



Soo Kee Group Ltd.

(Company Registration No.: 201214694Z)

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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and 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.

Background

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

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

For the purpose of this announcement, the results of the Group for the second quarter ended 30 June 2016 (“**Q2-2016**”) and the comparative results of the Group for the second quarter ended 30 June 2015 (“**Q2-2015**”) and the results of the Group for the six-month period ended 30 June 2016 (“**1H-2016**”) with comparative results of the Group for the six-month ended 30 June 2015 (“**1H-2015**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 January 2015.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED / COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Unaudited					
	Q2-2016 S\$'000	Q2-2015 S\$'000	Change %	1H-2016 S\$'000	1H-2015 S\$'000	Change %
Revenue	35,583	30,426	16.9	72,266	65,329	10.6
Other gains	376	61	516.4	1,139	425	168.0
Material costs	(21,021)	(15,612)	34.6	(41,120)	(33,518)	22.7
Employee benefits expense	(4,608)	(4,402)	4.7	(9,571)	(9,003)	6.3
Depreciation and amortisation expense	(1,082)	(554)	95.3	(2,117)	(1,082)	95.6
Other losses	(320)	(21)	1,423.8	-	(562)	NM
Finance costs	(536)	(121)	343.0	(1,074)	(255)	321.2
Other expenses	(7,649)	(7,362)	3.9	(15,589)	(14,771)	5.5
Profit before tax	743	2,415	(69.2)	3,934	6,563	(40.1)
Income tax expense	(178)	(441)	(59.6)	(782)	(1,201)	(34.9)
Profit, net of tax	565	1,974	(71.4)	3,152	5,362	(41.2)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(171)	(142)	20.4	126	(344)	NM
Other comprehensive income for the period, net of tax	(171)	(142)	20.4	126	(344)	NM
Total comprehensive income	394	1,832	(78.5)	3,278	5,018	(34.7)
Attributable to:						
Equity holders of the Company	552	1,974	(72.0)	3,139	5,362	(41.5)
Non-controlling interest	13	-	NM	13	-	NM
Profit, net of tax	565	1,974	(71.4)	3,152	5,362	(41.2)
Attributable to:						
Equity holders of the Company	381	1,832	(79.2)	3,265	5,018	(34.9)
Non-controlling interest	13	-	NM	13	-	NM
Total comprehensive income	394	1,832	(78.5)	3,278	5,018	(34.7)

NM: Not meaningful

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

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

	Group Unaudited					
	Q2-2016 S\$'000	Q2-2015 S\$'000	Change %	1H-2016 S\$'000	1H-2015 S\$'000	Change %
Central support service income	49	49	-	99	95	4.2
Depreciation and amortisation expenses	(1,082)	(554)	95.3	(2,117)	(1,082)	95.7
Finance costs	(536)	(121)	343.0	(1,074)	(255)	321.2
Foreign exchange adjustment gains/(losses)	(303)	(21)	1,342.9	278	(562)	NM
Interest income	69	-	NM	139	-	NM
Gain/(Loss) on disposal of property, plant and equipment	(16)	-	NM	17	40	(57.5)
Miscellaneous income	266	12	2,116.7	625	290	115.5
Rental income	60	-	NM	120	-	NM

NM: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited As at 30 June 2016 S\$'000	Audited As at 31 December 2015 S\$'000	Unaudited As at 30 June 2016 S\$'000	Audited As at 31 December 2015 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	32,999	32,374	-	-
Investment in subsidiaries	-	-	11,302	10,210
Investment in associates	2	2	-	-
Deferred tax assets	129	146	-	-
Other financial assets	30	30	-	-
Goodwill	800	-	-	-
Other assets (land use rights)	5,650	5,759	-	-
Total non-current assets	39,610	38,311	11,302	10,210
<u>Current assets</u>				
Inventories	58,641	60,470	-	-
Trade and other receivables	1,878	2,262	16,298	14,708
Other assets (land use rights)	219	219	-	-
Other assets	5,883	5,857	28	149
Cash and cash equivalents	27,866	34,026	16,424	22,111
Total current assets	94,487	102,834	32,750	36,968
Total assets	134,097	141,145	44,052	47,178
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	8,662	8,336	652	3,320
Other reserves	(684)	(810)	-	-
Equity attributable to owners of the Company	50,377	49,925	43,051	45,719
Non-controlling interest	13	-	-	-
Total equity	50,390	49,925	43,051	45,719
<u>Non-current liabilities</u>				
Deferred tax liabilities	110	160	-	-
Other financial liabilities	36,199	37,978	-	-
Other liabilities	1,024	1,015	-	-
Total non-current liabilities	37,333	39,153	-	-
<u>Current liabilities</u>				
Income tax payable	1,995	1,839	11	11
Trade and other payables	13,463	15,930	990	1,448
Other financial liabilities	29,543	33,507	-	-
Other liabilities	1,373	791	-	-
Total current liabilities	46,374	52,067	1,001	1,459
Total liabilities	83,707	91,220	1,001	1,459
Total equity and liabilities	134,097	141,145	44,052	47,178

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

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

As at 30 June 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
24,256	5,287	29,907	3,600

Amount repayable by the Group after one year

As at 30 June 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
23,599	12,600	24,478	13,500

Details of collaterals

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

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

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

The Group's unsecured credit facilities comprise (a) the Directors' Loans (as defined in the Offer Document) and (b) a loan of S\$1.50 million to the Company's 70% subsidiary, SK Bullion Pte Ltd, from its minority shareholders.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED / COMBINED STATEMENTS OF CASH FLOWS

	Unaudited			
	Q2-2016 S\$'000	Q2-2015 S\$'000	1H-2016 S\$'000	1H-2015 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	743	2,415	3,934	6,563
Adjustments for:				
Depreciation of property, plant and equipment	1,028	554	2,008	1,082
Amortisation of land use rights	54	-	109	-
Interest expense	536	121	1,074	255
Interest income	(69)	-	(139)	-
Loss/(Gain) on disposal of property, plant and equipment	16	-	(17)	(38)
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	(158)	(171)	98	(288)
Operating cash flows before changes in working capital	2,150	2,919	7,067	7,574
Inventories	676	1,835	1,829	(1,004)
Trade and other receivables	414	487	384	493
Other assets	10	(136)	(26)	(689)
Trade and other payables	573	5,439	(2,967)	(93)
Other liabilities	(84)	861	854	521
Net cash flows from operations	3,739	11,405	7,141	6,802
Income taxes paid	(899)	(1,026)	(913)	(1,078)
Net cash flows from operating activities	2,840	10,379	6,228	5,724
<u>Cash flows from investing activities</u>				
Purchase of other financial assets	-	(30)	-	(30)
Purchase of property, plant and equipment	(984)	(7,985)	(2,683)	(12,943)
Disposal of property, plant and equipment	29	(10)	87	39
Acquisition of a subsidiary	(300)	-	(300)	-
Interest received	69	-	139	-
Net cash flows used in investing activities	(1,186)	(8,025)	(2,757)	(12,934)
<u>Cash flows from financing activities</u>				
(Decrease)/Increase in borrowings	(3,804)	15,359	(6,600)	27,882
Increase/(Decrease) in other financial liabilities	1,500	1,340	1,600	(2,043)
Finance lease repayments	(19)	(15)	(31)	(23)
Net movement in amounts due to directors	(910)	(12)	(713)	(38)
Interest paid	(536)	(121)	(1,074)	(255)
Dividends paid	(2,813)	(20,000)	(2,813)	(20,000)
Net cash flows (used in)/from financing activities	(6,582)	(3,449)	(9,631)	5,523
<u>Net decrease in cash and cash equivalents</u>	(4,928)	(1,095)	(6,160)	(1,687)
Cash and cash equivalents, statement of cash flows, beginning balance	32,794	7,943	34,026	8,535
Cash and cash equivalents, statement of cash flows, ending balance	27,866	6,848	27,866	6,848

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Retained Earnings	Other reserves	Attributable to Owners	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	8,336	(810)	49,925	-	49,925
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	3,139	126	3,265	13	3,278
Balance as at 30 June 2016	42,399	8,662	(684)	50,377	13	50,390
Balance as at 1 January 2015	1,572	28,691	(523)	29,740	-	29,740
Dividends paid	-	(20,000)	-	(20,000)	-	(20,000)
Shares swap pursuant to the Restructuring Exercise	(1,572)	(8,700)	523	(9,749)	-	(9,749)
	-	(9)	-	(9)	-	(9)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	-	-	9,749	-	9,749
Total comprehensive income/(loss) for the period	-	5,362	(344)	5,018	-	5,018
Balance as at 30 June 2015	9,749	5,353	(344)	14,758	-	14,758

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	3,320	45,719
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	145	145
Balance as at 30 June 2016	42,399	652	43,051
Balance as at 1 January 2015	+	(6)	(6)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	-	9,749
Total comprehensive income/(loss) for the period	-	-	-
Balance as at 30 June 2015	9,749	(6)	9,743

+ Amount less than S\$1,000.

1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus issues, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

	Company	
	Number of shares	Issued and paid-up share capital S\$
Issued and fully paid-up share capital Balance as at 31 March 2016 and 30 June 2016	562,500,000	42,398,917

During 2Q-2016, there was no change in the Company's issued and paid-up share capital. There were no outstanding convertibles or shares held as treasury shares as at 30 June 2016 and 30 June 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

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

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

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury share as at the end of the current financial period reported on.

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

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for Q2-2016 as its most recently audited consolidated financial statements for the financial year ended 31 December 2015 ("FY2015").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

EARNINGS PER SHARE ("EPS")

	Group Unaudited			
	Q2-2016	Q2-2015	1H-2016	1H-2015
Profit, net of tax attributable to equity holders of the Company (S\$'000)	552	1,974	3,139	5,362
Weighted average number of ordinary shares ⁽¹⁾				
(a) Basic	562,500,000	450,000,000	562,500,000	450,000,000
(b) Diluted ⁽²⁾	562,500,000	450,000,000	562,500,000	450,000,000
EPS (cents)				
(a) Basic	0.10	0.44	0.56	1.19
(b) Diluted	0.10	0.44	0.56	1.19

Notes:

(1) For comparative purposes, the pre-IPO issued and paid-up share capital of the Company of 450,000,000 shares after the Sub-division of Shares (as defined in the Offer Document) is assumed to have been in issue since 1 January 2015.

(2) The weighted average number of shares on a basic and fully diluted basis were the same as there were no potentially dilutive instruments as at 30 June 2016 and 30 June 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
- (a) **Current financial period reported on; and**
 (b) **Immediately preceding financial year.**

NET ASSET VALUE (“NAV”)

	Group		Company	
	Unaudited As at 30 June 2016	Audited As at 31 December 2015	Unaudited As at 30 June 2016	Audited As at 31 December 2015
NAV per ordinary share (cents)	8.96	8.88	7.65	8.13

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP’S PERFORMANCE

Revenue

Revenue increased by S\$6.94 million or 10.6% from S\$65.33 million in 1H-2015 to S\$72.27 million in 1H-2016 and increased by S\$5.15 million or 16.9% from S\$30.43 million in Q2-2015 to S\$35.58 million in Q2-2016. The increase in revenue was mainly due to the increase in demand for the Group’s jewellery products and mementoes.

Other gains

Other gains increased by S\$0.71 million or 168.0% from S\$0.43 million in 1H-2015 to S\$1.14 million in 1H-2016. This was mainly attributable to an increase in government grants of S\$0.30 million, increase in foreign exchange adjustment gains of S\$0.28 million which had been recognized in 1H-2016 arising from the strengthening of the MYR and increase in rental income of S\$0.12 million.

In Q2-2016, other gains was S\$0.38 million, as compared to S\$0.06 million in Q2-2015. The increase of S\$0.32 million was mainly due to an increase in government grants of S\$0.23 million and increase in rental income of S\$0.06 million.

Material costs

Material costs increased by S\$7.60 million or 22.7% from S\$33.52 million in 1H-2015 to S\$41.12 million in 1H-2016 and increased by S\$5.41 million or 34.6% from S\$15.61 million in Q2-2015 to S\$21.02 million in Q2-2016. The more than proportionate increase in material costs as compared to the increase in revenue was mainly due to the product mix.

Employee benefits expense

Employee benefits expense increased by S\$0.57 million or 6.3% from S\$9.00 million in 1H-2015 to S\$9.57 million in 1H-2016 and increased by S\$0.21 million or 4.7% from S\$4.40 million in Q2-2015 to S\$4.61 million in Q2-2016. The increase in employee benefits expense was mainly due to the increase in directors' remuneration and directors' fees in conjunction with the IPO.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by S\$1.04 million or 95.6% from S\$1.08 million in 1H-2015 to S\$2.12 million in 1H-2016 and increased by S\$0.53 million or 95.3% from S\$0.55 million in Q2-2015 to S\$1.08 million in Q2-2016. The increase was mainly attributable to depreciation expenses for the Group's Changi Business Park Headquarters and amortization expenses on the land use rights relating to the Changi Business Park Land commencing from November 2015 upon completion.

Other losses

The decrease in other losses of S\$0.56 million in 1H-2016 as compared to 1H-2015 was due to the absence of foreign exchange adjustment losses attributable to the weakening of the MYR which had been recognized in 1H-2015.

The increase in other losses of S\$0.30 million in Q2-2016 as compared to Q1-2015 was due to an increase in foreign exchange adjustment losses of S\$0.28 million mainly attributable to weakening of MYR in Q2-2016 and a loss on disposal of property, plant and equipment of S\$0.02 million.

Finance costs

Finance costs increased by S\$0.81 million or 321.2% from S\$0.26 million in 1H-2015 to S\$1.07 million in 1H-2016 and increased by S\$0.42 million or 343.0% from S\$0.12 million in Q2-2015 to S\$0.54 million in Q2-2016. The increase was mainly due to interest expenses on the Directors' Loans and the construction loan for the Group's Changi Business Park Headquarters.

Other expenses

Other expenses increased by S\$0.82 million or 5.5% from S\$14.77 million in 1H-2015 to S\$15.59 million in 1H-2016. This was mainly due to expenses of S\$0.61 million incurred for the upkeep of the Group's Changi Business Park Headquarters commencing from November 2015 upon completion and an increase in rental expenses of S\$0.14 million.

Other expenses increased by S\$0.29 million or 3.9% from S\$7.36 million in Q2-2015 to S\$7.65 million in Q2-2016. This was mainly due to expenses incurred for the upkeep of the Group's Changi Business Park Headquarters.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$2.63 million or 40.0% from S\$6.56 million in 1H-2015 to S\$3.93 million in 1H-2016 and decreased by S\$1.68 million or 69.2% from S\$2.42 million in Q2-2015 to S\$0.74 million in Q2-2016.

Income tax expense

Income tax expense decreased by S\$0.42 million or 34.9% from S\$1.20 million in 1H-2015 to S\$0.78 million in 1H-2016 and decreased by S\$0.26 million or 59.6% from S\$0.44 million in Q2-2015 to S\$0.18 million in Q2-2016. The decrease was in line with the decrease in profit before tax.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

Non-current assets increased by S\$1.30 million or 3.4% from S\$38.31 million as at 31 December 2015 to S\$39.61 million as at 30 June 2016. This was mainly due to the increase in property, plant and equipment of S\$0.63 million and increase in goodwill of S\$0.80 million arising from the acquisition of the 70% interest in SK Bullion Pte Ltd, partially offset by the decrease in other assets (land use rights) of S\$0.11 million and decrease in deferred tax assets of S\$0.02 million.

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

The Company had on 19 April 2016 completed its acquisition of the 70% shareholding interest in SK Bullion Pte Ltd (previously known as DK Bullion Pte Ltd). Pursuant to the share transfer agreement dated 16 April 2016, the total consideration for the acquisition will be payable in the following manner:

- (a) S\$0.30 million cash payment paid on the completion date of 19 April 2016; and
- (b) S\$0.50 million payable upon SK Bullion Pte Ltd achieving an aggregated net profit after tax of no less than S\$1.2 million at any time within three financial years from the completion date.

Current assets

Current assets decreased by S\$8.35 million or 8.1% from S\$102.83 million as at 31 December 2015 to S\$94.49 million as at 30 June 2016. This was mainly due to decrease in cash and cash equivalents of S\$6.16 million, decrease in inventories of S\$1.83 million which was mainly due to an increase in demand for the Group's jewellery products and mementoes and decrease in trade and other receivables of S\$0.38 million.

Non-current liabilities

Non-current liabilities decreased by S\$1.82 million or 4.7% from S\$39.15 million as at 31 December 2015 to S\$37.33 million as at 30 June 2016. This was mainly due to repayment of certain term loans facilities of S\$0.93 million and repayment of the Directors' Loans of S\$0.90 million.

Current liabilities

Current liabilities decreased by S\$5.69 million or 10.9% from S\$52.07 million as at 31 December 2015 to S\$46.37 million as at 30 June 2016. This was mainly attributable to a decrease in other financial liabilities of S\$3.96 million and a decrease in trade and other payables of S\$2.47 million, partially offset by an increase in other liabilities of S\$0.58 million and an increase in income tax payable of S\$0.16 million.

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

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

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

The increase in income tax payable was mainly due to income tax expenses incurred in respect of FY2015 and 1H-2016 which have been provided after offsetting tax payment from April 2016 onwards.

Total equity

Total equity increased by S\$0.46 million or 0.93% from S\$49.93 million as at 31 December 2015 to S\$50.39 million as at 30 June 2016. The increase was due to the total comprehensive income, net of tax of S\$3.15 million for 1H-2016, which was offset by payment of ordinary dividends in respect of FY2015 of S\$2.81 million in Q2-2016.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For 1H-2016, net cash flows from operating activities was S\$6.23 million, which consisted of operating cash flows before changes in working capital of \$7.07 million, net of income tax paid of S\$0.91 million and working capital inflow of S\$0.07 million.

The net working capital inflow arose mainly from the following:

- (a) a decrease in inventories of S\$1.83 million due to an increase in demand for the Group's jewellery products and mementoes, an increase in other liabilities of S\$0.85 million due mainly to higher sales orders deposits received from customers and a decrease in trade and other receivables of S\$0.38 million;
- (b) offset by a decrease in trade and other payables of S\$2.97 million, mainly due to the decrease of trade payables for raw materials and finished products, and an increased proportion of purchases of yellow gold and yellow finished products which are typically payable on cash terms, and an increase of other assets of S\$0.02 million.

For 1H-2016, net cash used in investing activities amounted to S\$2.76 million mainly due to the purchase of property, plant and equipment of S\$2.68 million which was mainly due to capital expenditures incurred on renovation works for the Group's retail stores, building improvements for the Group's Changi Business Park Headquarters and purchase of other plant and equipment.

For 1H-2016, net cash used in financing activities was S\$9.63 million mainly due to loan repayment of S\$6.60 million, dividend payment of S\$2.81 million, interest payment of S\$1.07 million and net movement in amounts due to directors of S\$0.71 million arising from the repayment of the Directors' Loans. This was offset by an increase in other financial liabilities of S\$1.60 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\$6.16 million in cash and cash equivalents, from a net cash surplus of S\$34.03 million as at 31 December 2015 to a net cash surplus of S\$27.87 million as at 30 June 2016.

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

Not applicable as no forecast for 1H-2016 was provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or event that may affect the group in the next reporting period and the next 12 months.

While the operating environment in the retail sector is expected to remain challenging, the Group stays focused to drive top-line growth through enhancing product research and development to launch new products and differentiated services. Concurrently, the Group is also on the lookout for new initiatives that are complementary and synergistic in nature to widen its market share.

On 26 July 2016, the Group officially launched its bullion business, SK Bullion, which will offer a holistic platform that allows consumers to buy, sell, store and track one's precious gold and silver. Leveraging on the Group's strong brand and wide customer base, SK Bullion will capitalise on the opportunities in the bullion industry at a time when the investors are seeking safe assets and are allocating more wealth to the safety of bullion than to other financial assets¹. The first SK Bullion store will be opened in August 2016 at Clifford Centre, strategically located in the heart of Raffles Place, the financial district of Singapore.

¹ "Chinese seen buying more gold as investors seek safe haven assets", Bloomberg News, February 2016

11. Dividend

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

None.

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1H-2016.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 902 of the Catalyst Rules)	
	1H-2016 S\$’000	1H-2015 S\$’000
Purchases of pre-owned jewellery Moneymax Financial Services Ltd. and its subsidiaries (the “MoneyMax Group”)	5	-
Sales of pre-owned jewellery MoneyMax Group	-	13
Central support services MoneyMax Group	99	88
Rental income MoneyMax Group	96	152
Rental expense SK Properties Pte. Ltd.	-	132
Lim Yong Guan	162	156
Working capital advances to Easimine Group Sdn. Bhd.	-	556 ⁽¹⁾
	362	1,097

Note:

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

14. Use of IPO proceeds

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

Purpose	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expansion of network of retail stores and introduction of new product lines	12,000	10,299	1,701
Capital expenditure for new Changi Business Park Headquarters including jewellery product design and development facilities and equipment which will be housed at the same premises	3,000	2,802	198
Repayment in part of DBS Bank loans in connection with the construction of the new Changi Business Park Headquarters	6,000	1,276	4,724
Working capital and general corporate purposes	10,564	10,564	-
	31,564	24,941	6,623

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

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

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

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

The board of Directors of the Company (the "**Board**") confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for 1H-2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Yong Sheng
Executive Director and Chief Executive Officer
10 August 2016