



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

- (A) **FRANCHISE AGREEMENTS FOR “LOVE & CO.” JEWELLERY STORES IN THE PEOPLE’S REPUBLIC OF CHINA (“PRC”)**
- (B) **CESSATION OF OPERATIONS OF SK BULLION PTE. LTD. (“SKB”)**
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(A) **Franchise agreements for “Love & Co.” jewellery stores in the PRC**

The board of directors (the “**Board**”) of SK Jewellery Group Limited. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company’s wholly-owned subsidiary, ZuanYi Jewellery (Shenzhen) Co., Ltd. (钻亿珠宝(深圳)有限公司), had in March 2019, entered into two (2) franchise agreements (the “**Franchise Agreements**”) with Chengdu Bao Sheng He Co., Ltd (成都宝晟和商贸有限责任公司) (“**Chengdu Bao Sheng**”), pursuant to which Chengdu Bao Sheng has been granted the exclusive right to use the “*Love & Co.*” trade name and know-how to operate “*Love & Co.*” jewellery stores in the cities of Chengdu and Chongqing in the PRC respectively.

Each of the Franchise Agreement is for an initial period of three (3) years (“**Initial Period**”), and may be renewed for a further five (5) years, subject to, *inter alia*, Chengdu Bao Sheng opening not less than ten (10) and six (6) “*Love & Co.*” jewellery stores in Chengdu and Chongqing respectively during the Initial Period.

The opening of the 1st and 2nd “*Love & Co.*” jewellery stores in Chengdu is expected to be at Chengdu Raffles City Plaza (成都来福士) and Chengdu Jinniu Kaide Center (成都凯德金牛) in May 2019 and July 2019 respectively and the opening of the 1st “*Love & Co.*” jewellery store in Chongqing is expected to at Chongqing Raffles City Plaza (重庆来福士) in September 2019.

The Board is of the opinion that the entering into of the Franchise Agreements is beneficial to the Group as it allows the Group to strengthen its market position in the PRC, in line with its overseas expansion plans. The Group will also be able to derive additional revenue streams *via* the initial franchise fee, annual fee payable for the use of the Group’s point-of-sale systems and sale of the Group’s products to the franchised jewellery stores. It is the current intention of the Group to focus on growing its presence in the PRC *via* franchised stores and will appoint new franchisees in other regions of the PRC should opportunities arise and suitable franchisees be identified.

The entering into of the Franchise Agreements is not expected to have any material impact on the Group’s net tangible assets per share or earnings per share for the current financial year ending 31 December 2019.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Franchise Agreements other than through their respective shareholdings (if any) in the Company.



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(B) Cessation of operations of SKB

The Board also wishes to announce that, following a series of strategic review conducted by the Group and after taking into consideration, *inter alia*, the financial performance of the Group's bullion segment, persistent weak market sentiment in the bullion market which had led to decreasing demand for the Group's bullion products and increasing compliance costs for the Group's bullion operations, the Group has decided to cease the operations of its 70% subsidiary, SKB, to reduce its operating losses. As at the date of this announcement, SKB is dormant following the completion of all its sale and purchase contracts in April 2019.

For the last three (3) financial years ended 31 December 2018, SKB had contributed revenue of approximately S\$42.63 million, S\$105.48 million and S\$80.31 million respectively, and recorded a net profit after tax of approximately S\$0.02 million, and a net loss after tax of approximately S\$0.32 million and S\$1.09 million respectively. SKB was also in a net tangible liability position as at 31 December 2018 of approximately S\$0.07 million.

Following the cessation of the operations of SKB, the Group's revenue is expected to decrease as a result of the absence of future revenue contribution from the bullion segment. However, the cessation of the operations of SKB is not expected to have any material impact on the Group's net tangible assets per share or earnings per share for the current financial year ending 31 December 2019.

The Board will update shareholders as and when there is any material update in relation to SKB following the cessation of its operations.

BY ORDER OF THE BOARD

Lim Yong Sheng
Executive Director and Chief Executive Officer
8 May 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

The 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.

The contact person for the Sponsor is Mr Lim Hoon Khat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.