ANNUAL REPORT 2016

SOOKEE GROUP

CONTENTS

This annual report has been prepared by Soo Kee Group Ltd. (the "Company") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited ("Sponsor"), for the compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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

CORPORATE **PROFILE**

Headquartered in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 20 August 2015, Soo Kee Group Ltd. ("Soo Kee Group" or the "Company" and, together with its subsidiaries, the "Group") was founded in 1991 and has an established presence of over 20 years in Singapore and over a decade in Malaysia. It has one of the largest networks of retail stores in both countries, strategically situated in prime shopping malls.

As a leading and established jeweller, the Group offers a wide range of jewellery products and mementoes through its *Soo Kee Jewellery*, *SK Jewellery* and *Love & Co.* brands to cater to a diverse range of consumer tastes and preferences, occasions, and demographics. Each brand has a unique identity, with distinctive branding, marketing efforts and product offerings.

Soo Kee Jewellery offers upmarket, exquisite luxury jewellery pieces designed for confident, contemporary women with refined and discerning tastes. Its collections predominantly feature premium diamonds complemented by gold or platinum settings, and contemporary jewellery featuring precious gemstones and pearls. It is the exclusive distributor in Singapore and Malaysia for the distinctive *Brilliant Rose* brand of diamonds produced by an international diamond manufacturer.

SK Jewellery offers an extensive range of fashionable jewellery and mementoes for a wider demographic. This includes *SK Jewellery's* exclusive distributorship of the *ALLOVE* brand of diamonds, which pushes the boundaries in diamond-cutting techniques with an all-new 81-facet cut, specifically created to maximise light performance, in Singapore and Malaysia, and the innovative *Dancing Star* and *Star Carat* collections as well as the *SK 999 Pure Gold* collection, featuring bridal jewellery, sculpted art pieces, commemorative gold bars and coins.

Love & Co. specialises in bespoke bridal jewellery, notably, made-to-order engagement rings and wedding bands such as the signature *Lovemarque* and *LVC Promise* collections. Through customisable design elements and personalisation services, *Love & Co.* seeks to establish personal connections with customers.

SK Bullion is a trusted gold and silver dealer in Asia, offering an alternative investment platform for consumers to buy, sell and store precious gold and silver assets at their convenience. Leveraging on Singapore's unique position as a global precious metals trade hub, *SK Bullion* is dedicated to offering a holistic investment platform to its regional customers.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The year 2016 marked the celebration of Soo Kee Group's 25th anniversary and we are pleased to see how the Group has been growing continuously. From our humble beginnings at a HDB store in Bedok Central, we have indeed come a long way since, with an established islandwide presence and an expanding regional footprint and we look to the future staying true to our founding spirit, to embrace creativity and excellence to reach greater heights.

In commemoration of our 25th anniversary, on 26 July 2016, we officially opened our new corporate headquarters ("SOOKEE HQ"). The seven-storey building with a gross floor area of approximately 13,047 square meters at Changi Business Park will be the Group's regional research and design hub and also serves as its customer care facility. SOOKEE HQ will serve as a strong foundation for the international expansion of the Group in the future.

The year was also significant as we officially launched our bullion business, *SK Bullion*. Our foray into the bullion business is a strategic move for the Group, especially as Singapore is positioned to become a precious metals trading hub in the region. With our extensive years of experience and knowledge in the jewellery industry, we are confident that *SK Bullion* will bring the Group to the next phase of growth.

During the year, we also announced our partnership with SGX-ST Mainboard-listed Sarine Technologies Ltd, a worldwide leader in the development, manufacture and sale of precision technology products for diamond and gemstone production. This partnership allows our bridal specialist brand, *Love & Co.*, to introduce a unique retail experience in the diamond industry that is the first of its kind in Asia. This is also in line with our commitment to our customers to not only offer high-quality jewellery products and mementoes with intricate designs but also deliver experiences that will inspire their imagination.

Despite a challenging year marked by continued uncertainty in the global economy, we continue to strive ahead to forge new grounds through new business initiatives and new product offerings to cement our position as a leading and established trendsetting jeweller. We continue to challenge ourselves to go beyond to meet the ever-evolving needs and aspirations of our consumers as well as changes in the industry.

As an appreciation to our shareholders for your support thus far, we are also pleased to announce that the Group is proposing a first and final dividend of 0.50 Singapore cents per ordinary share, representing 43.5% of the Group's profit, net of tax for the financial year ended 31 December 2016 ("FY2016"), subject to shareholders' approval at the forthcoming annual general meeting. This is in line with the Group's stated intention of recommending and distributing dividends of at least 20.0% of the Group's profit, net of tax for FY2015 and FY2016.

Stepping into 2017, we entered into a memorandum of understanding ("MOU") with Aurora Design Co., Ltd, the leading retailer of gold ornament and fine jewellery in Thailand, with the intention to establish a joint venture company ("JVC") which would allow the Group's *Love & Co.* brand, to penetrate the Thailand market. We believe that there is a market opportunity for introducing a strong contemporary jewellery brand into Thailand and that *Love & Co.* will appeal to Thailand's growing population of discerning consumers. This marks a significant milestone for us as we are proud to offer our collection of bespoke jewellery and our unique brand experience to customers beyond Singapore and Malaysia.

The signing of the MOU was also timed together with the announcement of our partnership with The International Institute of Diamond Grading & Research ("IIDGR"), part of the De Beers Group of Companies, for polished diamond grading services. Soo Kee Group will be the exclusive retailer

in Singapore to offer bespoke IIDGR grading reports through *Love & Co.* This partnership enhances quality assurance of our Lovemarque diamond collection, reflecting our strong commitment to delivering product excellence and high-quality diamonds to our customers.

It has been a fruitful 25 years of growth for the Group and our success today would not have been possible without your continued support. Having come thus far, on behalf of the Board of Directors, I would like to express our deepest appreciation to our valued customers, suppliers, consultants as well as other business associates who have contributed tirelessly to support us in achieving success over the years. Most importantly, I would also like to thank all staff of Soo Kee Group for your relentless contributions and commitment to the Company.

As we forge forward, your continued support and confidence in the Group will continue to propel our success in the years to come, as we reach for greater heights together.

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

"We continue to challenge ourselves to go beyond to meet the ever-evolving needs and aspirations of our consumers as well as changes in the industry."

CEO'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to present to you the annual report of Soo Kee Group for the financial year ended 31 December 2016 ("FY2016"). 2016 was a special year for Soo Kee Group as it marked our 25^{th} anniversary. Founded in 1991, we established our first goldsmith store, under the brand name *Soo Kee Jewellery* in Bedok Central and have grown to become a leading and established jeweller in Singapore and Malaysia.

Driven by a customer-centric philosophy and core values of innovation, design and value creation, we have managed to remain at the forefront of the industry to continuously delight our customers with exquisite creations, each beautifully designed and made with exceptional craftsmanship. Despite the sluggish economic conditions in regional economies and the consequent impact on consumer spending, with a proven business model, we have managed to grow our top line in FY2016.

PERFORMANCE REVIEW

In FY2016, the Group saw its revenue increase by 26.9% to S$176.8 million mainly from the sales by our subsidiary, SK Bullion Pte. Ltd. ("*SK Bullion*"). Materials costs increased by 56.6% to S$114.3 million in FY2016 mainly attributable to the change in product mix following the acquisition of *SK Bullion* in April 2016. Employee benefits expense fell 2.4% to S$18.4 million in FY2016 mainly due to a reduction in staff-related expenses as a result of lower headcount. Other expenses decreased 6.3% to S$30.2 million for FY2016 due to the absence of IPO-related expenses of S$1.3 million which was incurred in FY2015 as well as lower advertising and promotion expenses and rental expenses. These were offset by expenses incurred for the upkeep of SOOKEE HQ following its completion in November 2015. As a result, we recorded a net profit after tax attributable to equity holders of the Company of S$6.5 million for FY2016 as compared to S$8.3 million a year ago.

ENHANCE PRODUCT AND SERVICE OFFERINGS

Throughout our 25 years of operations, our relentless drive to deliver excellence and create new experiences to increase frontline customer engagement has allowed us to stay ahead of the curve and fortify our market leadership.

"Throughout our 25 years of operations, our relentless drive to deliver excellence and create new experiences to increase frontline customer engagement has allowed us to stay ahead of the curve and fortify our market leadership."

To this end, we are the first jeweller in Asia to adopt the unique Sarine Profile™ diamond display paradigm, a digital visual presentation with comprehensive imaging and grading information of the diamond's quality and beauty. This unique light performance grading system enhances in-store and online customer diamond shopping experience, appealing to the younger generation of diamond jewellery buyers. We have launched this service for our *Love & Co.* brand's proprietary *Lovemarque* diamond collection in Singapore and Malaysia.

Love & Co.'s proprietary *Lovemarque* diamond collection will also offer International Institute of Diamond Grading and Research (IIDGR) grading reports. With the use of highly advanced technology, each of our *Lovemarque* diamonds will bear the inscription of both *Love & Co.'s* rose hallmark and IIDGR's unique identification number. This is made possible through our partnership with IIDGR, part of the De Beers Group of Companies. We are honoured to be the first Asian partner of IIDGR as well as the exclusive re-tailer in Singapore to offer this service and work alongside the most established diamond company in the world. This collaboration also underscores our unwavering resolve in seeking out initiatives to improve our product offerings.

Further to this, our *SK Jewellery* brand also recently launched its premium *999 Pure Gold Xifu* (囍福) Collection. The *Xifu* Collection celebrates the art and culture of Si Dian Jin (四点金), a four-piece jewellery set given by the groom's mother to the bride as a betrothal gift, through innovative designs, top-notch craftsmanship using laser technology and the use of highest quality *999 Pure Gold*. The launch of the *Xifu* Collection reinforced our position as the market leader in *999 Pure Gold*.

NEW INITIATIVES

On 26 July 2016, we officially launched our new business segment, *SK Bullion*. We believe that this is a strategic move at a time when more investors are seeking safe assets and are allocating more wealth to the safety of bullion than to other financial assets and as Singapore is enhancing her position as a precious metals trading hub. Leveraging on our strong brand and wide customer base, we believe that *SK Bullion* is poised to capitalise on these opportunities regionally and internationally. *SK Bullion*, through its one-stop e-bullion platform (www.skbullion.com), offers convenience to consumers who are looking to buy, sell and securely store investment-grade gold, silver and a wide array of other precious metals handpicked from reputable mints and refineries. In August 2016, we also opened our first *SK Bullion* showroom at Raffles Place, the heart of the financial district of Singapore.

EXPAND DISTRIBUTION CHANNELS

As part of our growth strategy, we are constantly widening our business network to strengthen our market position in the region. We are continuously on the lookout for new business channels to meet the demands of the evolving retail landscape and to achieve sustainable growth so as to deliver greater value for both our customers and shareholders.

Subsequent to the year-end, we announced our intention to enter the Thailand market through a partnership with Aurora Design Co., Ltd. We believe that our entry into Thailand's fine jewellery market is timely as the luxury goods market continues to be on the rise on the back of increasing affluence and rising consumerism. In addition, Thailand's large population size of 68 million presents a huge and untapped market of growth opportunities and is a valuable distribution channel. We are excited at this opportunity and are looking forward to bring our collection of bespoke jewellery and unique brand experience to customers in Thailand.

AWARDS AND ACCOLADES

2016 has also been a rewarding year as we were bestowed with numerous awards.

The Group was conferred the Winner of Outstanding Enterprise of the Year, ASEAN Category, at the 2016 Jewellery News Asia ("JNA") Awards. Considered the "Oscars" of the jewellery industry, the JNA Awards is one of the world's most prestigious awards programme that recognises and celebrates excellence and achievement in the jewellery and gemstone industry, with a focus on the advancement of the trade in Asia. Our *SK Jewellery* brand was also selected as an Honouree in the Brand of the Year and Retailer of the Year categories at the JNA Awards 2016.

In addition, *SK Jewellery* was also presented with the 2016 Intellectual Property Office of Singapore's ("IPOS") award for Trade Mark Portfolio. The award recognises *SK Jewellery's* success in leveraging on their trade mark portfolio as a growth strategy to raise awareness of its brand and generate revenue.

OUTLOOK AND APPRECIATION

In the new year, through focused and disciplined execution of our strategies and supported by a dedicated workforce that is ready and responsive to embrace changes, I envisage an abundance of growth opportunities for the Group as we continue to deliver cutting-edge innovations to stay ahead of the trends and transformations in the jewellery industry.

In closing, on behalf of the Board of Directors, I would like to express my deepest gratitude to our customers, management, employees, suppliers and other business associates who have contributed tremendously to propel the Group to where it is today. We look forward to your continuous support in the years ahead.

Lim Yong Sheng
Executive Director and Group CEO

GROUP STRUCTURE

SOO KEE GROUP LTD

SINGAPORE

- SK JEWELLERY PTE. LTD. 100%
- LOVE & CO. PTE. LTD. 100%
- LOVE & CO. INTERNATIONAL PTE. LTD. 100% (Incorporated on 20 February 2017)
- INSTITUTION OF ADVANCED GEMOLOGY PTE. LTD. 100%
- SKJ GROUP PTE. LTD. 100%
  - SOO KEE JEWELLERY (SOLE PROPRIETORSHIP) 100%
  - JEWELFEST PTE. LTD. 20%
- SK BULLION PTE. LTD. 70%

MALAYSIA

- SK JEWELLERY SDN. BHD. 100%
- LOVE & CO. SDN. BHD. 100%

CHINA

- SK JEWELLERY (HONG KONG) LIMITED 100%
- 新树记(香港)珠宝有限公司深圳代表处 100%

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI DR. LIM YONG GUAN
(Non-Executive Chairman)

MR. LIM YONG SHENG
(Executive Director and Group CEO)

MDM. LIM LIANG ENG
(Executive Director and Group COO)

MR. ANG MIAH KHIANG
(Lead Independent Director)

MR. SIM ENG HUAT
(Independent Director)

MR. LYE HOONG YIP RAYMOND
(Independent Director)

MR. LOW CHIA WING
(Independent Director)

AUDIT COMMITTEE

MR. ANG MIAH KHIANG
(Chairman)

MR. SIM ENG HUAT

MR. LYE HOONG YIP RAYMOND

MR. LOW CHIA WING

NOMINATING COMMITTEE

MR. SIM ENG HUAT
(Chairman)

MR. ANG MIAH KHIANG

MR. LYE HOONG YIP RAYMOND

MR. LOW CHIA WING

REMUNERATION COMMITTEE

MR. LYE HOONG YIP RAYMOND
(Chairman)

MR. ANG MIAH KHIANG

MR. SIM ENG HUAT

MR. LOW CHIA WING

COMPANY SECRETARY

MR. SEAH KIM SWEE

INVESTOR RELATIONS

FINANCIAL PR PTE LTD
4 ROBINSON ROAD #04-01
THE HOUSE OF EDEN
SINGAPORE 048543

COMPANY REGISTRATION NUMBER

201214694Z

REGISTERED OFFICE

7 Changi Business Park Vista #01-01
Singapore 486042

AUDITORS

RSM CHIO LIM LLP
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
8 WILKIE ROAD
#03-08 WILKIE EDGE
SINGAPORE 228095

Partner-in-charge:
MR. DEREK HOW
(a member of the Institute of Singapore Chartered Accountants)

Appointed since financial year ended 31 December 2016

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. PRIVATE LIMITED
8 ROBINSON ROAD #30-00
ASO BUILDING
SINGAPORE 048544

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED
80 RAFFLES PLACE
UOB PLAZA
SINGAPORE 048624

DBS BANK LTD.
12 MARINA BOULEVARD
MARINA BAY FINANCIAL CENTRE TOWER 3
SINGAPORE 018982

STANDARD CHARTERED BANK (SINGAPORE) LIMITED
8 MARINA BOULEVARD, LEVEL 29
MARINA BAY FINANCIAL CENTRE TOWER 1
SINGAPORE 018981

OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S PERFORMANCE REVENUE

REVENUE
The Group's revenue increased by S$37.50 million or 26.9% from S$139.29 million in FY2015 to S$176.79 million in FY2016 mainly from the sales by our subsidiary, SK Bullion Pte. Ltd., which was acquired in April 2016.

OTHER GAINS
Other gains increased by S$0.51 million or 63.2% from S$0.80 million in FY2015 to S$1.31 million in FY2016. This was mainly attributable to an increase in government grants of S$0.50 million.

MATERIAL COSTS
Material costs increased by S$41.32 million or 56.6% from S$72.99 million in FY2015 to S$114.31 million in FY2016. The more than proportionate increase in material costs as compared to the increase in revenue was mainly due to change in product mix following the acquisition of the Group's bullion business in April 2016.

EMPLOYEE BENEFITS EXPENSE
Employee benefits expense decreased by S$0.45 million or 2.4% from S$18.89 million in FY2015 to S$18.44 million in FY2016 mainly due to reduction in staff-related expenses because of reduced headcount.

DEPRECIATION AND AMORTISATION EXPENSE
Depreciation and amortisation expense increased by S$1.67 million or 65.0% from S$2.56 million in FY2015 to S$4.23 million in FY2016. 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
Other losses decreased by S$0.89 million from S$1.57 million in FY2015 to S$0.68 million in FY2016 mainly attributable to the decrease in foreign exchange adjustment losses of S$0.81

million arising from the weakening of the Malaysian Ringgit and the decrease in loss on disposal of property, plant and equipment of S$0.11 million, offset by inventories written down of S$0.03 million.

FINANCE COSTS
Finance costs increased by S$0.63 million or 44.8% from S$1.41 million in FY2015 to S$2.04 million in FY2016. The increase was mainly due to interest expenses on the loans from Directors and the construction loan for the Group's Changi Business Park Headquarters.

OTHER EXPENSES
Other expenses decreased by S$2.04 million or 6.3% from S$32.24 million in FY2015 to S$30.20 million in FY2016 mainly due to (i) the absence of IPO-related expenses; (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 its completion in November 2015.

PROFIT BEFORE TAX
As a result of the above factors, profit before tax decreased by S$2.22 million or 21.3% from S$10.43 million in FY2015 to S$8.21 million in FY2016.

INCOME TAX EXPENSE
Income tax expense decreased by S$0.35 million or 16.7% from S$2.09 million in FY2015 to S$1.74 million in FY2016 due to the decrease in profit before tax.

REVIEW OF THE GROUP'S FINANCIAL POSITION

NON-CURRENT ASSETS
Non-current assets increased by S$1.45 million or 3.8% from S$38.31 million as at 31 December 2015 to S$39.76 million as at 31 December 2016. This was mainly due to the (i) increase in property, plant and equipment of S$0.88 million and (ii) increase in intangible assets of S$0.81 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$0.22 million and decrease in deferred tax assets of S$0.02 million.

CURRENT ASSETS
Current assets decreased by S$7.35 million or 7.1% from S$102.83 million as at 31 December 2015 to S$95.48 million as at 31 December 2016. This was mainly due to the (i) decrease in cash and cash equivalents of S$6.54 million mainly due to repayment of certain loan facilities offset by higher sales orders deposits received from customers, (ii) decrease in inventories of S$0.83 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 (iii) decrease in trade and other receivables of S$0.29 million, partially offset by the increase other assets of S$0.31 million.

NON-CURRENT LIABILITIES
Non-current liabilities decreased by S$4.81 million or 12.3% from S$39.15 million as at 31 December 2015 to S$34.34 million as at 31 December 2016. This was mainly due to the repayment of certain term loans facilities of S$1.93 million and repayment of the loans from Directors of S$2.72 million.

CURRENT LIABILITIES
Current liabilities decreased by S$4.92 million or 9.4% from S$52.07 million as at 31 December 2015 to S$47.15 million as at 31 December 2016. This was mainly attributable to a decrease in other financial liabilities of S$9.68 million partially offset by (i) an increase in trade and other payables of S$2.50 million; (ii) an increase in other liabilities of S$1.87 million; and (iii) an increase in income tax payable of S$0.39 million.

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

The increase in trade and other payables was mainly due to the purchases of jewellery products on credit terms.

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

TOTAL EQUITY
Total equity increased by S$3.82 million or 7.7% from S$49.93 million as at 31 December 2015 to S$53.75 million as at 31 December 2016. The increase was mainly due to the total comprehensive income, net of tax of S$6.47 million for FY2016 and an increase in non-controlling interest of S$0.32 million which was offset by payment of ordinary dividends in respect of FY2015 of S$2.81 million and increase in foreign currency translation reserve (other reserve) of S$0.14 million.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For FY2016, net cash flows from operating activities was S$17.60 million, which consisted of operating cash flows before changes in working capital of S$14.19 million, net of income tax paid of S$1.62 million and working capital inflow of S$5.03 million.

The net working capital inflow arose mainly from the following:

(a) a decrease in inventories of S$0.83 million and a decrease in trade and other receivables of S$0.29 million, an increase in other liabilities of S$1.71 million due mainly to higher sales orders deposits received from customers and an increase in trade and other payables of S$2.50 million;

(b) offset by an increase in other assets of S$0.31 million.

For FY2016, net cash used in investing activities amounted to S$4.77 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.

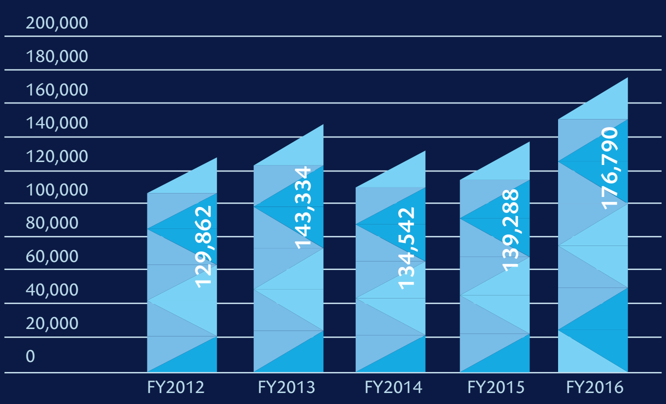
For FY2016, net cash used in financing activities was S$19.37 million mainly due to loan repayment of S$13.06 million, dividend payment of S$2.81 million, interest payment of S$2.04 million and net movement in amounts due to directors of S$2.53 million arising from the repayment of the Directors' Loans. This was offset by an increase in other financial liabilities of S$1.12 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$6.54 million in cash and cash equivalents for FY2016, from a net cash surplus of S$34.03 million as at 31 December 2015 to a net cash surplus of S$27.49 million as at 31 December 2016.

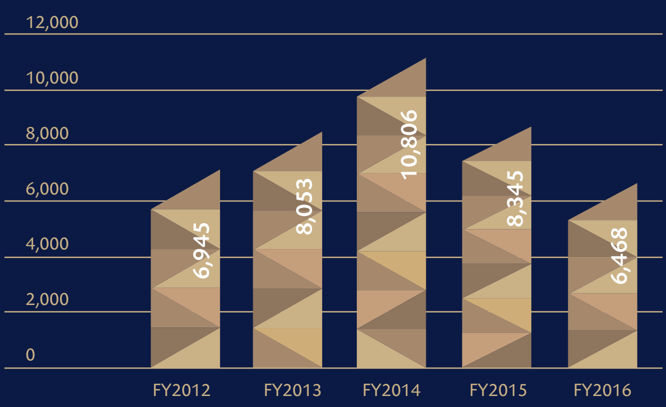
FINANCIAL HIGHLIGHTS

	FY2012 S$'000	FY2013 S$'000	FY2014 S$'000	FY2015 S$'000	FY2016 S$'000
PROFIT AND LOSS					
Revenue	129,862	143,334	134,542	139,288	176,690
Gross Profit	63,315	62,827	63,952	66,301	62,481
Profit before taxation from continuing operations	8,700	9,938	13,720	10,431	8,205
Profit from continuing operations, net of tax	6,945	8,053	10,806	8,345	6,468
Basic Earnings Per Share	1.54	1.79	2.40	1.70	1.15
No. of Shares	450,000	450,000	450,000	562,500	562,500
BALANCE SHEET					
Non-Current Assets	5,645	11,061	17,315	38,311	39,760
Current Assets	136,479	66,844	68,592	102,834	95,483
Inventories	52,410	47,908	51,821	60,470	59,644
Cash and cash equivalents	14,188	8,219	8,535	34,026	27,488
Current Liabilities	106,457	53,307	54,232	52,067	47,151
Net Current Assets	30,022	13,537	14,360	50,767	48,332
Total Assets	142,124	77,905	85,907	141,145	135,243
Total Equity	33,597	21,761	29,740	49,925	53,751
FINANCIAL RATIOS					
Net profit margin	5.3%	5.6%	8.0%	6.0%	3.7%
Return on Equity	20.7	37.0	36.3	16.7	12.0
Net Assets Per Share (cents)	7.47	4.84	6.61	8.88	9.50

REVENUE (S$'000)



PROFIT NET OF TAX (S$' 000)



ACTIVITIES
AND AWARDS

MAY 999 PURE GOLD MESSAGES OF LOVE GOLD BAR

Inspired by the joy and uplifting experience of motherhood, *SK Jewellery* presents the *999 Pure Gold* Messages of Love Gold Bar. For the first time ever, the gifter can record personal messages of love and appreciation for his/her beloved one. Mediacorp sweetheart, Julie Tan and her mother fronted the campaign, showcasing sweet moments of the mother-daughter bond expressed through heartfelt messages recorded.

JUL LOVE & CO. PIONEERS NEW DIGITALISED DIAMOND SHOPPING EXPERIENCE

Soo Kee Group is pleased to announce that *Love & Co.* is the first jeweller in Asia to adopt the all-digital version of the Sarine Profile™ and light performance grading system, a digitised diamond experience for consumers. *Love & Co.* now offers a digital diamond report with comprehensive imaging and grading information of the diamond's beauty and quality for the signature *Lovemarque* diamond.

JUL SOO KEE GROUP CELEBRATES OPENING OF NEW SOOKEE HQ

To commemorate Soo Kee Group's 25^{th} Anniversary, the new SOOKEE HQ located at Changi Business Park was officially opened on 26 July 2016. Officiated by Dr. Koh Poh Koon, Minister of State, Ministry of National Development & Ministry of Trade and Industry, the opening event unveiled the magnificent Soo Kee 'Gold Wall', made from 9,999 pieces of Soo Kee Group 25^{th} Anniversary *999 Pure Gold* gold bars. The SOOKEE HQ will support the Group's product design and research, branding, logistics, training and its new initiatives.

From left to right: Dr Lim Wee Kiak (Member of Parliament), Mr Gan Thiam Poh (Member of Parliament), Dato' Sri Dr. Lim Yong Guan (Non-Executive Chairman), Dr. Koh Poh Koon (Minister of State, Ministry of National Development & Ministry of Trade and Industry), Mr Sam Tan Chin Siong (Minister of State, Prime Minister's Office & Ministry of Manpower), Mr Ted Tan (Deputy Chief Executive, SPRING Singapore)

JUL OFFICIAL LAUNCH OF SK BULLION

Soo Kee Group officially launched *SK Bullion*, to provide buy, sell and secure storage services for investment grade gold, silver and a wide array of other precious metals handpicked from reputable mints and refineries. These services are also available through its one stop e-bullion platform (www.skbullion.com) and the *SK Bullion* showroom located at Clifford Centre, in the heart of Raffles Place.

AUG — A TRIBUTE TO THE NATION

Inspired by Singapore's national flower, the orchid coin collectible features a life-like Vanda Miss Joaquim which is a symbol of Singapore's pride and identity. This limited edition coin is exclusively designed by *SK Bullion* and uniquely crafted using digitally colour printing.

AUG — SK JEWELLERY WINS 2016 IPOS AWARD FOR TRADE MARK PORTFOLIO

SK Jewellery was awarded the IPOS Award for Trade Mark Portfolio at the WIPO-IPOS IP Awards. Jointly organised by World Intellectual Property Organisation (WIPO) and the Intellectual Property Office of Singapore (IPOS), the IPOS Award for Trade Mark Portfolio is given to organisations which have used their trade mark portfolio as a growth strategy, to raise awareness of the brand and generate significant revenue.

SEP — SOO KEE GROUP WINS OUTSTANDING ENTERPRISE OF THE YEAR (ASEAN CATEGORY) AT JNA AWARDS 2016

Soo Kee Group was awarded the Outstanding Enterprise of the Year ASEAN Category at the 2016 Jewellery News Asia Awards. Considered the "Oscars" of the jewellery industry, the JNA Awards is organised by JNA, the flagship jewellery publication of UBM Asia Limited. As one of the world's most prestigious awards programme, it recognises excellence and achievement in the jewellery and gemstone industry, with a focus on the advancement of the trade in Asia. The winning of the award is a testimony to the determination, success and business excellence of the Group.

SEP — SOO KEE JEWELLERY LAUNCHES TRUE LOVE COLLECTION

Soo Kee Jewellery presents the new *True Love* collection, a range of meticulously crafted solitaires. The *True Love* diamond was inspired by the honest and undying beauty of love stories, and sought to craft the most befitting diamond of perfection as a symbol of love. Each diamond is incredibly rare - handpicked with utmost detail and then cut with precise angles and proportions to achieve the Ideal Cut.

NOV — DISNEY TSUM TSUM COLLECTION BY SK JEWELLERY

SK Jewellery is honoured to present the all new *Disney Tsum Tsum* collection, delighting avid fans and shoppers alike. The collection features *Disney Tsum Tsum* charms, pendants, gold bars and gold coins, crafted through innovative laser technologies to introduce vibrant colours and enchanting designs that appeal to both young and old.

BOARD OF DIRECTORS

DATO' SRI DR. LIM YONG GUAN

Non Executive Chairman, Co-Founder

Dato' Sri Dr. Lim Yong Guan is one of the Group's founders and was appointed Non-Executive Chairman on 19 August 2015. Dr. Lim has been instrumental in the establishment and development of the Group, and has substantial and invaluable expertise, know-how, industry and business connections.

As the Group's Non-Executive Chairman, Dr. Lim presides over and facilitates board meetings, advising the Group's management, who draw on Dr. Lim's extensive business networks, market insights, wealth of experience and knowledge of the jewellery industry for guidance. Dr. Lim also presently holds the position of Executive Chairman and CEO of MoneyMax Financial Services Ltd. ("MoneyMax"), which is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

He also serves as a committee member for the Singapore Jewellers Association and the Singapore Pawnbrokers' Association. In addition, Dr. Lim is actively involved in community and grassroots activities and serves as the Chairman for the Hua Yan Buddhist Society and Vice Chairman for the Radin Mas Citizens' Consultative Committee, the Teochew Poit Ip Huay Kuan and Sian Chay Medical Institution. He was also awarded the prestigious Pingat Bakti Masyarakat, or the Public Service Medal, in 2015.

From left to right:
Mr. Lye Hoong Yip Raymond, Mr. Lim Yong Sheng, Mr. Lee Teck Kheng (CFO), Dato' Sri Dr. Lim Yong Guan, Mr. Ang Miah Khiang, Mdm. Lim Liang Eng, Mr. Low Chia Wing, Mr. Sim Eng Huat

MR. LIM YONG SHENG

Executive Director and Group Chief Executive Officer, Co-Founder

Mr. Lim Yong Sheng is one of the Group's founders and was appointed as Executive Director and Group CEO on 19 August 2015. Since the Group's establishment, Mr. Lim has been a critical contributor to the Group's growth and continued success. As Group CEO, he is responsible for the overall strategic planning, management, and business development of the Group, monitoring the development and performance of the Group's operations, driving the operational efficiency of the Group's work processes, and identifying new opportunities for the Group's expansion. In particular, the Group's brand management and marketing strategy are spearheaded by Mr. Lim. He also presently holds the position of Non-Executive Director of MoneyMax which is listed on the Catalist of the SGX-ST. Mr. Lim received a Bachelor of Science in Electrical Engineering from the National University of Singapore.

MDM. LIM LIANG ENG

Executive Director and Group Chief Operating Officer, Co-Founder

Mdm. Lim Liang Eng is one of the Group's founders and an Executive Director and the Group Chief Operating Officer ("COO") of the Company since 13 June 2012. She was last re-elected on 29 April 2016. Since the Group's establishment, she has been a critical contributor to the Group's growth and continued success. As Group COO, Mdm. Lim oversees the Group's operations, including dealings with suppliers, financial institutions, and relevant government authorities, the expansion plans for the Group's retail stores, the Group's procurement, merchandising, pricing strategies, human resources, and general administration, and has been critical in contributing to the Group's growth. Mdm. Lim served as an Executive Director of MoneyMax from August 2013 to 6 August 2015.

MR. ANG MIAH KHIANG

Lead Independent Director

Mr. Ang Miah Khiang is the Lead Independent Director of the Company and was appointed on 30 June 2015 and was last re-elected on 29 April 2016. He is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. He spent the greater part of his career in the small-medium sized enterprise financing business, having held the position of managing director of GE Commercial Financing (Singapore) Ltd, formerly known as Heller Financial (S) Ltd. He was also concurrently regional director for GE related businesses in Asia Pacific. Mr. Ang is a Fellow of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore. He is also an independent director of Baker Technology Ltd, a company listed on the Main Board of the SGX-ST, and PS Group Holdings Ltd and Katrina Group Ltd, companies listed on the Catalist of the SGX-ST. In the preceding three years, he was also an independent director of Ley Choon Group Holdings Ltd and Uni-Asia Holdings Limited.

MR. SIM ENG HUAT

Independent Director

Mr. Sim Eng Huat was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 29 April 2016. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. Sim started his career in 1977 in the Singapore Civil Service where he spent a total of 18 years, during which he had served 6 years in Hong Kong and 3 years in Bangkok as a diplomat. In 1994, he entered the private sector by joining Suntec Investment Group of Companies (SIPL) in Singapore. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr. Sim was the Managing Director of Chesterton Suntec International Pte. Ltd. from 1997 to 2013. He had been an Honorary Advisor to the Real Estate Developers' Association of Singapore from 2005 to 2013 and member of the Singapore Institute of Directors since January 2000. Mr. Sim is also an independent director and the chairman of the nominating committees of both Lafe Corporation Limited and Metech International Ltd., companies listed on the Main Board of the SGX-ST.

MR. LYE HOONG YIP RAYMOND

Independent Director

Mr. Lye Hoong Yip Raymond was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 29 April 2016. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Mr. Lye holds a Bachelor of Laws (Honours) from the National University of Singapore and has been in legal practice since 1990. In January 2014, he founded Union Law LLP as its Managing Partner. He was an executive director of CitiLegal LLC from 2010 to 2013 and previously practised with, *inter alia*, Pacific Law Corporation from 2005 to 2010, and Tay, Lye & Ngaw Partnership from 2000 to 2005. Prior to that, Mr. Lye served as a Magistrate and Deputy Registrar of the State Courts before going into private practice. His areas of expertise are civil and criminal litigation, corporate and commercial work, building and construction law, family law and intellectual property rights. He is a Fellow of the Singapore Institute of Arbitrators and an arbitrator with the Law Society Arbitration Scheme. Mr. Lye also serves as an independent director on the boards of Goodland Group Limited and 800 Super Holdings Limited, companies listed on the Main Board and the Catalist of the SGX-ST, respectively.

MR. LOW CHIA WING

Independent Director

Mr. Low Chia Wing was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 29 April 2016. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr. Low currently serves as an executive director with Grid Pte Ltd, which is a 30-year old creative agency that provides advertising and marketing communications services. He was an executive director with Inspire Integrated Marketing Pte. Ltd from 2012 to 2016, which provides exhibitions and events planning, and marketing communications services. From 1997 to 2012, Mr. Low served with FLEx Integrated Marketing Pte. Ltd. as its senior vice president, overseeing its day-to-day operations in Singapore. He was concurrently a director of FLEx Integrated Group LLC (Dubai) from 2008 to 2012. Mr. Low had also previously held positions with, *inter alia*, Cityneon International Pte Ltd (now known as CN Event & Exhibition International Pte. Ltd.) from 1994 to 1997, as a senior manager for support services and purchasing, and Pico Art International Limited from 1992 to 1994, as a manager for general affairs and property management.

MANAGEMENT TEAM

MR. LEE TECK KHENG

Chief Financial Officer

Mr. Lee Teck Kheng was appointed as Chief Financial Officer of the Group on 5 October 2015. He is responsible for the overall finance, accounting, tax, treasury management, corporate governance and compliance, investor relations and investment matters of the Group. Prior to joining the Group, Mr. Lee was chief financial officer of Great Group Holdings Limited from 2011 to 2015. From 2007 to 2011, Mr. Lee was group financial controller of Sei Woo Technologies Limited. From 1999 to 2007, Mr. Lee was group financial controller of Kedaung Group Management Services Pte. Ltd., a company engaged in the management of companies within the Kedaung Group (KIG Group) in Malaysia, Singapore, the PRC and Hong Kong. Mr. Lee has been a member of the Institute of Singapore Chartered Accountants since 1989. Mr. Lee received a Bachelor of Commerce (Accountancy) from Nanyang University in 1979.

MS. LAU WAN KEI, ANGELINA

General Manager

Ms. Lau Wan Kei, Angelina is the Group's General Manager, Singapore Operations. She has served with the Group since 2008, and has, since 2010, been in charge of all strategic, operational and management matters pertaining to the Group's Singapore operations, which include, *inter alia*, overseeing the Group's network of retail stores, branding and marketing activities, jewellery design, and quality control. Between 2009 and 2010, Ms. Lau was responsible for the management of the operations of the retail stores showcasing the *Love & Co* brand. She previously served as a management consultant for Accenture Pte Ltd between 2007 and 2008, a management trainee for General Electric International, Inc. between 2006 and 2007, and an audit assistant for Ernst & Young LLP (Singapore), between 2005 and 2006. Ms. Lau received a Bachelor of Accountancy (Honours) from Nanyang Technological University.

MR. WONG JAK

General Manager

Mr. Wong Jak is the Group's General Manager, Malaysia Operations. Since 2002, he has been in charge of all strategic, operational and management matters pertaining to the Group's Malaysian operations, which include, *inter alia*, 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. He previously served, *inter alia*, as business manager for Progress Software Corporation (S) Pte. Ltd. between 1993 and 2002, regional sales manager for Cognos Far East Pte Ltd between 1990 and 1992, and systems engineer for Computer Systems Advisers (Private) Limited between 1983 and 1990. Mr. Wong received a Bachelor of Science from the University of Singapore and a Diploma in Business Administration from the National University of Singapore.

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of Soo Kee Group Ltd. (the "**Company**" and, together with its subsidiaries, the "**Group**") is committed to ensuring a high standard of corporate governance so as to strengthen corporate transparency, to protect the interests of the shareholders of the Company (the "**Shareholders**") and to promote investor confidence.

This report (the "**Report**") describes the Group's corporate governance structures and practices currently in place with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") and, where applicable, the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual, Section B: Rules of Catalist (the "**Catalist Rules**").

The Board is pleased to report on the Group's compliance with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

A. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

As at the date of this report, the Board comprises the following members:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Sri Dr. Lim Yong Guan	Non-Executive Chairman	-	-	-
Mr. Lim Yong Sheng	Executive Director and Chief Executive Officer	-	-	-
Mdm. Lim Liang Eng	Executive Director and Chief Operating Officer	-	-	-
Mr. Ang Miah Khiang	Lead Independent Director	Chairman	Member	Member
Mr. Sim Eng Huat	Independent Director	Member	Chairman	Member
Mr. Lye Hoong Yip Raymond	Independent Director	Member	Member	Chairman
Mr. Low Chia Wing	Independent Director	Member	Member	Member

The primary function of the Board is to provide leadership to the Group and to protect and enhance long-term value for Shareholders and other stakeholders. Besides carrying out its statutory responsibilities, the Board's role is to:

- Provide effective directives on and approve the policies, strategies and financial objectives of the Group;
- Ensure that necessary financial, human and other resources are in place for the Group to meet its objectives;
- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance to enable risks to be assessed and managed, including safeguarding of Shareholders' interests and the assets of the Group;
- Monitor and review the performance of the management and approve the nominations of Directors and appointment of key management personnel;
- Approve annual budgets;
- Approve acquisition, investment, divestment, joint venture and disposal of assets exceeding 3.0% of the latest audited net tangible assets ("**NTA**") of the Group;
- Set the Group's values and principles (including ethical standards) and ensuring that the obligations to the Shareholders and other stakeholders are met;
- Assume responsibility for the adoption of good corporate governance practices; and
- Consider sustainability issues of policies and procedures where appropriate.

CORPORATE GOVERNANCE REPORT

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and is obliged to act in good faith and take objective decisions as fiduciaries and in the interests of the Group.

The Board is supported by a number of board committees (the "**Board Committees**") to assist it in the discharge of its responsibilities. These Board Committees operate under clearly defined terms of reference. The three (3) Board Committees are:

- Audit Committee (the "**AC**")
- Nominating Committee (the "**NC**"); and
- Remuneration Committee (the "**RC**").

The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The schedules for all of the Board and Board Committee meetings as well as the Annual General Meetings of the Company ("**AGMs**") are planned in advance. The Board meets at least four (4) times a year to review and approve, *inter alia*, the quarterly financial results of the Group. The Board also meets on an ad-hoc basis as warranted by circumstances to supervise, direct and control the Group's business and affairs. Apart from approvals obtained at Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing.

The constitution of the Company ("**Constitution**") allows for Directors to conduct meetings by teleconference or videoconference. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the financial year ended 31 December ("**FY**") 2016 are as follows:

	Board	AC	NC	RC
No. of meetings held	5	4	1	1
Dato' Sri Dr. Lim Yong Guan	5	4*	1*	1*
Mr. Lim Yong Sheng	5	4*	1*	1*
Mdm. Lim Liang Eng	5	4*	1*	1*
Mr. Ang Miah Khiang	5	4	1	1
Mr. Sim Eng Hua	5	4	1	1
Mr. Lye Hoong Yip Raymond	5	4	1	1
Mr. Low Chia Wing	5	4	1	1

** By invitation*

The Group has adopted internal guidelines governing matters that require the Board's approval. These include:-

- Strategies and objectives of the Group;
- Budgets/forecasts;
- Corporate or financial restructuring;
- Announcement of quarterly, including the half-year and full year results, and release of the annual reports;
- Issuance of securities;
- Declaration of interim dividends and proposed final dividends;
- Convening of Shareholders' meetings;
- Material acquisition, investment, divestment or capital expenditure exceeding 3.0% of the latest audited NTA of the Group;
- Diversification of business; and
- Interested person transactions.

CORPORATE GOVERNANCE REPORT

Management keeps the Directors up-to-date on pertinent developments including the Group's business, financial reporting standards and industry-related matters. Such periodic updates provided to the Directors facilitate the discharge of their duties. The Directors are also encouraged to keep abreast of developments in legal, regulatory and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops where relevant and/or applicable, with the cost of such training borne by the Company. At each Board meeting, the Chief Executive Officer (the "**CEO**") updates the Board on the business and strategic developments of the Group.

The Company has a policy for new incoming Directors to be briefed on the Group's business, strategies, operations and organisation structures and governance practices to enable them to assimilate into their new roles. The new incoming Directors are also welcome to request further explanations, briefings or informal discussions on any aspects of the Group's operational or business issues from the management. The Company will make the necessary arrangements for the site visits, briefings, informal discussions or explanations required by the new incoming Directors.

A formal letter of appointment is furnished to every newly-appointed Director upon the appointment explaining, among other matters, the roles, obligations, duties and responsibilities as a member of the Board. There was no new Director appointment in FY2016.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Director and four (4) Independent Directors. The Company fulfills the Code's requirement as more than half of the Board comprises Independent Directors. Accordingly, the Company is in compliance with the requirement of the Code where Independent Directors should make up at least half of the Board where the Chairman of the Board and the CEO are immediate family members.

The Independent Directors have each confirmed that they do not have any relationship with the Company, its related corporations, its officers or its Shareholders with shareholdings of 10.0% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group. The NC reviews the independence of each Independent Director at the time of appointment and annually. The NC has reviewed, determined and confirmed the independence of the Independent Directors and the Board has concurred with the NC's confirmation.

During FY2016, there is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment.

The NC has reviewed and is satisfied that the current composition and size of the Board and Board Committees are appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations, the balance and diversity of, amongst other factors, skills, experience and gender. The Board comprises Directors who are qualified and experienced in various fields including accounting and finance, legal, business and management experience and the requisite industry knowledge. Each Director has been appointed on the strength of his or her skills, knowledge and experience and is expected to contribute to the development of the Group's strategy and the performance of its business. The Board includes one (1) female Director in recognition of the importance and value of gender diversity. The NC is of the view that the current Board comprises members who as a group possess core competencies necessary to lead and manage the Group effectively.

The Non-Executive Director also provides oversight on the performance of management by constructively challenging and helping to develop proposals on strategy. He monitors and reviews the reporting and performance of management in meeting agreed goals and objectives.

CORPORATE GOVERNANCE REPORT

Chairman and CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and CEO functions are assumed by different individuals, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision making.

Dato' Sri Dr. Lim Yong Guan is the Non-Executive Chairman of the Company. With the assistance of the company secretary ("**Company Secretary**"), he schedules Board meetings as and when required, prepares the agenda for Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular, on strategic issues. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. In addition, he sets guidelines and exercises control over the quality, quantity, accurateness and timeliness of information flow between the Board and the management. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance with the support of the Board, the Company Secretary and management.

Mr. Lim Yong Sheng, who is the brother of Dato' Sri Dr. Lim Yong Guan, is the Executive Director and CEO of the Company. He supervises the day-to-day business operations of the Group with the support of the Executive Director and Chief Operating Officer together with management, as well as formulates long-term strategies and policies of the Group.

Mr. Ang Miah Khiang, being the Lead Independent Director of the Company, is the contact person for Shareholders, employees or other persons *in situ*ations communication through the channels of the Non-Executive Chairman, Executive Directors, CEO and/or chief financial officer ("**CFO**") has not resolved their concerns or where such communication is considered inappropriate. Mr. Ang Miah Khiang will also take the lead in ensuring compliance with the Code.

The Independent Directors meet amongst themselves and with the Company's external auditors ("**EA**") and internal auditors ("**IA**") without the presence of management and the Non-Executive Chairman, given his familial relationship with certain members of management, to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, Board processes, management cooperation, as well as, any internal audit observations. Thereafter, the Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, if needed.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises four (4) members, all of whom, including the Chairman, are independent.

Chairman:	Mr. Sim Eng Huat	(Independent Director)
Members:	Mr. Ang Miah Khiang	(Lead Independent Director)
	Mr. Lye Hoong Yip Raymond	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The NC functions under a set of written terms of reference which sets out its responsibilities as follows:

- To review the Board structure, size, composition and independence of the Independent Directors;
- To make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the structure, size and composition of the Board;
- To develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession for Directors;
- To review training and professional development programs for the Directors;

CORPORATE GOVERNANCE REPORT

- To ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
- To determine and confirm the independence of each Director, taking into consideration guidance from the Code and any other salient factors, at least on an annual basis;
- To develop a process for evaluation of the performance of the Board, Board Committees and Directors;
- To assess whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company; particularly when he/she has multiple board representations; and
- To perform such other duties or functions as may delegated by the Board or required by regulatory authorities.

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. When a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board, the NC will review and assess candidates before making recommendations to the Board. In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills, calibre, experience, expertise, attributes, ability and gender, amongst other factors, required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors.

In identifying suitable candidates, the NC may:

- Advertise or use the services of external advisors to facilitate a search; and
- Consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate can devote sufficient time and attention to the affairs of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every AGM. In addition, the Company's Constitution also provides that new Directors appointed during the year either to fill a vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

Pursuant to Article 89 of the Constitution:

(i) Dato' Sri Dr. Lim Yong Guan;
(ii) Mr. Lim Yong Sheng; and
(iii) Mr. Lye Hoong Yip Raymond.

Mr. Lye Hoong Yip Raymond, being a member of the NC, has abstained from deliberation in respect of his nomination.

All Directors are required to declare their board representations. As at the date of this Report, none of the Directors hold more than three (3) directorships in other listed companies outside of the Group. The Board has not set a numerical limit on the number of listed company board representations each Director may hold. The Company will consider imposing a cap in future when it deem necessary.

When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his duties, taking into consideration the Director's number of listed board representations, the Director's other principal commitments, the roles and scope of responsibilities of these principal commitments and involvement of any other activities outside of these principal commitments, among other factors. The NC has reviewed and is satisfied that each Director has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his or her duties as a Director, notwithstanding his or her respective board representations.

CORPORATE GOVERNANCE REPORT

As at the date of this Report, the Company does not have any alternate Director as the Board does not encourage the appointment of alternate Directors unless it is in exceptional cases.

Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng are siblings. Save as aforesaid, the NC has confirmed that none of the Directors are related and they do not have any relationship with the Company or its related corporations, its 10.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Group.

Key information of each Director can be found on pages 14 and 15 of this Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board and its board committees as a whole and the contribution by each Director to the effectiveness of the Board.

The NC has established a review process to assess the performance and effectiveness of the Board and Board Committees as a whole on an annual basis. The Board assesses, amongst others, the structure, operation, responsibilities, contribution and the performance objectives of the Board and Board Committees.

All Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board and Board Committees. The checklists are completed and submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the performance of the Board and Board Committees against short and long-term financial and non-financial performance indicators, identify areas for improvement and to implement appropriate action. The NC has reviewed the overall performance and effectiveness of the Board and Board Committees and is of the view that the performance and effectiveness of the Board and Board Committees as a whole has been satisfactory.

The NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each Director to the performance and effectiveness of the Board and Board Committees. The NC is of the view that despite multiple board appointments held by certain Directors, each Director has been able to devote sufficient time and attention in adequately carrying out his or her duties as a Director.

The Board has not engaged any external facilitator in conducting the assessment of the performance of the Board and Board Committees. Where relevant, the NC will consider such an engagement.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance of the meetings. Updates on the Group's financial performance, position and prospects, amongst others, are also provided to the Directors in advance of the Board and Board Committee meetings, as well as on an on-going basis, as practicable. Any additional materials or information requested by the Directors are also promptly furnished. The Directors have unrestricted access to records and information of the Group, and have separate and independent access to the Company Secretary, the EA, the IA and to other senior management of the Group at all times in carrying out their function.

CORPORATE GOVERNANCE REPORT

The Company Secretary attends or is represented at all meetings of the Board and Board Committees, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for, among others, ensuring that Board procedures are observed and that the Constitution, and relevant rules and regulations, including the Catalist Rules, are complied with. The Company Secretary also assists the Non-Executive Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term Shareholders' value.

The Company Secretary assists the Non-Executive Chairman in ensuring good information flows within the Board and Board Committees and between the management and Independent Directors. The Company Secretary also facilitates the orientation and assists with the professional development of the Directors, if required.

The Company Secretary attends and prepares minutes for all Board and Board Committee meetings. As secretary for the Board Committees, the Company Secretary also assists the Non-Executive Chairman, the Chairman of each Board Committee and the management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Changes to regulations are closely monitored by management and Directors are briefed at the Board and Board Committee meetings, or on an on-going basis by the Company Secretary and/or other professional advisors, especially where these changes have an important bearing on the Company's or the Directors' disclosure obligations.

Should the Directors, whether as a group or individually, require independent professional advice, the Board will appoint a professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises four (4) members all of whom, including the Chairman, are independent.

Chairman:	Mr. Lye Hoong Yip Raymond	(Independent Director)
Members:	Mr. Ang Miah Khiang	(Lead Independent Director)
	Mr. Sim Eng Huat	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The RC functions under a set of written terms of reference which sets out its responsibilities as follows:

- To recommend to the Board a framework for remuneration for the Directors and key management personnel of the Group. The framework covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind;
- To review and recommend Directors' fees for approval at the AGM;
- To determine specific remuneration packages for each Executive Director as well as key management personnel so as to ensure that the packages are competitive and sufficient to attract, retain and motivate the Directors and key management personnel of the required quality to run the Group successfully;
- To review the remuneration packages of employees related to Directors, CEO and/or substantial Shareholders, to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

CORPORATE GOVERNANCE REPORT

- To administer the performance share plan and any other share option scheme or share plan established from time to time, in accordance with the rules of such share plan or share option scheme and the Catalist Rules; and
- To perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

Each member of the RC shall abstain from voting on any resolution in respect of his own remuneration package.

The RC will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. No such services was required for FY2016.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk-policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration structure for its Executive Directors and key management personnel comprised both fixed and variable components. The fixed component is in the form of a monthly base salary. The variable component is in the form of a variable incentive bonus that is performance-related and is linked to the Group's performance as well as the individual's performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long term success of the Group.

Each Executive Director has a service agreement with the Company valid for an initial period of three (3) years with effect from the date of the Company's listing on the Catalist of the SGX-ST ("**Listing**"). Upon the expiry of the initial period of three (3) years, the employment of each Executive Director shall be renewed for a further three (3) years on such terms and conditions as may be agreed by the RC unless terminated by either party giving six (6) months' written notice of intention not to renew the employment.

All revisions to the remuneration packages for the Executive Directors and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board.

Performance conditions such as the financial performance and operations of the Group, as well as any other business objectives such as quality of service and adherence to corporate values and principles which may from time to time be determined by the Board are used to determine the short-term incentive schemes employed in determining the remuneration of the Executive Directors and key management personnel. In addition, all employees of the Group, including the Directors, are eligible to participate in the Company's performance share plan known as the "Soo Kee Group Performance Share Plan" ("**PSP**"). The PSP is employed as a long-term incentive in the remuneration of the Directors and key management personnel, and forms an integral component of the Group's compensation scheme. It is designed to reward, retain and motivate employees to achieve superior performance to align the interests of Directors and employees with that of the Company's shareholders. The PSP is administered by the RC. The performance conditions used to determine the entitlements of the Directors and key management personnel under the PSP include specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the actual job scope and responsibilities of the Director or employee; and (iii) the prevailing economic conditions. The RC has reviewed the performance conditions for the Directors and key management personnel for FY2016 and has determined them to have been met. As at the date of this annual report, no awards have been granted under the PSP.

The PSP is administered by the RC with such discretion, powers and duties as are conferred on it by the Board. A member of the RC shall not be involved in the deliberations of the RC for the grant of awards to him.

Directors' fees are payable to the Non-Executive Directors taking into account factors such as the effort and time spent and their scope of responsibilities. Directors' fees are recommended by the RC for approval by Shareholders at the AGM. Executive Directors do not receive Directors' fees.

No Director is involved in deciding his or her own remuneration package.

CORPORATE GOVERNANCE REPORT

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Group to claim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. In addition, the Company has in place strong corporate governance practices described herein such as the processes put in place for the selection and appointment of new Directors as disclosed under Principle 4 above, the review process to assess the performance and effectiveness of the Board and Board Committees as a whole on an annual basis as disclosed under Principle 5 above and the Whistle Blowing Policy as defined and disclosed under Principle 12 below, among others, as checks and balances to prevent the occurrence of such instances.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of directors

As mentioned in Principle 8 above, each Executive Director has a service agreement with the Company for an initial period of three (3) years with effect from the date of Listing. Please refer to the Company's offer document dated 11 August 2015 ("**Offer Document**") for further information on the remuneration packages of the Executive Directors, which consist of fixed and variable components. A breakdown showing the level and mix of each individual Director's remuneration for FY2016 (in percentage terms) is disclosed below:-

Remuneration Band and Name of Director	Directors' Fees(1) (%)	Salary/ Fixed Bonus(2) (%)	Benefits in Kind (%)	Variable Bonus(2) (%)	Total (%)
S$500,000 to S$749,999					
Mr. Lim Yong Sheng(3)	-	84.0%	3.0%	13.0%	100.0%
Mdm. Lim Liang Eng(3)	-	84.0%	3.0%	13.0%	100.0%
S$250,000 to S$499,999					
Dato' Sri Dr. Lim Yong Guan(3)	100.0%	-	-	-	100.0%
Below S$250,000					
Mr. Ang Miah Khiang	100.0%	-	-	-	100.0%
Mr. Sim Eng Huat	100.0%	-	-	-	100.0%
Mr. Lye Hoong Yip Raymond	100.0%	-	-	-	100.0%
Mr. Low Chia Wing	100.0%	-	-	-	100.0%

Notes:

(1) Directors' fees are subject to Shareholders' approval at the forthcoming AGM.

(2) Inclusive of employer central provident funds.

(3) Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng are siblings.

CORPORATE GOVERNANCE REPORT

Remuneration of key management personnel

The remuneration received by the top five (5) key management personnel (who are not Directors or the CEO) for FY2016 is below S$250,000 in each case. The Company has not disclosed the names and details of the remuneration of its top five key management personnel as the Board believes that full detailed disclosure of the remuneration of each Director and key management personnel as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented such information in remuneration bands.

Range of remuneration	No. of key management personnel
Below S$250,000	5(1)
Total	S$770,933

Note:

(1) This includes Ms. Lau Wan Kei, Angelina, General Manager, Singapore Operations, who is the daughter of Mdm. Lim Liang Eng, and niece of Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng, as well as, Mr. Wong Jak, General Manager, Malaysia Operations, who is the brother-in-law of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng.

The Board is of the view that that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar. The remuneration of employees related to the Directors, CEO and/or substantial Shareholders of the Company will also be reviewed annually by the RC.

In FY2016, employees who are not key management personnel but are immediate family members of the Directors, CEO and/or substantial Shareholders are Mdm. Lim Liang Cheng, Area Manager, Malaysia Operations, who is the sister of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, and the spouse of Mr. Wong Jak. The remuneration of Mdm. Lim Liang Cheng falls within the band of S$150,000 to S$200,000.

Save as disclosed above, there is no other employee who is related to a Director, the CEO or substantial Shareholder and whose remuneration exceeded S$50,000 during FY2016.

In connection with the Listing, the PSP was adopted with the objectives of, among others, motivating the management personnel to achieve key financial and operational goals of the Group and recognising the efforts of, and retaining, existing management personnel whose contributions are important to the long-term development and profitability of the Group.

During FY2016, no awards have been granted to eligible participants under the PSP.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board approves quarterly financial statements and authorises the release of the results to the Shareholders. From time to time, the Board also provides Shareholders with updates of new business developments, material contracts entered into and other material information *via* public announcements on SGXNET.

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of providing accurate and relevant information on a timely basis in compliance with statutory and regulatory requirements. Hence, the Directors receive quarterly financial and other reports from the management. Such reports keep the Directors informed of the Group's performance, position and prospects and consist of, amongst others, the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax profit by operating segments together with explanations for significant variances for the quarter and year-to-date, in order for the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects, as well as, management's achievements of the goals and objectives determined by the Board.

In accordance with the Catalist Rules, the Board issued negative assurance statements in the financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board notes that the Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology ("**IT**") controls. The Board also recognizes its responsibilities in ensuring a sound system of internal controls to safeguard Shareholders' interests and the Group's assets. The Board will look into the need for establishment of a separate Board risk committee at the relevant time.

The management is responsible for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk exposure, risk tolerance and risk policies.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including, financial, operational, compliance, IT controls and risk management, is conducted annually. In this respect, the AC will review the audit plans and the findings of the EA and the IA, and will ensure that management follows up on the EA and IA's recommendations raised, if any, during the audit process.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the EA and the IA and reviews performed by the Board, the AC and the management, the Board, with the concurrence of the AC, is of the view that the internal control systems of the Group addressing financial, operational, compliance, IT risks and risk management systems are adequate as at the date of this Annual Report.

The Board and the AC have also received assurances from the Executive Director and CEO and the CFO that the Group's risk management and internal control systems are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks and also that the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Group's business operations and finances.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four (4) members all of whom, including the Chairman, are independent.

Chairman:	Mr. Ang Miah Khiang	(Lead Independent Director)
Members:	Mr. Sim Eng Huat	(Independent Director)
	Mr. Lye Hoong Yip Raymond	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The AC meets at least on a quarterly basis. The AC is guided by its terms of reference which stipulate that its principal functions include, *inter alia*, reviewing the Group's annual audit plans (internal and external), its system of internal controls and risk management, the effectiveness and adequacy of its internal audit function which is currently outsourced to the IA, regulatory compliance matters, its risk management framework, interested person transactions and financial results announcements. The AC is also responsible for making recommendations to the Board on the appointment/re-appointment/ removal of the EA and IA and their remuneration.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has full access to, and the co-operation of the management, as well as the EA and IA, respectively. The AC also has full discretion to invite any Director or any member of management to attend its meeting. The AC has adequate resources, including access to external professional advisors if required and auditors, to enable it to discharge its responsibilities properly.

The Board considers Mr. Ang Miah Khiang, a fellow with the Institute of Singapore Chartered Accountants who has extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements of the Group, the AC is encouraged to participate in training courses, seminars and workshops, as relevant, and to seek advice from the EA at the AC meetings that are held.

The AC is satisfied that based on the nature and extent of non-audit services provided to the Group by the EA, RSM Chio Lim LLP, in FY2016, it would not prejudice the independence and objectivity of the EA and has recommended the EA's re-appointment as external auditors of the Company to the Board for FY2016. A breakdown of the fees in total for audit and non-audit services is set out in the Notes to the Financial Statements on page 62 of this Annual Report.

The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the EA.

The AC meets with the EA and the IA separately, at least once a year, without the presence of the Non-Executive Chairman, given his familial relationship with the management, and the management to review any matter that might be raised.

The Group has put in place a whistle-blowing framework (the "**Whistle Blowing Policy**"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle-blowers to contact the AC Chairman directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

CORPORATE GOVERNANCE REPORT

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities relating to the Group, the AC and the Board have access to appropriate external advice where necessary.

No former partner or director of the Company's EA and IA is a member of the AC.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the IA. The IA function of the Group has currently been out-sourced to an external professional firm, Nexia TS Risk Advisory Pte. Ltd. ("**Nexia TS**").

The IA reports directly to the AC and has full access to documents, records, properties and personnel of the Company and the Group. The IA plans its internal audit schedules in consultation with the management and its plans are reviewed and approved by the AC. The results of the internal audit will be presented to and reviewed by the AC and the Board. The IA had conducted an annual review of the effectiveness of the Group's internal controls in FY2016.

The AC reviews the reports issued by the IA to ensure that the Group's internal controls including financial, operational, compliance and IT controls are robust and effective, and follows up with management and the IA in ensuring that the IA's recommendations agreed with management have been adequately and appropriately implemented. The AC also ensures that management provides good support to the IA, such as providing the IA with access to documents, records, properties and personnel when requested in order for them to carry out their function accordingly.

The IA reports directly to the AC on audit matters and performs its works in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviews and approves the annual internal audit plan as well as the IA reports and activities. The AC, having considered, amongst others, the reputation and track record of Nexia TS and the qualifications, experience and availability of resources and independence of the team at Nexia TS, is satisfied that the appointment of Nexia TS as IA is appropriate.

The AC, on an annual basis, assesses the effectiveness of the IA by examining the scope of the internal audit work, its independence and the IA's findings.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes in providing sufficient and regular information to its Shareholders and ensures that all of its Shareholders are treated equitably and the rights of all Shareholders are protected.

In this respect, the Board endeavours to provide clear, timely and fair disclosure of information about the Group's business developments and financial performance that could have a material impact on the price or value of the Company's shares.

Shareholders are informed of general meetings through notices published in the newspapers and the Company's announcements and press releases *via* SGXNET as well as through reports/circulars sent to all Shareholders. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

CORPORATE GOVERNANCE REPORT

All Shareholders are entitled to vote and shall be informed of the rules, including voting procedures, at the general meeting. The Constitution allows a Shareholder to appoint up to two (2) proxies to attend and vote instead of the Shareholder.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with the continuing disclosure obligations under the Catalist Rules, the Board informs Shareholders promptly of all major developments that may have a material impact on the Group. All of the Company's announcements are released *via* SGXNET, including the financial results, annual reports, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions and other material developments. The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules.

General meetings are still the principal forum for dialogue with Shareholders. To promote a better understanding of Shareholders' views, the Board encourages Shareholders to participate during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and address Shareholders' concerns at general meetings. The Company is open to meetings with investors and analysts, and in conducting such meetings, is mindful to ensure fair disclosure.

The Company also communicates through its corporate website, http://www.sookeegroup.com, to provide shareholders access to the Group's corporate announcements, press releases, annual reports and corporate information. In addition, the Company has engaged the services of Financial PR Pte Ltd, as the Group's investor relations firm who will focus on facilitating all investor relations communications with Shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance. To enable Shareholders to contact the Company easily, the contact details of the investor relations firm are set out in the corporate information page of this Annual Report. The investor relations firm has procedures in place for responding to investors' queries as soon as applicable.

Currently, the Company does not have a fixed dividend policy. However, as disclosed in the Offer Document, the Company intends to recommend and distribute dividends of at least 20.0% of the Group's profit, net of tax for FY2015 and FY2016 to reward Shareholders for participating in the Group's growth, subject to, *inter alia*, the Group's operating results, financial condition, other cash requirements including capital expenditures, the terms of the borrowings arrangements (if any), and other factors deemed relevant by the Directors. For FY2016, the Board has proposed a final cash dividend of 0.50 Singapore cents per ordinary share, representing approximately 43.5% of the Group's profit, net of tax for FY2016.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company supports active shareholder participation at general meetings. If Shareholders are unable to attend the meetings, the Constitution allows for a Shareholder to appoint up to two (2) proxies to attend and vote in place of the Shareholder.

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings.

CORPORATE GOVERNANCE REPORT

The Chairman of the Board, the Board Committees and the CFO attend all general meetings to address issues raised by Shareholders. The EA is also invited to attend the AGM and is available to assist the Directors and the CFO in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation of the contents of the auditors' report.

The minutes of general meetings which include queries from Shareholders and responses from the Board will be made available to Shareholders upon written request.

To ensure that all Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will be conducted by poll where Shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted and announced.

DEALING IN SECURITIES

Rule 1204(19) of the Catalist Rules

The Group has adopted a policy whereby the Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing one (1) month before the announcement of the Company's full year results and two (2) weeks before the announcement of the first, second and third quarter financial results until the said results announcement has been made. The Directors and employees of the Group are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2016.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director, CEO and/or controlling Shareholder who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

However, pursuant to Rule 905 of the Catalist Rules, the aggregate value of interested person transactions entered into during FY2016 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during FY2016 (including transactions less than S$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) S$'000
Purchases of pre-owned jewellery	
Moneymax Financial Services Ltd. and its subsidiaries (the "**MoneyMax Group**")	5
Sales of products	
MoneyMax Group	491
Soo Kee Capital Pte Ltd	879
Central Support Services	
MoneyMax Group	199
Rental income	
MoneyMax Group	192
Rental expense	
Dato' Sri Dr. Lim Yong Guan	324
Total	**2,090**

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

There are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling Shareholder either still subsisting as at 31 December 2016 or, if not then subsisting, entered into since 31 December 2016.

CORPORATE GOVERNANCE REPORT

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to contributing towards sustainable development and making a positive impact on local communities.

As part of the Group's community development efforts, the Group has participated in and supported the fundraising and charity projects of various local community organisations, including, the People's Association Community Centres/Clubs/ Building Fund and People's Action Party Community Foundation and Sian Chay Medical Institution, a charitable organisation registered with the Ministry of Health of Singapore which offers Traditional Chinese Medicine treatments and provides free medical care to the local community.

USE OF IPO PROCEEDS

Rule 1204(22) of the Catalist Rules

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 annual report, the Net Proceeds have been utilised as follows:

Purpose	**Allocation of Net Proceeds (as disclosed in the Offer Document) (S$'000)**	**Net Proceeds utilised as at the date of this annual report (S$'000)**	**Balance of Net Proceeds as at the date of this annual report (S$'000)**
Expansion of network of retail stores and introduction of new product lines	12,000	12,000	-
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	2,208	3,792
Working capital and general corporate purposes	10,564	10,564	-
	31,564	**27,772**	**3,792**

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.

FINANCIAL STATEMENTS
CONTENTS

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Lim Yong Guan
Lim Yong Sheng
Lim Liang Eng
Ang Miah Khiang
Low Chia Wing
Lye Hoong Yip, Raymond
Sim Eng Huat

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct Interest		Deemed Interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company	Number of shares of no par value			
Lim Yong Guan	66,556,653	66,556,653	321,649,765	321,649,765
Lim Yong Sheng	57,421,427	57,421,427	319,496,765	319,496,765
Lim Liang Eng	6,525,155	6,525,155	319,496,765	319,496,765

By virtue of section 7 of the Act, the above directors with interest are deemed to have an interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2017 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. **Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures**

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except for the options rights and other rights mentioned below.

5. **Options**

At an Extraordinary General Meeting held on 29 July 2015, shareholders approved the Soo Kee Group Performance Share Plan (the "PSP" or the "Plan") for granting of ordinary shares of the company to directors (executive and non-executive) and selected full time employees. The Plan is administered by the Remuneration Committee. Since the commencement of the Plan till the end of the financial year, no share awards are granted and no new shares are issued under the grant of share awards under the Plan.

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. **Independent auditor**

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. **Report of audit committee**

The members of the audit committee at the date of this report are as follows:

Ang Miah Khiang	(Chairman of audit committee and independent and non-executive director)
Sim Eng Huat	(Independent and non-executive director)
Lye Hoong Yip, Raymond	(Independent and non-executive director)
Low Chia Wing	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and the results of the internal audit procedures (including those relating to financial, operational, compliance and risk management) and the assistance given by the management to the internal auditors.
- Reviewed the financial statements of the group and the company prior to the submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual).

STATEMENT
BY DIRECTORS

7. Report of audit committee (cont'd)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by the management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2016.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 24 February 2017, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

....	....
Lim Yong Guan	Lim Yong Sheng
Director	Director

8 March 2017

INDEPENDENT AUDITOR'S REPORT

to the Members of SOO KEE GROUP LTD.

Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of Soo Kee Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of inventories

Refer to Note 2A and 2C for the relevant accounting policy and key estimates used in the valuation of inventory respectively and Note 18 for the breakdown of inventory for the reporting year end.

The carrying amount of inventories amounted to S$59,644,000 which accounted for approximately 44% of the Group's total assets as at the reporting year end. The cost of inventories may not be recoverable in full if those inventories become obsolete, or if their selling prices have declined. Management applies judgment in determining the appropriate allowance for inventories based upon a technical assessment of inventories concerned, considering future demand, future selling prices, rework cost and fluctuation of gold and diamond market prices and ageing analysis of inventories.

Our procedures include:
(i) comparing the carrying value to subsequent selling prices;
(ii) comparing the carrying value of a sample of products to the fair value assessed by gemologist;
(iii) assessing the independence qualifications and competence of the gemologist;
(iv) reviewing the gold price and diamond index for the reporting year and comparing the average cost of gold items as at the reporting year end to the latest practicable market gold price subsequent to reporting year end;
(v) reviewing the assumptions used in computing the rework cost for aged products; and
(vi) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of SOO KEE GROUP LTD.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
to the Members of SOO KEE GROUP LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Derek How Beng Tiong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

8 March 2017
Engagement partner - effective from year ended 31 December 2016.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year Ended 31 December 2016

	Notes	Group 2016 $'000	Group 2015 $'000
Revenue	5	176,790	139,288
Other gains	6	1,307	801
Raw materials and consumables used		(114,309)	(72,987)
Employee benefits expense	7	(18,435)	(18,893)
Depreciation and amortisation expense		(4,230)	(2,564)
Other losses	6	(680)	(1,565)
Finance costs	8	(2,038)	(1,407)
Other expenses	9	(30,200)	(32,242)
Profit before tax from continuing operations		8,205	10,431
Income tax expense	10	(1,737)	(2,086)
Profit from continuing operations, net of tax		6,468	8,345
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(144)	(287)
Other comprehensive income for the year, net of tax:		(144)	(287)
Total comprehensive income		6,324	8,058
Profit attributable to owners of the parent, net of tax		6,463	8,345
Profit attributable to non-controlling interests, net of tax		5	–
Profit net of tax		6,468	8,345
Total comprehensive income attributable to owners of the parent		6,319	8,058
Total comprehensive income attributable to Non-controlling interests		5	–
Total comprehensive income		6,324	8,058
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic & diluted	12	1.15	1.70
Total		1.15	1.70

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Notes	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	33,256	32,374	–	–
Intangible assets	16	807	–	–	–
Investment in subsidiaries	14	–	–	12,002	10,210
Investments in associates	15	2	2	–	–
Deferred tax assets	10	125	146	–	–
Other financial assets		30	30	–	–
Other assets (land use rights)	17	5,540	5,759	–	–
Total non-current assets		39,760	38,311	12,002	10,210
Current assets					
Inventories	18	59,644	60,470	–	–
Trade and other receivables	19	1,968	2,262	28,581	14,708
Other assets (land use rights)	17	219	219	–	–
Other assets	20	6,164	5,857	77	149
Cash and cash equivalents	21	27,488	34,026	7,596	22,111
Total current assets		95,483	102,834	36,254	36,968
Total assets		135,243	141,145	48,256	47,178
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	42,399	42,399	42,399	42,399
Retained earnings		11,986	8,336	4,748	3,320
Other reserves	22	(954)	(810)	–	–
Equity attributable to owners of the Company		53,431	49,925	47,147	45,719
Non-controlling interest		320	–	–	–
Total equity		53,751	49,925	47,147	45,719
Non-current liabilities					
Deferred tax liabilities	10	126	160	–	–
Other financial liabilities	23	33,296	37,978	–	–
Other liabilities	25	919	1,015	–	–
Total non-current liabilities		34,341	39,153	–	–
Current liabilities					
Income tax payable		2,230	1,839	44	11
Trade and other payables	24	18,433	15,930	1,065	1,448
Other financial liabilities	23	23,832	33,507	–	–
Other liabilities	25	2,656	791	–	–
Total current liabilities		47,151	52,067	1,109	1,459
Total liabilities		81,492	91,220	1,109	1,459
Total equity and liabilities		135,243	141,145	48,256	47,178

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2016

Group:	Total Equity $'000	Attributable to parent sub-total $'000	Share Capital $'000	Retained earnings $'000	Other reserves $'000	Non-Controlling interests $'000
Current year:						
Opening balance at 1 January 2016	49,925	49,925	42,399	8,336	(810)	–
Movements in equity:						
Total comprehensive income for the year	6,324	6,319	–	6,463	(144)	5
Dividends paid (Note 11)	(2,813)	(2,813)	–	(2,813)	–	–
Acquisition of subsidiary (Note 26)	315	–	–	–	–	315
Closing balance at 31 December 2016	53,751	53,431	42,399	11,986	(954)	320
Previous year						
Opening balance at 1 January 2015	29,740	29,740	1,572	28,691	(523)	–
Movements in equity:						
Dividends paid (Note 11)	(20,000)	(20,000)	–	(20,000)	–	–
Total comprehensive income for the year	8,058	8,058	–	8,345	(287)	–
Foreign exchange adjustment	(523)	(523)	–	(523)	–	–
Shares swap pursuant to the restructuring exercise (Note 22)	(9,749)	(9,749)	(1,572)	(8,177)	–	–
Issue of shares pursuant to the acquisition of subsidiaries as part of the restructuring (Note 22)	9,749	9,749	9,749	–	–	–
New shares issued pursuant to the initial public offering ("IPO") (Note 22)	33,750	33,750	33,750	–	–	–
Listing expenses taken to equity (Note 22)	(1,100)	(1,100)	(1,100)	–	–	–
Closing balance at 31 December 2015	49,925	49,925	42,399	8,336	(810)	–

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2016

Company	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2016	45,719	42,399	3,320
Movements in equity:			
Total comprehensive income for the period	4,241	–	4,241
Dividend paid (Note 11)	(2,813)	–	(2,813)
Closing balance at 31 December 2016	47,147	42,399	4,748
Previous year:			
Opening balance at 1 January 2015	(6)	–+	(6)
Movements in equity:			
Total comprehensive income for the period	3,326	–	3,326
Issue of shares pursuant to the acquisition of subsidiaries as part of the restructuring exercise (Note 22)	9,749	9,749	–
New shares issued pursuant to the IPO (Note 22)	33,750	33,750	–
Listing expenses taken to equity (Note 22)	(1,100)	(1,100)	–
Closing balance at 31 December 2015	45,719	42,399	3,320

+ Amount less than S$1,000.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED
STATEMENT OF CASH FLOWS
Year Ended 31 December 2016

	Group	
	2016	2015
	$'000	$'000
Cash flows from operating activities		
Profit before tax	8,205	10,431
Adjustment for:		
Depreciation of property, plant and equipment	3,980	2,527
Amortisation of land use rights	219	37
Amortisation of other intangible asset	31	–
Interest expense	2,038	1,407
Interest income	(277)	(100)
Loss on disposal of plant and equipment	39	146
Net effect of exchange rate changes in consolidating foreign subsidiaries	(39)	(136)
Operating cash flows before changes in working capital	14,196	14,312
Inventories	826	(8,649)
Trade and other receivables	294	163
Other assets	(307)	(46)
Trade and other payables	2,503	(8,292)
Other liabilities	1,711	(435)
Net cash flows from (used in) operations	19,223	(2,947)
Income taxes paid	(1,622)	(2,546)
Net cash flows from (used in) operating activities	17,601	(5,493)
Cash flows from investing activities		
Disposal of plant and equipment	87	55
Purchase of other financial assets	–	(30)
Purchase of property, plant and equipment (Note 13 and 21A)	(4,838)	(23,686)
Acquisition of a subsidiary (Note 26)	(300)	–
Interest received	277	100
Net cash flows used in investing activities	(4,774)	(23,561)
Cash flows from financing activities		
(Decrease) increase from new borrowings	(13,055)	30,123
Increase (decrease) in other financial liabilities	1,122	(3,159)
Finance lease repayments (Note 21A)	(49)	(52)
Net movements in amounts due to directors	(2,532)	16,576
Proceeds from issuance of shares pursuant to the IPO; net of listing expense taken to equity (Note 22)	–	32,650
Interest paid	(2,038)	(1,593)
Dividends paid	(2,813)	(20,000)
Net cash flows (used in) from financing activities	(19,365)	54,545
Net (decrease) increase in cash and cash equivalents	(6,538)	25,491
Cash and cash equivalents, statement of cash flows, beginning balance	34,026	8,535
Cash and cash equivalents, statement of cash flows, ending balance (Note 21)	27,488	34,026

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as "Parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activity of the Company is that of investment holding.

The Company is listed on the Catalist which is a shares market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

The registered office is: 7 Changi Business Park Vista, #01-01, Singapore 486042. The company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity’s separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

The equity accounted financial statements are only presented as required by FRS 28 Investments in Associates and Joint Ventures, where the associate is significant.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

There was no gain on bargain purchase during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised on a time-proportion basis using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	-	Over the remaining lease terms of 329 months
Renovations	-	Over lease term of 3 to 5 years
Plant and Equipment	-	20% to 100%

Property under construction is not depreciated as the asset is not yet available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is revised at least each end of the reporting year end, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligations for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 25 on non-current provisions.

Land use rights

Following initial recognition, land use right is measured at cost less accumulated amortisation and accumulated impairment losses. The land use right is amortised over the lease term of 329 months.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts are shown in Note 13.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories is disclosed in Note 18.

Impairment of loans and receivables:

The Group assesses at the end of each financial period whether there is any objective evidence that a financial asset is impaired. This determination requires the Company to consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amounts of the loans and receivables at the end of the reporting year are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling parties are Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.

3A. Members of a group:

Name	Relationship	Country of incorporation
Soo Kee Capital Pte Ltd	Parent	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

Intragroup transactions and balances that have been eliminated in these combined financial statements are not disclosed as related party transactions and balances below.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees, no interest or charge is imposed unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

3. Related party relationships and transactions (cont'd)

3B. Related party transactions (cont'd):

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Related parties	
	2016 $'000	**2015 $'000**
Revenue	1,370	55
Purchase of goods	5	–
Rental income	192	184
Rental expense	–	(264)
Central support service income	199	194

	Directors	
	2016 $'000	**2015 $'000**
Interest expense	(732)	(491)
Purchase of plant and equipment	–	(90)
Rental expense	(324)	(320)

The related parties and the Group have common directors who have significant influence.

3C. Key management compensation:

	2016 $'000	**2015 $'000**
Salaries and other short-term employee benefits	2,458	1,636

The above amounts are included under employee benefits expenses. Included in the above amounts are the following items:

	2016 $'000	**2015 $'000**
Remuneration of directors of the company	1,222	1,085
Fees to directors of the company	465	233

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Other related parties	
	2016 **$'000**	**2015** **$'000**
Other receivables:		
Balance at beginning of the year	36	13
Amounts paid out and settlement of liabilities on behalf of other related parties	–	473
Amounts paid in and settlement of liabilities on behalf of the company	(36)	(450)
Balance at end of the year (Note 19)	–	36

	Directors	
	2016 **$'000**	**2015** **$'000**
Other payables:		
Balance at beginning of year	(17,100)	(8,367)
Amounts paid out and settlement of liabilities on behalf of Directors	–	8,367
Interest expense	(732)	(491)
Directors' loans	–	(18,270)
Repayments	3,264	1,661
Balance at end of the year (Note 23)	(14,568)	(17,100)

3E. Commitments and contingencies:

Bank loans of $41,127,156 (2015: $23,549,000) to subsidiaries are guaranteed by the company. The loans are repayable by January 2034. No charge is made for the financial guarantee.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management monitoring and financial purposes, the group is organised into two major operating segments, namely:

i) Retail and trading of jewellery; and

ii) Retail and trading of bullion products.

Other operations include provision of other support services.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

Inter-segment revenues are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly provision for taxation, deferred tax liabilities and deferred tax assets.

Capital expenditure comprises additions to plant and equipment.

For FY2015, the Group operates predominantly in only one business segment, which is the retail and trading of jewellery business segment. Accordingly, no segment information is presented based on profit or loss as it is not meaningful.

4B. Profit or loss from continuing operations and reconciliations

	Jewellery S$'000	Bullion S$'000	Elimination S$'000	Group S$'000
Continuing operations 2016				
Revenue by segment				
Revenues from external customers	134,160	42,630	–	176,790
Inter-segment revenues	35,191	1,404	(36,595)	–
Total revenue	169,351	44,034	(36,595)	176,790
Results				
Segment results	10,228	15	–	10,243
Finance costs	(2,038)	–	–	(2,038)
Profit before tax from continuing operations	8,190	15	–	8,205
Income tax expense	(1,737)	–	–	(1,737)
Profit from continuing operations	6,453	15	–	6,468

4C. Assets and reconciliations

	Jewellery S$'000	Bullion S$'000	Group S$'000
2016			
Total assets for reportable segments	125,728	9,515	135,243

4D. Liabilities and reconciliations

	Jewellery S$'000	Bullion S$'000	Group S$'000
2016			
Total Liabilities for reportable segments	75,814	5,678	81,492
Capital expenditure	4,715	281	4,996
Depreciation and amortisation	4,210	20	4,230
Inventories write down	27	–	27
Loss on disposal of plant and equipment, net	(39)	–	(39)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

4. Financial information by operating segments (cont'd)

4E. Geographical information

	Revenue		Non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	159,765	122,759	39,029	37,295
Malaysia	17,025	16,529	606	870
Total	176,790	139,288	39,635	38,165

Revenues are attributable 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 assets.

4F. Information about major customers

There are no customers with revenue transactions of over 10% of the group revenue.

5. Revenue

	Group	
	2016 $'000	2015 $'000
Sale of goods	176,513	139,188
Interest income	277	100
Total	176,790	139,288

6. Other gains and (other losses)

	Group	
	2016 $'000	2015 $'000
Central support service income	199	194
Foreign exchange adjustments losses	(614)	(1,419)
Government grants	802	306
Inventories written down	(27)	–
Loss on disposal of plant and equipment, net	(39)	(146)
Rental income (Note 29)	244	192
Miscellaneous income	62	109
Net	627	(764)
Presented in profit or loss as:		
Other gains	1,307	801
Other losses	(680)	(1,565)
Net	627	(764)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

7. Employee benefits expense

	Group	
	2016 $'000	2015 $'000
Short term employee benefits expense	16,875	17,287
Contributions to defined contribution plan	1,560	1,606
Total employee benefits expense	18,435	18,893

8. Finance costs

	Group	
	2016 $'000	2015 $'000
Interest expense	2,038	1,593
Less: Amounts included in the cost qualifying assets	–	(186)
Total finance costs	2,038	1,407

9. Other expenses

The major components and other selected components include the following:

	2016 $'000	2015 $'000
IPO related expenses	–	1,321
Rental expenses (Note 28)	20,780	21,655

	2016 $'000	2015 $'000
Audit fees to the independent auditor of the company	166	158
Audit fees to the other independent auditor	28	30
Other fees to the independent auditor of the company	35	35
Other fees to the other independent auditor	38	16
Other fees to the independent auditor of the company, in connection with the IPO during the reporting year	–	255
Other fees to the other independent auditor in connection with the IPO during the reporting year	–	22

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2016

10. Income tax

10A. Components of tax expense (income) recognised in profit or loss include:

	2016 $'000	2015 $'000
Current tax expense:		
Current tax expense	1,884	2,303
(Over) Under adjustments in respect of prior periods	(134)	(195)
Sub-total	1,750	2,108
Deferred tax expense:		
Deferred tax (income) expense	15	21
Over adjustments in respect of prior periods	(28)	(43)
Subtotal	(13)	(22)
Total income tax expense	1,737	2,086

10A. Components of tax expense recognised in profit or loss include:

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2015: 17.0%) to profit or loss before income tax as a result of the following differences:

	2016 $'000	2015 $'000
Profit before tax	8,205	10,431
Income tax expense at the above rate	1,395	1,773
Not deductible items	587	762
Tax exemptions	(138)	(112)
Enhanced allowance	(30)	(180)
Over adjustments in tax in respect of prior periods	(162)	(238)
Effect of different tax rate in different countries	56	81
Other minor items less than 3% each	29	–
Total income tax expense	1,737	2,086

There are no income tax consequences of dividends to owners of the company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

10. Income tax (cont'd)

10B. Deferred tax expense recognised in profit or loss include:

	2016 $'000	2015 $'000
Excess of tax value over net book value of plant and equipment	(62)	18
Excess of book value of plant and equipment over tax values	47	(3)
Provisions	38	(47)
Tax loss carryforwards	2	7
Others	(12)	3
Total deferred income tax expense recognised in profit or loss	13	(22)

10C. Deferred tax balance in the statement of financial position:

	2016 $'000	2015 $'000
Deferred tax assets (liabilities) recognised in profit or loss:		
Excess of tax value over net book value of plant and equipment	–	62
Excess of book value of plant and equipment over tax values	(110)	(157)
Provisions	115	77
Tax loss carryforwards	9	7
Others	(15)	(3)
Net balance	(1)	(14)

Presented in the statement of financial position as follows:

	2016 $'000	2015 $'000
Deferred tax assets	125	146
Deferred tax liabilities	(126)	(160)
Net balance	(1)	(14)

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

11. Dividends on equity shares

	Rate per share (cents)			
	2016 $	2015 $	2016 $'000	2015 $'000
Interim exempt (1-tier) dividend paid	–	0.50	–	20,000
Final tax exempt (1-tier) dividend paid	0.50	–	2,813	–
Total dividends paid in the year [(a)]			2,813	20,000

[(a)] The dividends have been declared by the subsidiaries to its existing shareholders prior to the restructuring exercise.

In respect of the current reporting year, the directors propose that a final dividend of 0.50 cents per share with a total of $2,812,500 be paid to shareholders after the annual general meeting to be held on 24 April 2017. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	2016 $'000	2015 $'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	6,463	8,345
B. Total basic and diluted earnings	6,463	8,345
C. Denominators: weighted average number of equity shares	**No: '000**	**No: '000**
D. Basic and diluted	562,500	491,301

The weighted average number of equity shares refers to shares in outstanding during the reporting period.

The weighted average number of equity shares in 2015 has been adjusted for the issuance of new ordinary shares and the sub-division of shares prior to the Listing as set out in Note 22.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. Both basic and diluted earnings per share are the same as there were no dilutive potential ordinary shares outstanding during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

13. Property, plant and equipment

	Leasehold property $'000	Property under construction $'000	Renovations $'000	Plant and equipment $'000	Total $'000
Cost:					
At 1 January 2015	–	7,774	8,734	5,723	22,231
Additions	–	19,568	928	3,604	24,100
Disposals	–	–	(1,046)	(1,216)	(2,262)
Transfer	27,342	(27,342)	–	–	–
Translation adjustment	–	–	(437)	(66)	(503)
At 31 December 2015	27,342	–	8,179	8,045	43,566
Additions	795	–	1,283	2,918	4,996
Disposals	–	–	(1,152)	(814)	(1,966)
Translation adjustment	–	–	(63)	(17)	(80)
At 31 December 2016	28,137	–	8,247	10,132	46,516
Accumulated depreciation:					
At 1 January 2015	–	–	6,546	4,555	11,101
Depreciation for the year	179	–	1,405	943	2,527
Disposals	–	–	(911)	(1,150)	(2,061)
Translation adjustment	–	–	(328)	(47)	(375)
At 31 December 2015	179	–	6,712	4,301	11,192
Depreciation for the year	1,116	–	1,146	1,718	3,980
Disposals	–	–	(1,134)	(706)	(1,840)
Translation adjustment	–	–	(58)	(14)	(72)
At 31 December 2016	1,295	–	6,666	5,299	13,260
Net book value:					
At 1 January 2015	–	7,774	2,188	1,168	11,130
At 31 December 2015	27,163	–	1,467	3,744	32,374
At 31 December 2016	26,842	–	1,581	4,833	33,256

Certain items are under finance lease agreements. (See Note 23).

Borrowing costs included in the cost of qualifying assets are as follows:

	2016	2015
Capitalisation rates	1.45% to 2.35%	1.45% to 2.35%
	$'000	$'000
Borrowing costs capitalised included in additions during the year	–	186
Accumulated interest capitalised included in the cost total	300	300

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

14. Investment in subsidiaries

	Company 2016 $'000	Company 2015 $'000
Movements during the year:		
Balance at beginning of the year	10,210	–
Addition	1,500	–
Acquisition of subsidiaries pursuant to the restructuring exercise (Note 22)	–	9,749
Acquisition of additional share capital issued by subsidiaries	292	461
Cost at the end of the year	12,002	10,210
Total cost comprising:		
Unquoted equity shares at cost	12,002	10,210
Analysis of above amount denominated in non-functional currency:		
Ringgit Malaysia	3,547	6,639
Hong Kong Dollar	(23)	(16)

The listing of and information on the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditor	Cost in books of company 2016 $'000	Cost in books of company 2015 $'000	Percentage of equity held by the group 2016 %	Percentage of equity held by the group 2015 %
SKJ Group Pte Ltd [(a)] Singapore Retail sale of jewellery, watches and luxury goods	2,853	2,853	100	100
SK Jewellery Pte Ltd [(a)] Singapore Retail sale of jewellery, watches and luxury goods	3,821	3,529	100	100
Love & Co Pte Ltd [(a)] Singapore Retail sale of jewellery, watches and luxury goods	1,322	1,322	100	100
SK Bullion Pte Ltd [(a)] (acquired on 19 April 2016) Singapore Wholesale and retail sales of bullion products	1,500	–	70	–
Institution of Advanced Gemology Pte Ltd [(b)] Singapore Dormant	–+	–+	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

14. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditor	Cost in book company		Percentage of equity held by the group	
	2016 $'000	2015 $'000	2016 %	2015 %
SK Jewellery Sdn Bhd [(c)] Malaysia Retail sale of jewellery, watches and luxury goods	888	888	100	100
Love & Co Sdn Bhd [(c)] Malaysia Retail sale of jewellery, watches and luxury goods	1,618	1,618	100	100
SK Jewellery (Hong Kong) Ltd [(b)] Hong Kong Logistics and distribution management	–+	–+	100	100

Note: + Amount less than S$1,000
(a) Audited by RSM Chio Lim LLP in Singapore, a member firm of RSM International.
(b) Not audited as it was dormant and inactive.
(c) Audited by RSM Malaysia, a member of RSM International of which RSM Chio Lim LLP in Singapore is a member.

15. Investments in associate

	Group	
	2016 $'000	2015 $'000
Movements in carrying value:		
Balance at beginning and end of the year	2	2

Name of associate, country of incorporation, place of operations and principal activities and (independent auditor)	Cost in book group		Percentage of equity held by the group	
	2016 $'000	2015 $'000	2016 %	2015 %
Held by SKJ Group Pte. Ltd.				
Jewelfest Pte. Ltd. [(a)(b)] Singapore Business of events organisers and jewellery (K Y Chik & Associates. Singapore)	2	2	20	20

(a) Not equity accounted as it is not material.
(b) Other independent auditors. Audited by firms of accountants other than members firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name is indicated above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

15. Investments in associate (cont'd)

The associate is considered not material to the reporting entity. The summarised financial information of the non-material associate and the aggregate amount (and not the reporting entity's share of those amount) based on the financial statements of the associate is as follows:

	2016 $	2015 $
Aggregate for the non-material associate:		
Loss for the year	(93,937)	(10,585)
Net liabilities of the associate	(56,156)	(68,444)

16. Intangible assets

	Group	
	2016 $'000	2015 $'000
Goodwill (Note 16A)	747	–
Other intangible asset (Note 16B)	60	–
Total	807	–

16A. Goodwill

	Group	
	2016 $'000	2015 $'000
Cost:		
Balance at beginning of the year	–	–
Arising from acquisition of subsidiary (Note 26)	747	–
Balance at end of the year	747	–

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The CGU represents the group's investment in SK Bullion Pte. Ltd.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use method.

No impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their recoverable amount.

The value in use was measured by a firm of independent financial advisers. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

SK Bullion Pte Ltd

Valuation techniques and Unobservable inputs

Discounted cash flow method	31 December 2016
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU.	12.6%
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	0.7% to 0.8%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	3 years

Management forecasts the terminal growth rates at 0%.

Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

Actual outcomes could vary from these estimates. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 5% less favourable than management's estimates, the recoverable amount is still greater than the carrying value of the goodwill and no impairment for goodwill will be required.

16B. Other intangible asset

Group:	Customer lists	Total
	$'000	$'000
Cost:		
At 1 January 2016	–	–
Additions through business combination (Note 26)	91	91
At 31 December 2016	91	91
Accumulated amortisation:		
At 1 January 2016	–	–
Amortisation for the year	31	31
At 31 December 2016	31	31
Net Book Value:		
At 31 December 2016	60	60

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

17. Other assets (land use rights)

	Group	
	2016 $'000	2015 $'000
Costs:		
At beginning of the year	6,015	6,015
Additions	–	–
At the end of the year	6,015	6,015
Accumulated amortisation:		
At beginning of the year	37	–
Amortisation for the year included under depreciation and amortisation expense	219	37
At the end of the year	256	37
Balance to be amortised:		
Not later than one year	219	219
Later than one year and not later than five years	878	878
Later than five years	4,662	4,881
	5,759	5,978

On 1 April 2013, a wholly owned subsidiary was given a license (i.e. land use rights) to develop and use the land for their office building located at Changi Business Park. The period for the rights to use the land is 30 years. The entire premium of S$6,014,557 was paid in advance in 2013.

The land use rights is amortised over the remaining lease period of 329 months commencing November 2015 (upon the completion of the office building) on the straight line method.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

18. Inventories

	Group 2016 $'000	Group 2015 $'000
Finished goods	57,300	57,340
Raw materials	2,344	3,130
	59,644	60,470
Inventories are stated after allowance. Movement in allowance:		
Balance at beginning of the year	181	181
Charged to profit or loss included in raw materials and consumables used	417	–
Balance at end of the year	598	181

There are no inventories pledged as security for liabilities.

	Group 2016 $'000	Group 2015 $'000
Raw materials and consumables used	114,269	81,451
Changes in inventories of finished goods decrease (increase)	40	(8,464)

19. Trade and other receivables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables:				
Outside parties	1,803	1,856	–	–
Net trade receivables – subtotal	1,803	1,856	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	28,581	14,708
Related parties (Note 3)	–	36	–	–
Other receivables	165	370	–	–
Net other receivables – subtotal	165	406	28,581	14,708
Total trade and other receivables	1,968	2,262	28,581	14,708

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

20. Other assets

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deposits to secure services	5,192	5,193	–	–
Prepayments	972	664	77	149
	6,164	5,857	77	149

21. Cash and cash equivalents

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not restricted in use	27,488	34,026	7,596	22,111

The interest earning balances are not significant.

21A. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of S$100,000 (2015: S$228,000) acquired by means of finance leases.

22. Share capital

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2015 [(a)]	1,572	1,572
Share swap pursuant to the restructuring exercise	(1,572)	(1,572)
Issue of shares pursuant to the acquisition of subsidiaries as part of the restructuring [(b)]	9,749	9,749
	9,749	9,749
After the sub-division of shares [(c)]	440,251	–
New shares issued pursuant to the initial public offering ("IPO") [(d)]	112,500	33,750
Listing expenses taken to equity [(e)]	–	(1,100)
Balance at end of the year 31 December 2015 and 2016	562,500	42,399

(a) The share capital represents combined capital of the subsidiaries prior to the restructuring exercise.

(b) On 30 June 2015, pursuant to the acquisition of its subsidiaries at net asset values (NAV) as at 31 December 2014 as part of the restructuring exercise. The company paid an aggregate purchase consideration of S$9,749,117 to the ex-shareholders of the subsidiaries and their nominee, which was satisfied by the allotment and issuance of 9,749,117 ordinary shares of no par value in the capital of the company for S$9,749,117.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

22. Share capital (cont'd)

(c) On 29 July 2015, the shareholders approved, *inter alia*, the sub-division of the entire share capital of the company from 9,749,217 shares to 450,000,000 shares.

(d) On 20 August 2015, pursuant to the IPO of the company, 112,500,000 new ordinary shares of no par value were issued to the public for cash at S$0.30 per share, or an aggregate consideration of S$33,750,000. All new ordinary shares were fully subscribed and paid.

(e) The IPO related expenses totalled S$2,421,000, of which S$1,110,000 was taken to equity and S$1,321,000 was charged to profit or loss (Note 9).

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

	2016 $'000	2015 $'000
Net debt:		
All current and non-current borrowings including finance leases	57,128	71,485
Less cash and cash equivalents	(27,488)	(34,026)
Net debt	29,640	37,459
Capital:		
Total equity	53,751	49,925
Debt-to-capital ratio	55.1%	75.0%

The favourable change as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily due to repayment of debts.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

23. Other financial liabilities

	Group	
	2016 $'000	2015 $'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 23A)	22,335	24,330
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 23B)	10,781	13,500
Finance leases (Note 23D)	180	148
Total non-current portion	33,296	37,978
Current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 23A)	18,792	29,850
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 23B)	3,787	3,600
Loan from non-controlling interests (unsecured) (Note 23C)	1,200	–
Finance leases (Note 23D)	53	57
Total current portion	23,832	33,507
Total non-current and current	57,128	71,485

	Group	
	2016 $'000	2015 $'000
The non-current portion is repayable as follows:		
Due within 2 to 5 years	16,482	20,640
After 5 years	16,814	17,338
	33,296	37,978

The range of floating rate interest rates paid was as follows:

	Group	
	2016 %	2015 %
Bank loans (secured)	1.97% - 3.37%	1.46% - 3.52%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

23. Other financial liabilities (cont'd)

23A. Bank loans (secured)

	Group	
	2016 **$'000**	**2015** **$'000**
Short term loans	18,596	29,921
Term loan A	3,884	4,080
Term loan B	18,647	19,498
Term loan C	–	681
	41,127	54,180

(i) Short term loans are revolving short term bank loan maturing in 2017. The loans are secured by corporate guarantees from the Company.

(ii) Term loan A is repayable by 240 equal monthly instalments from July 2013. The loan was used to finance the acquisition of a land use right (Note 17). Refer to part (iii) for security.

(iii) Term loan B is used to finance the construction of a building (Note 13) on the land indicated in (ii). It is repayable by equal monthly instalments upon the issuance of temporary occupancy permit for the building in September 2015. In 2014, as part of the revised agreement with the bank, term loans A and B, were collectively secured by a legal mortgage and assignment of rental proceeds over the land and building (the "property") of the group (upon completion of construction) and a corporate guarantee from the Company.

(iv) Term loan C is repayable by 36 monthly instalments commencing December 2013. The loans are secured by corporate guarantees from the Company.

The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

23B. Directors' loans

	Group	
	2016 **$'000**	**2015** **$'000**
Movements during the year:		
Balance at beginning of the year	17,100	–
Additions at cost	–	18,270
Interest charged	732	491
Repayment	(3,264)	(1,661)
Balance at end of the year	14,568	17,100

The loan payable agreement provides that it is unsecured, with fixed interest of 4.65% (2015: 4.65%) per annum and is expected to be settled by equal quarterly instalments over 5 years from December 2015. The loan is carried at amortised cost using the effective interest method over 5 years. The carrying amount is a reasonable approximation of fair value (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

23. Other financial liabilities (cont'd)

23C. Loan from non-controlling interests

	Group	
	2016 $'000	2015 $'000
Movements during the year:		
Balance at beginning of the year	–	–
Additions at cost	1,200	–
Balance at end of the year	1,200	–

The loan payable agreement provides that it is unsecured, with zero rate of interest and repayable within one year. The carrying amount is a reasonable approximation of fair value (Level 3).

23D. Finance leases

2016	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	62	(9)	53
Due within 2 to 5 years	192	(12)	180
Total	254	(21)	233
Net book value of plant and equipment under finance leases			646

2015	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	63	(6)	57
Due within 2 to 5 years	164	(16)	148
Total	227	(22)	205
Net book value of plant and equipment under finance leases			400

There are leases for certain of its plant and equipment under finance leases. The average lease term is 2 to 5 years. The range of interest for finance lease is about 2.43% - 4.4% (2015: 2.43% - 4.48%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets

The carrying amounts of the lease liabilities approximate the fair value (Level 2).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

24. Trade and other payables

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables:				
Outside parties and accrued liabilities	15,345	15,235	541	953
Trade payables – subtotal	15,345	15,235	541	953
Other payables:				
Outside parties	2,588	695	24	495
Contingent consideration (Note 26)	500	–	500	–
Other payables – subtotal	3,088	695	524	495
Total trade and other payables	18,433	15,930	1,065	1,448

25. Other liabilities

	Group	
	2016 $'000	2015 $'000
Other liabilities, non-current:		
Deferred rent	123	170
Provision for restoration costs (1)	796	845
Total	919	1,015
Other liabilities, current:		
Deposits	2,656	791
Total	3,575	1,806
Movements in provision for restoration cost:		
At beginning of the year	845	883
Additions	58	48
Used	(105)	(94)
Foreign exchange adjustments	(2)	8
At end of the year	796	845

(1) The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased property. The estimate is based on quotations from external contractor. The unexpired term ranges from 1 to 5 years. The unwinding of discount is not significant.

26. Acquisition of subsidiary

Acquisition of SK Bullion Pte. Ltd.

On 19 April 2016, the Group acquired 70% in SK Bullion Pte. Ltd. for a total consideration of $800,000 and from that date the Group gained control. It became a subsidiary (also see Note 14 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

Management has since finalised the purchase price allocation exercise and indentified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

26. Acquisition of subsidiary (cont'd)

The consideration transferred is as follows:

	2016 $'000
Cash paid (Net cash outflow)	300
Contingent consideration #a	500
Total consideration transferred	800

#a. This is for the contingent consideration arrangements with the vendor. Should the aggregated net profit after tax of SK Bullion Pte Ltd exceed $1,200,000 at anytime within 3 financial years from the completion date the additional payment expected is $500,000 (undiscounted). The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period of not more than twelve months about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss. No adjustment is required for contingent consideration classified as equity.

Management has since finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

	Fair values used 2016 $'000
Net assets acquired:	
Customer lists	91
Deferred tax	(15)
Net assets	76

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows

	2016 $'000
Consideration transferred (see above table)	800
Non-controlling interests at fair value	23
Fair value of identifiable net assets acquired	(76)
Goodwill arising on acquisition	747

The non-controlling interests of 30 % in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2016 and for the reporting year 2016 $'000
Revenue	44,034
Profit before tax	15

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

27. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Commitments to purchase of property, plant and equipment	2,282	3,163

28. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	13,450	16,852
Later than one year and not later than five years	10,273	14,616
Rental expense for the year	20,780	21,655
Contingent rents recognised as expense	1,040	1,075

Operating lease payments are for rentals payable for warehouse, office and retail outlets. The lease terms are for an average of one to five years, contain an escalation clause and does not provide for contingent rentals based on a percentage of sales derived. Contingent rental is not included here as it is currently not determinable. The directors of the company, provided joint and several personal guarantees for certain leases granted to SK Jewellery Sdn. Bhd. and Love & Co. Sdn. Bhd. amounting to S$Nil (2015: S$1,895,000).

29. Operating lease payment commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	200	160
Rental income for the year	244	192

Operating lease income commitments are for a office. The lease rental income terms are negotiated for an average term of one year and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

30. Financial instruments: information on financial risks

30A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assets:				
Cash and cash equivalents	27,488	34,026	7,596	22,111
Loan and receivables	1,968	2,262	28,581	14,708
At end of the year	29,456	36,288	36,177	36,819
Financial liabilities:				
Trade and other payables measured at amortised cost	18,433	15,930	1,065	1,448
Other financial liabilities measured at amortised costs	57,128	71,485	–	–
At end of the year	75,561	87,415	1,065	1,448

Further quantitative disclosures are included throughout these financial statements.

30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief financial officer who monitors the procedures reports to the board.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2016

30. Financial instruments: information on financial risks (cont'd)

30C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

30D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers.

Due to the nature of the business, all trade receivables as at end of the reporting years are aged less than 30 days. The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Note 21 discloses the maturity of the cash and cash equivalents balances.

There are no receivables that are past due or impaired at the end of the reporting year.

Other receivables are normally with no fixed terms and therefore there is no maturity.

30E Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

Non-derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2016:					
Gross borrowings commitments	24,447	11,343	5,838	16,991	58,619
Gross finance lease obligations	62	124	68	–	254
Trade and other payables	18,433	–	–	–	18,433
At end of year	42,942	11,467	5,906	16,991	77,306

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

30. Financial instruments: information on financial risks (cont'd)

30E Liquidity risk – financial liabilities maturity analysis (cont'd)

Non–derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2015:					
Gross borrowings commitments	35,470	14,483	10,523	25,965	86,441
Gross finance lease obligations	63	105	59	–	227
Trade and other payables	15,930	–	–	–	15,930
At end of year	51,463	14,588	10,582	25,965	102,598

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 120 days (2015: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be are available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2016:					
Financial guarantee contracts – in favour of subsidiaries (Note 3)	18,726	3,261	2,261	16,879	41,127
2015:					
Financial guarantee contracts – in favour of a subsidiary (Note 3)	1,184	2,235	2,091	18,069	23,579

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

30. Financial instruments: information on financial risks (cont'd)

30E Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank Facilities:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Bankers' guarantees in favour of landlord	840	978	–	–
Bankers' guarantees in favour of subsidiaries	41,127	23,579	41,127	23,579
Undrawn borrowing facilities	6,593	11,495	–	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

30F Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group	
	2016 $'000	2015 $'000
Financial liabilities with interest:		
Fixed rate	14,801	17,305
Floating rate	41,127	54,180
Total at end of the year	55,928	71,485

The floating rate debt instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2016 $'000	2015 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an impact in pre-tax profit for the reporting year by	411	542

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

30. Financial instruments: information on financial risks (cont'd)

30G Foreign currency risks

Analysis of amounts denominated in non-functional currency.

2016	US Dollar $'000	Japanese Yen $'000	Chinese RMB $'000	Hong Kong Dollar $'000	Total $'000
Financial liabilities:					
Trade and other payables	7,933	356	1,246	336	9,871
Total financial liabilities	7,933	356	1,246	336	9,871
2015					
Financial liabilities:					
Trade and other payables	5,783	290	719	647	7,439
Total financial liabilities	5,783	290	719	647	7,439

There is exposure to foreign currency risk as part of its normal business.

Sensitvity analysis:

	Group 2016 $'000	Group 2015 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US Dollar with all other variables held constant would have a favourable effect on post-tax profit of	793	578
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Japanese Yen with all other variables held constant would have a favourable effect on post-tax profit of	36	29
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Chinese RMB with all other variables held constant would have a favourable effect on post-tax profit of	125	72
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Hong Kong Dollar with all other variables held constant would have a favourable effect on post-tax profit of	34	65

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2016

30. Financial instruments: information on financial risks (cont'd)

30G Foreign currency risks (cont'd)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

31. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

NOTES TO THE FINANCIAL STATEMENTS
31 December 2016

32. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year except as disclosed below for the material adjustments from the known or reasonably estimate information relevant to assessing the possible impact that application of the new or revised FRSs will have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

FRS 116 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that FRS 116 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Singapore-incorporated companies listed on the Singapore Exchange will be required to comply with new financial reporting standards (to be issued by the Singapore Accounting Standards Council) as identical to the International Financial Reporting Standards for reporting year beginning on after 1 January 2018. Comparative figures are required. The management anticipate that new financial reporting standards will be adopted in the financial statements when they become mandatory. The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2017

Number of shares issued	:	562,500,000
Class of shares	:	Ordinary shares
Voting rights	:	By poll : 1 vote for each ordinary share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	--	--	--	--
100 – 1,000	116	7.61	108,300	0.02
1,001 – 10,000	858	56.30	4,786,100	0.85
10,001 – 1,000,000	529	34.71	46,944,000	8.35
1,000,001 and above	21	1.38	510,661,600	90.78
Total	1,524	100.00	562,500,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 15 March 2017, approximately 18.28% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Soo Kee Capital Pte Ltd	319,496,765	56.80
2	Lim Yong Guan	66,556,653	11.83
3	Lim Yong Sheng	57,421,427	10.21
4	CIMB Securities (Singapore) Pte Ltd	17,754,600	3.16
5	Phillip Securities Pte Ltd	8,918,700	1.59
6	Lim Liang Eng	6,525,155	1.16
7	Lim Hock Chee	3,449,600	0.61
8	Equigold Pte Ltd	3,311,600	0.59
9	Tan Yong Jin	2,922,100	0.52
10	Tuah Pei Koon	2,829,000	0.50
11	Lim Lai Hiang Delphine	2,800,000	0.50
12	Chan Kian Kuan	2,360,000	0.42
13	Tan Yang Hong	2,153,000	0.38
14	Lim Liang Soh	2,138,000	0.38
15	Lim Liang Cheng	2,138,000	0.38
16	Lim Liang Keng	2,138,000	0.38
17	Kang Puay Seng	1,940,000	0.34
18	Lew Tuan Tat	1,800,000	0.32
19	Gay Soon Watt	1,403,700	0.25
20	Tang Kim Siong	1,400,000	0.25
	Total	509,456,300	90.57

STATISTICS OF SHAREHOLDINGS

As at 15 March 2017

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Soo Kee Capital Pte Ltd(1)	319.496,765	56.8	-	-
Lim Yong Guan(2), (3), (4)	66,656,653	11.8	321,649,765	57.2
Lim Yong Sheng(2), (3)	57,421,427	10.2	319,496,765	56.8
Lim Liang Eng(2), (3)	6,525,155	1.2	319,496,765	56.8

Notes:

(1) Soo Kee Capital Pte Ltd is an investment holding company. All of its equity interest is collectively held by Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.

(2) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are siblings.

(3) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are entitled to exercise all the votes attached to the voting shares in Soo Kee Capital Pte Ltd. As such, pursuant to Section 4 of the Securities and Futures Act, each of them is deemed to be interested in the shares which Soo Kee Capital Pte Ltd holds in the Company.

(4) Lim Yong Guan is deemed to be interested in the 2,153,000 shares held by his spouse, Tan Yang Hong, by virtue of section 133(4) of the Securities and Futures Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Soo Kee Group Ltd. (the "**Company**") will be held at 7 Changi Business Park Vista, #01-01, Singapore 486042 on Monday, 24 April 2017 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2016 together with the Independent Auditors' Report thereon. — Resolution 1

2. To declare a first and final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2016. — Resolution 2

3. To re-elect Dato' Sri Dr. Lim Yong Guan who is retiring in accordance with Article 89 of the Constitution of the Company, as a director of the Company ("**Director**"). — Resolution 3

4. To re-elect Mr. Lim Yong Sheng who is retiring in accordance with Article 89 of the Constitution of the Company, as a Director. — Resolution 4

5. To re-elect Mr. Lye Hoong Yip Raymond who is retiring in accordance with Article 89 of the Constitution of the Company, as a Director. — Resolution 5

   [Mr Lye Hoong Yip Raymond shall, upon re-election as a Director, remain as the Chairman of the Remuneration Committee of the Company and as a member of the Audit Committee and Nominating Committee of the Company. Mr. Lye Hoong Yip Raymond shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").]

   The profiles of the above-mentioned Directors can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2016.

6. To approve the Directors' fees of S$465,000 for the financial year ending 31 December 2017, payable quarterly in arrears. — Resolution 6

7. To re-appoint Messrs RSM Chio Lim LLP as the Independent Auditors of the Company and to authorise the Directors to fix their remuneration. — Resolution 7

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

8. **Authority to allot and issue shares in the capital of the Company ("Shares")** Resolution 8

"That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to allot and issue Shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

(i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a *pro rata* basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

NOTICE OF
ANNUAL GENERAL MEETING

9. **Authority to allot and issue shares under the Soo Kee Group Performance Share Plan** Resolution 9

"That approval be and is hereby given to the Directors to:

(a) offer and grant awards in accordance with the provisions of the Soo Kee Group Performance Share Plan (the "**Plan**"); and

(b) allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares from time to time."

[See Explanatory Note (ii)]

10. To transact any other business which may be properly transacted at an AGM.

Explanatory Notes:

(i) The proposed Resolution 8, if passed, will empower the Directors from the date of the above AGM of the Company until the date of the next AGM of the Company, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a *pro-rata* basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company.

(ii) The proposed Resolution 9, if passed, will empower the Directors to offer and grant awards and to issue and allot Shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan is limited to 15% of the total number of issued Shares.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to shareholders' approval for the proposed first and final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share ("**Share**") in the capital of Soo Kee Group Ltd. (the "**Company**") for the financial year ended 31 December 2016 ("**Proposed First and Final Dividend**") at the forthcoming Annual General Meeting ("**AGM**") of the Company to be held on 24 April 2017, the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2017 for the purpose of determining members' entitlements to the Proposed First and Final Dividend.

Duly completed registrable transfers in respect of the Shares received up to the close of business at 5.00 p.m. on 5 May 2017 by the Company's Share Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, will be registered to determine members' entitlements to the Proposed First and Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with Shares as at 5.00 p.m. on 5 May 2017 will be entitled to the Proposed First and Final Dividend.

The Proposed First and Final Dividend, if approved by shareholders at the Company's forthcoming AGM, will be paid on 17 May 2017.

By Order Of the Board

SEAH KIM SWEE
Company Secretary

Date: 6 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

a) A member entitled to attend and vote at this AGM of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the AGM of the Company.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SOO KEE GROUP LTD.

Company Registration No.: 201214694Z
(Incorporated in the Republic of Singapore)

PROXY FORM

*I/We ______________________________ (Name), *NRIC/Passport number ____________________

of ____ (Address)

being a *member/members of Soo Kee Group Ltd. (the "**Company**") hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and/or

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing whom the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our proxy/proxies to vote for *me/us on my/our behalf at the AGM of the Company to be held at 7 Changi Business Park Vista, #01-01, Singapore 486042 on Monday, 24 April 2017 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM of the Company as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM of the Company and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	**ORDINARY BUSINESS**	**Number of Votes For (1)**	**Number of Votes Against (1)**
1	To receive and consider the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	To approve payment of a first and final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share for the financial year ended 31 December 2016		
3	To re-elect Dato' Sri Dr. Lim Yong Guan as a Director		
4	To re-elect Mr. Lim Yong Sheng as a Director		
5	To re-elect Mr. Lye Hoong Yip Raymond as a Director		
6	To approve Directors' fees for financial year ending 31 December 2017, payable quarterly in arrears		
7	To re-appoint Messrs RSM Chio Lim LLP as Independent Auditors of the Company		
8	To authorise the Directors to allot and issue Shares		
9	To authorise the Directors to grant awards and to allot and issue Shares in accordance with the provisions of the Soo Kee Group Performance Share Plan		

(1) If you wish to exercise all your votes "For" or "Against", please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.
** delete where inapplicable*

Dated this _____ day of _________ 2017

Total Number of Shares Held	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature (s) of Member(s)
or, Common Seal of Corporate Member(s)

NOTES :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:-

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM of the Company. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the AGM of the Company.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such as person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who buys shares using SRS monies may attend and cast his vote(s) at the AGM of the Company in person. SRS Investors who are unable to attend the AGM of the Company but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM of the Company to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM of the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

GOING BEYOND

www.sookeegroup.com

7 Changi Business Park Vista, #01-01, (S) 486042

Tel +65 6812 2833 | Fax +65 6812 2844