeks to continue to strive ahead to remain at the forefront of the industry by responding quickly to changes in customers' needs and changes in the market through enhancing product research and development to launch new products and differentiated services.

The Group also remains on the lookout for new initiatives that are complementary and synergistic in nature so as to widen its market share.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

None.

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 9M-2016.

¹ "Weak consumer spending plague retailers: Reports". TODAY, 7 October 2016

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:-

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (including transactions of less than S\$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 920 of the Catalyst Rules)	
	9M-2016 S\$’000	9M-2015 S\$’000
Purchases of pre-owned jewellery Moneymax Financial Services Ltd. and its subsidiaries (the “MoneyMax Group”)	5	-
Sales of products MoneyMax Group	-	13
Soo Kee Capital Pte Ltd	879	-
Central support services MoneyMax Group	149	134
Rental income MoneyMax Group	144	152
Rental expense SK Properties Pte. Ltd.	-	198
Lim Yong Guan	243	234
Working capital advances to Easimine Group Sdn. Bhd.	-	556 ⁽¹⁾
	1,420	1,287

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 its wholly-owned subsidiary 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 1H-2015 (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	10,783	1,217
Capital expenditure for new Changi Business Park Headquarters including jewellery product design and development facilities and equipment which will be housed at the same premises	3,000	3,000	-
Repayment in part of DBS Bank loans in connection with the construction of the new Changi Business Park Headquarters	6,000	1,629	4,371
Working capital and general corporate purposes	10,564	10,564	-
	31,564	25,976	5,588

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.

16. Negative Confirmation by the Board Pursuant to Rule 705(5)

The board of Directors of the Company (the "**Board**") confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for 9M-2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Dato' Sri Dr. Lim Yong Guan
Non-Executive Chairman

Lim Yong Sheng
Executive Director and Chief Executive Officer

9 November 2016