



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 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 third quarter ended 30 September 2015 (“**Q3-2015**”), the comparative results of the Group for the third quarter ended 30 September 2014 (“**Q3-2014**”), the results of the Group for the nine-month period ended 30 September 2015 (“**9M-2015**”) and the comparative results of the Group for the nine-month period ended 30 September 2014 (“**9M-2014**”), 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 1 - 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					
	Q3-2015 S\$'000	Q3-2014 S\$'000	Change %	9M-2015 S\$'000	9M-2014 S\$'000	Change %
Revenue	37,520	30,426	23.3	102,849	96,427	6.7
Other items of income						
Other gains	109	309	(64.7)	534	534	-
Other items of expense						
Material costs	(20,211)	(16,013)	26.2	(53,729)	(51,162)	5.0
Employee benefits expense	(4,684)	(4,036)	16.1	(13,687)	(12,483)	9.6
Depreciation expense	(587)	(582)	0.9	(1,669)	(1,971)	(15.3)
Other losses	(1,138)	(92)	1,137.0	(1,700)	(385)	341.6
Finance costs	(526)	(150)	250.7	(781)	(492)	58.7
Other expenses	(9,115)	(7,219)	26.3	(23,886)	(22,317)	7.0
Profit before tax	1,368	2,643	(48.2)	7,931	8,151	(2.7)
Income tax expense	(616)	(555)	11.0	(1,817)	(1,737)	4.6
Profit, net of tax	752	2,088	(64.0)	6,114	6,414	(4.7)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(80)	62	NM	(424)	35	NM
Other comprehensive income for the period, net of tax	(80)	62	NM	(424)	35	NM
Total comprehensive income	672	2,150	(68.7)	5,690	6,449	(11.8)
Attributable to:						
Equity holders of the Company	672	2,150	(68.7)	5,690	6,449	(11.8)

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					
	Q3-2015 S\$'000	Q3-2014 S\$'000	Change %	9M-2015 S\$'000	9M-2014 S\$'000	Change %
Central support service income	50	45	11.1	145	135	7.4
Depreciation expenses	(587)	(582)	0.9	(1,669)	(1,971)	(15.3)
Foreign exchange adjustment (losses)/gains	(1,138)	216	NM	(1,700)	138	NM
Finance costs	(526)	(150)	250.7	(781)	(492)	58.7
Insurance compensation	-	-	-	2	4	(50.0)
Inventories written down	-	-	-	-	(4)	NM
Loss on derivative instruments	-	-	-	-	(248)	NM
Gain/(loss) on disposal of property, plant and equipment	11	(92)	NM	49	(133)	NM
Miscellaneous income	48	41	17.1	338	198	70.7
Rental income	-	7	NM	-	59	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	
	As at 30 September 2015 S\$'000	As at 31 December 2014 S\$'000	As at 30 September 2015 S\$'000	As at 31 December 2014 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	28,157	11,130	-	-
Investment in subsidiaries	-	-	9,749	-
Investment in associates	32	2	-	-
Deferred tax assets	142	168	-	-
Other assets, non-current	6,015	6,015	171	-
Total non-current assets	34,346	17,315	9,920	-
<u>Current assets</u>				
Inventories	54,049	51,821	-	-
Trade and other receivables, current	1,926	2,425	3,339	-
Other assets, current	6,415	5,811	-	-
Cash and cash equivalents	37,261	8,535	29,420	+
Total current assets	99,651	68,592	32,759	-
Total assets	133,997	85,907	42,679	-
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	1,572	42,399	+
Retained earnings/(accumulated losses)	6,105	28,691	(1,822)	(6)
Foreign currency translation reserve	(947)	(523)	-	-
Total equity	47,557	29,740	40,577	(6)
<u>Non-current liabilities</u>				
Deferred tax liabilities	160	160	-	-
Other financial liabilities, non-current	33,974	699	-	-
Other liabilities, non-current	998	1,076	-	-
Total non-current liabilities	35,132	1,935	-	-
<u>Current liabilities</u>				
Income tax payable	1,694	2,299	-	-
Trade and other payables, current	12,087	24,222	1,911	6
Other financial liabilities, current	36,355	26,546	-	-
Other liabilities, current	1,172	1,165	191	-
Total current liabilities	51,308	54,232	2,102	6
Total liabilities	86,440	56,167	2,102	6
Total equity and liabilities	133,997	85,907	42,679	-

+ 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 30 September 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
32,779	3,576	26,546	-

Amount repayable by the Group after one year

As at 30 September 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
19,270	14,704	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 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

	Q3-2015 S\$'000	Q3-2014 S\$'000	9M-2015 S\$'000	9M-2014 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	1,368	2,643	7,931	8,151
Adjustments for:				
Depreciation of property, plant and equipment	587	582	1,669	1,971
Interest expense	526	150	781	492
Loss/(gain) on disposal of property, plant and equipment	(11)	92	(49)	133
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	35	43	(253)	26
Operating cash flows before changes in working capital	2,505	3,510	10,079	10,773
Inventories	(1,224)	1,062	(2,228)	(401)
Trade and other receivables, current	6	(3,490)	499	(3,505)
Other assets, current	86	435	(603)	(12)
Trade and other payables, current	(3,636)	7,794	(3,729)	(1,661)
Other liabilities	(592)	(706)	(70)	4,885
Net cash flows from operations	(2,855)	8,605	3,948	10,079
Income taxes (paid)/refund	(1,343)	793	(2,421)	222
Net cash flows (used in)/from operating activities	(4,198)	9,398	1,527	10,301
<u>Cash flows from investing activities</u>				
Purchase of other financial asset	-	-	(30)	-
Purchase of property, plant and equipment	(5,900)	(2,984)	(18,843)	(5,574)
Disposal of property, plant and equipment	11	-	49	23
Net cash flows used in investing activities	(5,889)	(2,984)	(18,824)	(5,551)
<u>Cash flows from financing activities</u>				
Increase/(decrease) in borrowings	(1,225)	(2,713)	24,614	-
Increase/(decrease) in other financial liabilities	-	2,839	-	(1,328)
Increase/(decrease) in finance lease	212	(6)	189	(31)
Net movement in amounts due to directors	9,389	(2,350)	9,351	(164)
Proceeds from issuance of shares	32,650	-	32,650	-
Interest paid	(526)	(150)	(781)	(492)
Dividends paid	-	-	(20,000)	(2,638)
Net cash flows (used in)/from financing activities	40,500	(2,380)	46,023	(4,653)
<u>Net increase in cash and cash equivalents</u>				
Cash and cash equivalents, statement of cash flows, beginning balance	6,848	4,282	8,535	8,219
Cash and cash equivalents, statement of cash flows, ending balance	37,261	8,316	37,261	8,316

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	5,167	-	6,114	(947)
Balance as at 30 September 2015	47,557	42,399	6,105	(947)
Balance as at 1 January 2014	21,761	1,572	20,523	(334)
Total comprehensive income for the period	6,449	-	6,414	35
Dividends paid	(2,638)	-	(2,638)	-
Balance as at 30 September 2014	25,572	1,572	24,299	(299)

Company	Total Equity S\$'000	Share Capital S\$'000	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	(1,816)	-	(1,816)
Balance as at 30 September 2015	40,577	42,399	(1,822)
Balance as at 1 January 2014	(5)	++	(5)
Total comprehensive loss for the period	(1)	-	(1)
Balance as at 30 September 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 30 September 2015	562,500,000	42,398,917

There were no outstanding convertibles or shares held as treasury shares as at 30 September 2015 and 30 September 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 30 September 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 30 September 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 the nine-month period ended 30 September 2015 as its most recently audited combined financial statements for the financial year ended 31 December 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.**

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			
	Q3-2015	Q3-2014	9M-2015	9M-2014
Profit, net of tax attributable to equity holders of the Company (S\$'000)	752	2,088	6,114	6,414
Weighted average number of ordinary shares ⁽¹⁾⁽²⁾				
a) Basic	501,358,696	450,000,000	467,307,692	450,000,000
b) Diluted ⁽³⁾	501,358,696	450,000,000	467,307,692	450,000,000
EPS (cents):-				
(a) Based on the weighted average number of ordinary shares	0.15	0.46	1.31	1.43
(b) On a fully diluted basis ⁽³⁾	0.15	0.46	1.31	1.43

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 Q3-2015 and 9M-2015 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 30 September 2015 and 30 September 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	
	As at 30 September 2015	As at 31 December 2014	As at 30 September 2015	As at 31 December 2014
NAV per ordinary share ⁽¹⁾ (cents)	8.45	6.61	7.21	NM

NM : Not meaningful

Note:

- (1) NAV per ordinary share as at 30 September 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\$6.42 million or 6.7% from S\$96.43 million in 9M-2014 to S\$102.85 million in 9M-2015 and increased by S\$7.09 million or 23.3% from S\$30.43 million in Q3-2014 to S\$37.52 million in Q3-2015. The increase in revenue was mainly due to the increase in demand for the Group's jewellery products and mementoes.

Other gains

Other gains remained stable at S\$0.53 million in 9M-2015 and 9M-2014. The decrease in other gains of S\$0.20 million from S\$0.31 million in Q3-2014 to S\$0.11 million in Q3-2015 was mainly due to the absence of foreign exchange adjustment gains in Q3-2015 which had been recognised in Q3-2014.

Material costs

Material costs increased by S\$2.57 million or 5.0% from S\$51.16 million in 9M-2014 to S\$53.73 million in 9M-2015 and increased by S\$4.20 million or 26.2% from S\$16.01 million in Q3-2014 to S\$20.21 million in Q3-2015. The increase in material costs was in line with the general increase in revenue mainly due to the increase in demand for the Group's jewellery products and mementoes.

Employee benefits expense

Employee benefits expense increased by S\$1.21 million or 9.6% from S\$12.48 million in 9M-2014 to S\$13.69 million in 9M-2015, and increased by S\$0.64 million or 16.1% from S\$4.04 million in Q3-2014 to S\$4.68 million in Q3-2015. 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, which was in line with the increase in revenue.

Depreciation expense

Depreciation expense decreased by S\$0.30 million or 15.3% from S\$1.97 million in 9M-2014 to S\$1.67 million in 9M-2015. This was mainly attributable to renovation works for certain of the Group's retail stores having been fully depreciated in the six-month period ended 30 June 2015 as compared to the corresponding period in 2014.

Depreciation expense remained relatively stable at S\$0.59 million in Q3-2015 and S\$0.58 million in Q3-2014.

Other losses

Other losses increased by S\$1.31 million from S\$0.39 million in 9M-2014 to S\$1.70 million in 9M-2015 and increased by S\$1.05 million from S\$0.10 million in Q3-2014 to S\$1.14 million in Q3-2015.

The increase in other losses of S\$1.31 million in 9M-2015 was mainly attributable to an increase in foreign exchange adjustment losses of S\$1.70 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 9M-2015 of (i) loss on gold forward sale contracts of S\$0.25 million in 9M-2014; and (ii) loss on disposal of property, plant and equipment of S\$0.13 million which was recognised in 9M-2014.

The increase in other losses of S\$1.05 million in Q3-2015 was mainly attributable to an increase in foreign exchange adjustment losses of S\$1.14 million, and which was offset by the absence in Q3-2015 of a loss on disposal of property, plant and equipment of S\$0.09 million which was recognised in Q3-2014.

Finance costs

Finance costs increased by S\$0.29 million from S\$0.49 million in 9M-2014 to S\$0.78 million in 9M-2015 and increased by S\$0.38 million from S\$0.15 million in Q3-2014 to S\$0.53 million in Q3-2015. This was mainly due to interest payable pursuant to the Directors' Loans (as defined in the Offer Document). 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.

Other expenses

Other expenses increased by S\$1.57 million or 7.0% from S\$22.32 million in 9M-2014 to S\$23.89 million in 9M-2015 and increased by S\$1.90 million or 26.3%, from S\$7.22 million in Q3-2014 to S\$9.12 million in Q3-2015. This was mainly due to IPO-related expenses of S\$1.12 million and an increase in advertising and promotion expenses of S\$0.45 million incurred in Q3-2015.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$0.22 million or 2.7% from S\$8.15 million in 9M-2014 to S\$7.93 million in 9M-2015 and decreased by S\$1.27 million or 48.2% from S\$2.64 million in Q3-2014 to S\$1.37 million in Q3-2015. Excluding the one-off IPO expenses incurred in Q3-2015 of S\$1.12 million, the Group's profit before tax would have increased by S\$0.9 million or 11.0% to S\$9.05 million in 9M-2015 and decreased by S\$0.15 million or 5.7% to S\$2.49 million in Q3-2015.

Income tax expense

Income tax expense increased by S\$0.08 million or 4.6% from S\$1.74 million in 9M-2014 to S\$1.82 million in 9M-2015 and increased by S\$0.06 million or 11.0% from S\$0.56 million in Q3-2014 to S\$0.62 million in Q3-2015. This was mainly due to non-tax deductible IPO-related expenses incurred in Q3-2015.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

Non-current assets increased by S\$17.03 million or 98.4% from S\$17.32 million as at 31 December 2014 to S\$34.35 million as at 30 September 2015. This was mainly due to the increase in property, plant and equipment of S\$16.67 million in relation to the capitalisation of construction costs for the Group's Changi Business Park Headquarters (as defined in the Offer Document).

Current assets

Current assets increased by S\$31.06 million or 45.3% from S\$68.59 million as at 31 December 2014 to S\$99.65 million as at 30 September 2015. This was mainly due to an increase in cash and cash equivalents of S\$28.73 million and an increase in inventories of S\$2.23 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\$33.19 million from S\$1.94 million as at 31 December 2014 to S\$35.13 million as at 30 September 2015. This was due to an increase in other financial liabilities, non-current, of S\$33.28 million attributable to the non-current portion of the Directors' Loans (as defined in the Offer Document) of S\$14.70 million and the non-current portion of the construction loan for the Group's Changi Business Park Headquarters (as defined in the Offer Document) of S\$18.42 million (which includes 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 30 September 2015 of S\$4.04 million pursuant to waivers and/or accommodation obtained from the relevant banks for the breach of certain debt covenants). 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\$2.92 million or 5.4% from S\$54.23 million as at 31 December 2014 to S\$51.31 million as at 30 September 2015. This was primarily attributable to an increase in other financial liabilities, current, of approximately S\$9.81 million, partially offset by a decrease in trade and other payables, current, of S\$12.14 million and a decrease in income tax payable of S\$0.61 million.

The increase in other financial liabilities, current, was mainly due to the drawdown of (i) money market lines in aggregate of S\$10.50 million; (ii) Directors' Loans (as defined in the Offer Document) of which the current portion amounted to S\$3.58 million; and (iii) the construction loan for the Group's Changi Business Park Headquarters (as defined in the Offer Document) of S\$1.20 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 30 September 2015 of S\$4.04 million and repayment of certain term loans facilities of S\$1.50 million. The aforementioned reclassification was pursuant to waivers and/or accommodation obtained from the relevant banks for the breach of certain debt covenants.

The decrease in trade and other payables, current, 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 for on cash terms.

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.

Total equity

Total equity increased by S\$17.82 million or 59.9% from S\$29.74 million as at 31 December 2014 to S\$47.56 million as at 30 September 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\$22.59 million. The decrease in retained earnings was primarily attributable to dividends payable of S\$20.0 million in respect of the financial year ended 31 December 2014 (“**FY2014**”)

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For 9M-2015, net cash flows from operating activities was S\$1.53 million, which consisted of operating cash flows before changes in working capital of \$10.08 million, net of income tax paid of S\$2.42 million and working capital outflow of S\$6.13 million.

The net working capital outflow arose mainly from the following:

- (a) an increase in inventories of S\$2.23 million, in line with the Group's strategy to expand and optimise its selection of product offerings to its customers;
- (b) an increase in other assets, current, of S\$0.60 million mainly due to insurance prepayments and deposits paid to suppliers in relation to bulk purchases for raw materials and finished products;
- (c) a decrease in trade and other payables of S\$3.73 million 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 for on cash terms; and
- (d) partially offset by a decrease in trade and other receivables of S\$0.50 million, which is in line with the lower volume of sales made on credit terms to the Group's customers, which had remained outstanding as at 30 September 2015, as compared to 31 December 2014.

For 9M-2015, net cash used in investing activities amounted to S\$18.82 million mainly due to the expenditure in relation to the construction of the new Changi Business Park Headquarters (as defined in the Offer Document).

For 9M-2015, net cash from financing activities was S\$46.02 million mainly due to the net proceeds from the IPO of S\$32.65 million, the net proceeds from money market lines and the construction loan for the Group's Changi Business Park Headquarters (as defined in the Offer Document) of S\$24.61 million in aggregate, and the net movement of amounts due to Directors of S\$9.35 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; and interest paid of S\$0.78 million for 9M-2015.

As a result of the above, there was a net increase of S\$28.73 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\$37.26 million as at 30 September 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 Q3-2015 and 9M-2015 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.

The Group plans to continue to launch new product lines and promotional campaigns in the last quarter of the year, which is traditionally the peak season for the jewellery market, to capitalise on festive purchases.

The Group will continue to invest in branding activities, execute its market-driven, customer-focused and product diversification strategies to attract and retain customers with varying tastes and preferences. It will also continue to optimise its products offerings and enhance its distribution channels, including both physical stores and its e-store platforms, which was newly set up in October 2015, to meet the diverse needs of customers.

The Group’s relocation in November 2015 to its newly completed Changi Business Park Headquarters at 7 Changi Business Park Vista, Singapore 486042 will serve to enhance the Group’s design and development capabilities through the establishment of an advanced design and development facility employing the latest jewellery design and rapid prototyping technology. Some benefits of this design and development facility include improved productivity and swifter response time on design development and prototyping, as well as, enhanced product customisation capabilities. The Group also intends to establish a new comprehensive customer care center at this new premise to provide post sales customer care and to further support its new e-commerce business.

Going forward, the Group will continue seeking suitable opportunities to grow its business locally and overseas, diversify existing revenue streams and enhance shareholder value.

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/recommendeded, a statement to the effect.

No dividend has been declared or recommended for 9M-2015.

13. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. However, pursuant to Rule 905 of the Catalist 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 Catalist Rules)	
Name of Interested Person	9M-2015 S\$'000	9M-2014 S\$'000
Sales of pre-owned jewellery		
Moneymax Jewellery Pte. Ltd.	7	5
Moneymax Pawnshop Pte. Ltd.	2	-
Moneymax Pte. Ltd.	4	-
Central support services		
Moneymax Jewellery Pte. Ltd.	69	65
Moneymax Pawnshop Pte. Ltd.	31	29
Moneymax Pte. Ltd.	13	12
Moneymax Group Pte. Ltd.	21	19
Guan Sheng Capital Pte. Ltd. and its subsidiary	5	5
Cash Online Jewellery Pte. Ltd.	5	5
Rental income		
Moneymax Jewellery Pte. Ltd.	46	119
Moneymax Pawnshop Pte. Ltd.	70	156
Moneymax Pte. Ltd.	36	22
Rental expense		
SK Properties Pte. Ltd.	198	198
Lim Yong Guan	234	234
Working capital advances to		
Easimine Group Sdn. Bhd.	556 ⁽¹⁾	-
	1,297	869

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 9M-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	(2,460)	9,540
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	-	3,000
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	-	6,000
Working capital and general corporate purposes	10,564	-	10,564
	31,564	(2,460)	29,104

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 the nine months ended 30 September 2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Yong Guan
Non-Executive Chairman

Lim Yong Sheng
Executive Director and Chief Executive Officer

11 November 2015