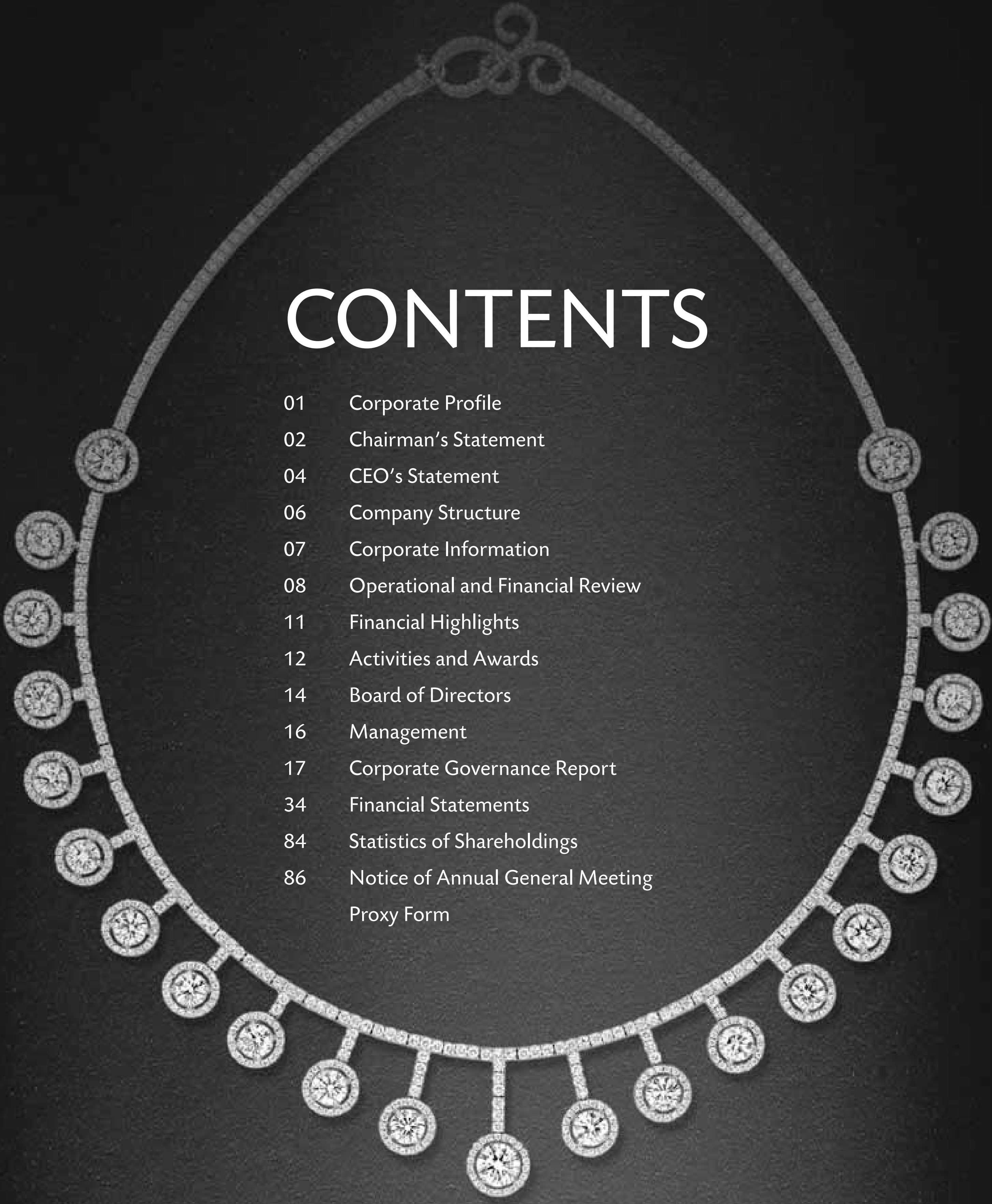
SOOKEE GROUP

2015 ANNUAL REPORT



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CORPORATE PROFILE

Headquartered in Singapore and listed on 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 over 60 retail stores in both countries, strategically situated in prime shopping malls.

A leading and established jeweller, Soo Kee 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.

VISION

We pride ourselves on being a visionary company, striving to continually challenge ourselves and going beyond to meet the ever-evolving needs and aspirations of smart, modern and globally-minded customers in Asia.

MISSION

We are committed to an active and progressive approach in everything we set out to do. We look ahead and move towards our goals and objectives, with confidence and belief.

CHAIRMAN'S STATEMENT

"With over 25 years in the industry, we have stayed true to our founding spirit, embracing creativity and excellence to reach greater heights while staying committed to offer high quality jewellery products and mementoes with intricate designs, bringing experiences that will inspire our customers' imagination."

Dear Shareholders,

2015 marked a new chapter for Soo Kee Group. After a detailed and methodical preparation, we finally launched our initial public offering on the SGX-ST ("IPO") in August 2015. Your enthusiastic response and support has enabled our IPO invitation to be fully subscribed. The net proceeds raised from the IPO of approximately S$31.6 million, has helped ignite our expansion plans.

The net proceeds from the IPO will be used to fund the enhancement of our distribution channels, the introduction of new product lines and also the capital expenditure for our new headquarters at Changi Business Park ("Changi Business Park Headquarters"). A portion of the IPO proceeds will also be set aside for working capital and general corporate purposes as well as expansion opportunities through investments in acquisitions, joint ventures and/or strategic alliances.

In November 2015, we moved into our Changi Business Park Headquarters, laying another major milestone for the Group. The Changi Business Park Headquarters serves as the regional hub to support our local and overseas operations in activities such as design and development, branding and training, and offers the space for us to build more facilities to improve our capabilities in product design and development and to house our new one-stop customer care services. We believe that the Changi Business Park Headquarters is an important investment for our future growth.

Stepping into 2016, we entered into a non-binding memorandum of understanding ("MOU") with the intention to establish a joint venture ("JV") to engage in the bullion business involving precious metals. The bullion business is a strategic fit to the Group's overall strategy in business expansion and introduction of new product lines, enabling us to leverage on our strong brand and reputation and our wide customer base, especially to those who are seeking alternative investment platforms. With our success in brand building, we intend to grow our new bullion business to be an alternative bullion investment platform in the Southeast Asia region.

With over 25 years in the industry, we have stayed true to our founding spirit, to embrace creativity and excellence to reach greater heights. We are committed to an active and progressive approach to the management of our brands, striving to enhance the intrinsic value of our products and services. To our customers, we are committed to offer high quality jewellery products and mementoes with intricate designs and bring experiences that will inspire their imagination. To our shareholders, we are pleased to inform that we are proposing a first and final dividend of Singapore dollar 0.5 cents per ordinary share, representing 33.7% of the Group's profit, net of tax for the financial year ended 31 December ("FY") 2015. This is in line with the Company'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.

On behalf of the Board of Directors ("Board" or "Directors"), I wish to convey our appreciation to our customers, employees, suppliers and other business associates who have contributed to our success. Let us engineer for a more sparkling future for Soo Kee Group Ltd..

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

CEO'S STATEMENT

"We aspire to be at the forefront of our industry. Our long term strategy is to continuously delight consumers by enhancing our distribution channels, introducing new product lines in our range of jewellery products and mementoes, and strengthen our market position by increasing the awareness and recognition of our brands."

Dear Shareholders,

I am delighted to share with you my message in this inaugural annual report of Soo Kee Group for FY2015.

2015 was nothing short of historic for the Group. It witnessed the Company's IPO which elevated the Group's profile, reputation and fundraising capabilities, as well as, the relocation to our new corporate headquarters at Changi Business Park, upon which our capabilities are strengthened to propel us to the next level.

The net proceeds from the IPO of about S$31.6 million has strengthened our financial resources to fuel the enhancement of our distribution channels, our ability to introduce new product lines, as well as, our working capital for general corporate purposes and for expansion opportunities through investments in acquisitions, joint ventures and/or strategic alliances. We are now in a better position to invest in brand-enhancing campaigns and execute product diversification strategies to reach out to consumers of varying tastes and preferences.

PERFORMANCE REVIEW

FY2015 saw our revenue increase by 3.5% to S$139.29 million largely due to the general increase in demand for our jewellery products and mementoes. Employee benefits expense however increased by 13.8% to S$18.89 million for FY2015 mainly due to the increase in the annual salary increments for existing employees and commissions payable to sales and directors' fees and remuneration in conjunction with the IPO. Other losses increased 35.9% to S$1.57 million for FY2015 mainly attributable to an increase in foreign exchange adjustment losses of S$0.77 million largely arising from the weakening of the Malaysia Ringgit ("MYR") upon consolidation. Other expenses also increased by 6.9% to S$32.24 million for FY2015 mainly due to IPO-related expenses. As a result of the key factors above, our profit before tax decreased from S$13.72 million in FY2014 to S$10.43 million in FY2015.

STRATEGY AND GROWTH PLANS

We aspire to be at the forefront of our industry. It is our long term strategy to continuously delight consumers by enhancing our distribution channels and introducing new product lines in our range of jewellery products and mementoes. In 2015, we introduced our *SK Jewellery* limited edition 999 Pure Gold Golden Jubilee SG50 Gold Bars, featuring designs commemorating and celebrating

Singapore's 50th year of independence, which were well-received by consumers. We also produced the largest 100 gram pure gold bar, earning ourselves a place in the Singapore Book of Records.

We moved into our Changi Business Park Headquarters in November 2015, which enabled us to centralise our corporate functions previously located at disparate premises, and to serve as the springboard for our future growth. We plan to strengthen our product design and development capabilities by setting up a research and development facility at our Changi Business Park Headquarters, as well as, a customer care centre to provide customisation services for privileged and corporate customers.

We will continue to strengthen our market position by increasing the awareness and recognition of our *Soo Kee Jewellery*, *SK Jewellery* and *Love & Co.* brands across all marketing channels and consumer touchpoints. In 2015, we secured the exclusive distributorship in Singapore and Malaysia for the *ALLOVE* brand of diamonds, which pushes the boundaries in diamond cutting techniques with an all-new 81-facet cut, which is specifically created to maximise light performance.

Embracing the proliferation of digital media among consumers, we launched the "SOOKEE Estore", an e-commerce platform featuring a vast range of certified diamonds which complements our existing retail network. Built with innovative features, such as a 360 degree view of a diamond at up to 40 times magnification and a "virtual trial room", the curated experience of being in our retail stores is now brought to the doorstep of the consumer. We will continue to enhance the SOOKEE Estore and explore other e-commerce opportunities to better serve our customers.

We believe that our retail network, strong product design and development capabilities, and expertise in brand building will enable us to deliver satisfaction to our customers and create long-term value for the Group. In this regard, I am delighted to inform that *SK Jewellery* has been named as the Top Brand 2015 Winner in the Gold and Jewellery category by Influential Brands in November 2015. We are indeed honoured to receive this prestigious award, which serves to strengthen our resolve to enhance our reputation and position as a market leader.

As part of our growth strategy, we will explore opportunities to expand our business in Singapore and overseas organically or through acquisitions, joint ventures and/or strategic alliances. In February 2016, we entered into a non-binding MOU with the intention to set up a JV to engage in the bullion business involving precious metals. We will continue to widen our business network and strengthen our market position by expanding into complementary businesses that create synergistic value with our existing business.

BUSINESS OUTLOOK

With uncertainties in the macroeconomic environment, consumer confidence and spending may be affected. While we remain confident of the demand of our products and services, we will continue to improve operational efficiencies and look for new business channels to meet the demands of the evolving retail landscape and achieve sustainable growth.

In closing, I would like to thank all our customers, business partners and associates, and our management team and employees for bringing the Group this far. The listing of the Company marks the beginning of a new chapter. I look forward to your continued support as we take the Group into its next phase of growth.

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%
  - Institution of Advanced Gemology Pte. Ltd. 100%
  - SKJ Group Pte. Ltd. 100%
    - Soo Kee Jewellery (sole proprietorship) 100%
    - Jewelfest Pte. Ltd. 20%
- **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%

EXTENSIVE NETWORK OF RETAIL STORES

One of the largest networks of over 60 retail stores in Singapore and Malaysia, with offices in Hong Kong and Shenzhen.

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, CPA *(Australia)*

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: Ms. Woo E-Sah (a member of the Institute of Singapore Chartered Accountants)

Appointed since financial year ended 31 December 2011

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

The Group's revenue increased by S$4.75 million or 3.5% from S$134.54 million in FY2014 to S$139.29 million in FY2015 mainly due to the general increase in demand for the Group's jewellery products and mementoes over FY2015.

OTHER GAINS

Other gains decreased by S$0.09 million or 10.0% from S$0.89 million in FY2014 to S$0.80 million in FY2015 mainly due to lower rental income receivable of S$0.22 million, which was offset by higher government grants of S$0.13 million.

MATERIAL COSTS

Material costs increased by S$2.40 million or 3.4% from S$70.59 million in FY2014 to S$72.99 million in FY2015. The increase in material costs was in line with the general increase in revenue over FY2015.

EMPLOYEE BENEFITS EXPENSE

Employee benefits expense increased by S$2.28 million or 13.8% from S$16.61 million in FY2014 to S$18.89 million in FY2015 mainly due to the increase in directors' remuneration and directors' fees in conjunction with the IPO, annual salary increments for existing employees and commissions payable to sales staff in line with the general increase in revenue over FY2015.

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense remained relatively stable at S$2.56 million and S$2.57 million in FY2015 and in FY2014, respectively.

OTHER LOSSES

Other losses increased by S$0.41 million or 35.9% from S$1.15 million in FY2014 to S$1.57 million in FY2015 mainly attributable to an increase in foreign exchange adjustment losses of S$0.77 million arising from the weakening of the MYR upon consolidation, as well as, differences arising from currency exchange movements for the Group's purchases in US$, RMB and HK$ (being the transactional currency of the purchases of raw materials and finished products) with the S$ (which is the Group's reporting currency) between the time of the Group's purchase of the raw materials and finished products and the payment for such purchases, and which was partially offset by the absence in FY2015 of (i) loss on gold forward sale contracts of S$0.25 million in FY2014; and (ii) inventories written down of S$0.10 million in FY2014.

FINANCE COSTS

Finance costs increased by S$0.77 million or 120.5% from S$0.64 million in FY2014 to S$1.41 million in FY2015. This was mainly due to interest payable pursuant to the Directors' Loans (as defined in the Company's IPO offer document dated 11 August 2015) ("Offer Document") and interest payable relating to the construction loan for the Group's Changi Business Park Headquarters (as defined in the Offer Document).

OTHER EXPENSES

Other expenses increased by S$2.08 million or 6.9% from S$30.16 million in FY2014 to S$32.24 million in FY2015 mainly due to IPO-related expenses and an increase in advertising and promotion expenses in aggregate of S$1.74 million.

PROFIT BEFORE TAX

As a result of the foregoing, profit before tax decreased by S$3.29 million or 24.0% from S$13.72 million in FY2014 to S$10.43 million in FY2015. Excluding the one-off IPO expenses of S$1.32 million, the Group's profit before tax would have decreased by S$1.97 million or 14.4% from S$13.72 million in FY2014 to S$11.75 million in FY2015.

INCOME TAX EXPENSE

Income tax expense decreased by S$0.82 million or 28.4% from S$2.91 million in FY2014 to S$2.09 million in FY2015 due to the decrease in profit before tax.

REVIEW OF THE GROUP'S FINANCIAL POSITION

NON-CURRENT ASSETS

Non-current assets increased by S$20.99 million or 121.3% from S$17.32 million as at 31 December 2014 to S$38.31 million as at 31 December 2015 mainly due to the increase in property, plant and equipment of S$21.24 million in relation to the capitalisation of construction costs for the Group's Changi Business Park Headquarters.

CURRENT ASSETS

Current assets increased by S$34.24 million or 49.9% from S$68.59 million as at 31 December 2014 to S$102.83 million as at 31 December 2015 was mainly due to an increase in cash and cash equivalents of S$25.49 million, and an increase in inventories of S$8.65 million.

The increase in cash and cash equivalents was due to net proceeds from the IPO. The increase in inventories was in line with the Group's strategy to expand and optimise its selection of product offerings to its customers.

NON-CURRENT LIABILITIES

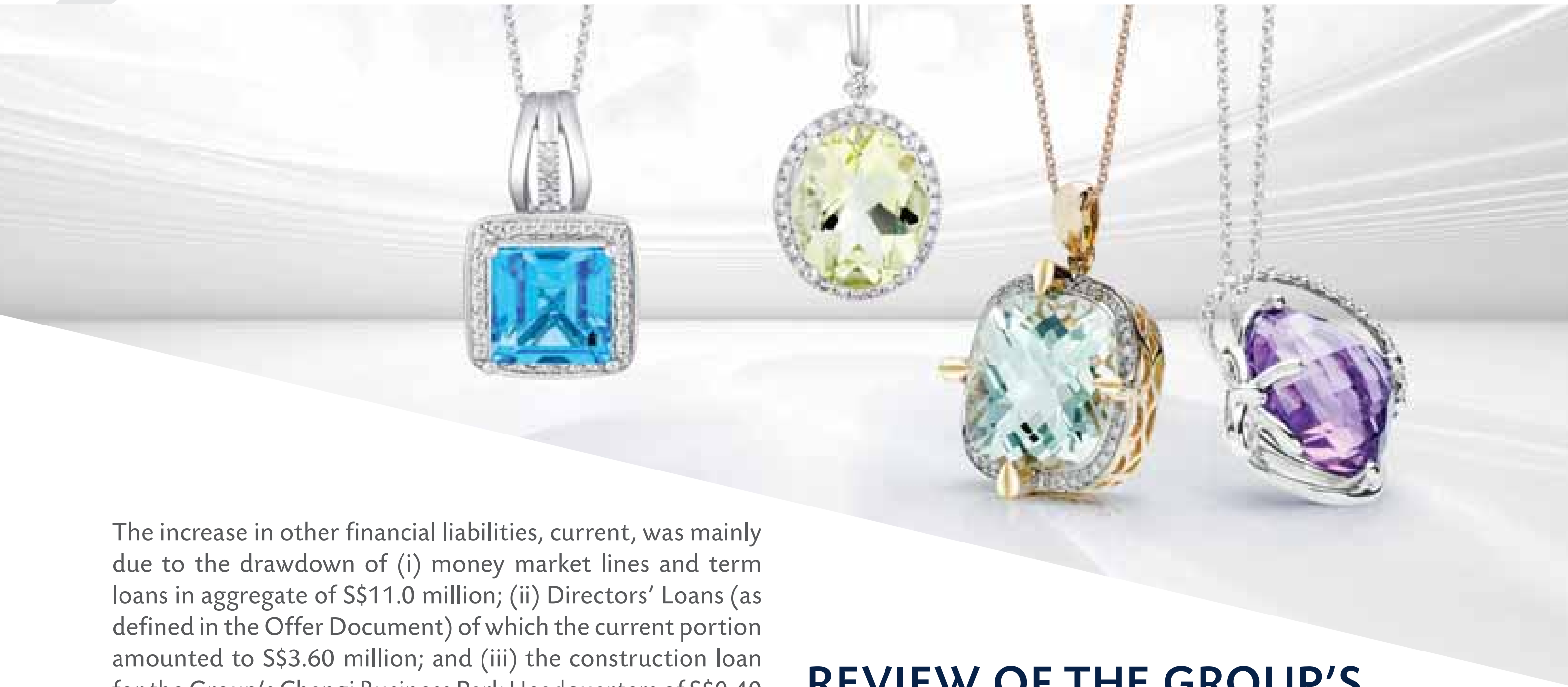
Non-current liabilities increased by S$37.22 million from S$1.94 million as at 31 December 2014 to S$39.15 million as at 31 December 2015. This was mainly due to an increase in other financial liabilities, non-current, of S$37.28 million attributable to the non-current portion of the Directors' Loans of S$13.50 million and the non-current portion of the construction loan for the Group's Changi Business Park Headquarters of S$21.66 million including the Reclassification (as defined below) and non-current portion of the Money Market Loan (as defined in the Offer Document) of S$2.0 million.

CURRENT LIABILITIES

Current liabilities decreased by S$2.17 million or 4.0% from S$54.23 million as at 31 December 2014 to S$52.07 million as at 31 December 2015. This was primarily attributable to a decrease in trade and other payables of S$8.29 million, a decrease in other liabilities, current, of S$0.37 million and a decrease in income tax payable of S$0.46 million, partially offset by an increase in other financial liabilities, current, of approximately S$6.96 million.

The decrease in trade and other payables, current, was mainly due to reclassification of certain loans of S$8.41 million from trade and other payables to other financial liabilities, to better reflect the specific nature of the balances.

The decrease in other liabilities, current, was mainly due to lower deposits received from customers.



The increase in other financial liabilities, current, was mainly due to the drawdown of (i) money market lines and term loans in aggregate of S$11.0 million; (ii) Directors' Loans (as defined in the Offer Document) of which the current portion amounted to S$3.60 million; and (iii) the construction loan for the Group's Changi Business Park Headquarters of S$0.40 million. This was partially offset by the reclassification of a portion of the Group's other financial liabilities, current, as at 31 December 2014, to other financial liabilities, non-current, as at 31 December 2015 of S$4.04 million and repayment of certain term loans facilities of S$3.16 million. The aforementioned reclassification ("Reclassification") was pursuant to waivers and/or accommodation obtained from the relevant banks for the breach of certain debt covenants.

TOTAL EQUITY

Total equity increased by S$20.18 million or 67.9% from S$29.74 million as at 31 December 2014 to S$49.92 million as at 31 December 2015. The increase was mainly due to the net increase in share capital of S$40.83 million pursuant to the issuance of shares in the Company in conjunction with the Restructuring Exercise (as defined in the Offer Document) and the IPO, partially offset by a decrease in retained earnings of S$20.36 million. The decrease in retained earnings was primarily attributable to dividends payable of S$20.00 million in respect of FY2014.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For FY2015, net cash flows used in operating activities was S$5.50 million, which consisted of operating cash flows before changes in working capital of S$14.31 million, net of income tax paid of S$2.55 million and working capital outflow of S$17.26 million.

The net working capital outflow arose mainly from the following:
a) an increase in inventories of S$8.65 million, in line with the Group's strategy to expand and optimise its selection of product offerings to its customers; and
b) a decrease in trade and other payables of S$8.29 million, mainly due to the reclassification of certain loans from trade and other payables, current, to other financial liabilities, to better reflect the specific nature of the balances.

For FY2015, net cash used in investing activities amounted to S$23.56 million mainly due to the expenditure in relation to the construction of the Changi Business Park Headquarters.

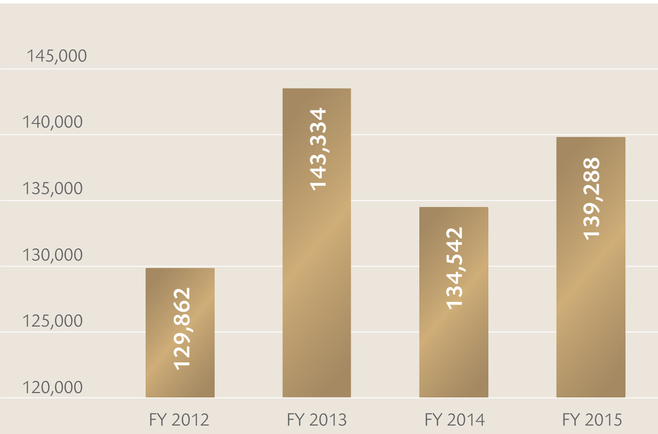
For FY2015, net cash from financing activities was S$54.55 million mainly due to the net proceeds from the IPO of S$32.65 million, the net proceeds from the Money Market Loan (as defined in the Offer Document) and the construction loan for the Group's Changi Business Park Headquarters of S$30.12 million in aggregate, and the net movement of amounts due to Directors of S$16.58 million which relates mainly to the Directors' Loans (as defined in the Offer Document). This was partially offset by dividends payable of S$20.00 million in respect of FY2014 and declared in the second quarter ended 30 June 2015, loan repayment of S$3.16 million and interest paid of S$1.59 million for FY2015.

As a result of the above, there was a net increase of S$25.49 million in cash and cash equivalents, from a net cash surplus of S$8.54 million as at 31 December 2014 to a net cash surplus of S$34.03 million as at 31 December 2015.

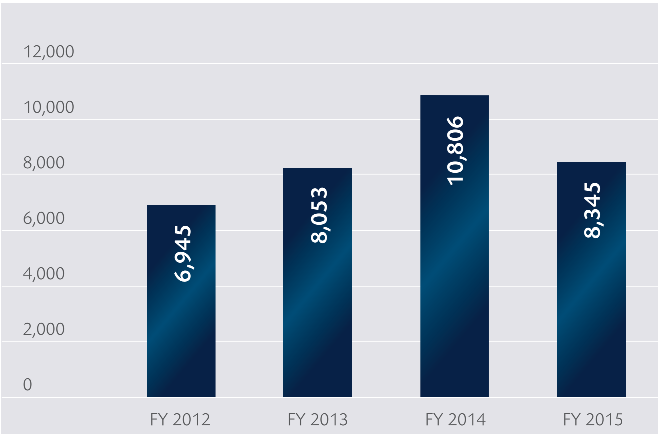
FINANCIAL HIGHLIGHTS

	FY 2012 S$'000	FY 2013 S$'000	FY 2014 S$'000	FY 2015 S$'000
PROFIT AND LOSS				
Revenue	129,862	143,334	134,542	139,288
Gross Profit	63,315	62,827	63,952	66,301
Profit before taxation from continuing operations	8,700	9,938	13,720	10,431
Profit from continuing operations, net of tax	6,945	8,053	10,806	8,345
Basic Earnings Per Share	1.54	1.79	2.40	1.70
No. of Shares	450,000	450,000	450,000	562,500
BALANCE SHEET				
Non-Current Assets	5,645	11,061	17,315	38,311
Current Assets	136,479	66,844	68,592	102,834
Inventories	52,410	47,908	51,821	60,470
Cash and cash equivalents	14,188	8,219	8,535	34,026
Current Liabilities	106,457	53,307	54,232	52,067
Net Current Assets	30,022	13,537	14,360	50,767
Total Assets	142,124	77,905	85,907	141,145
Shareholders' Equity	33,597	21,761	29,740	49,925
FINANCIAL RATIOS				
Net profit margin	5.3%	5.6%	8.0%	6.0%
Return on Equity	20.7	37.0	36.3	16.7
Net Assets Per Share (cents)	7.47	4.84	6.61	8.88

REVENUE (S$'000)



PROFIT NET OF TAX (S$' 000)



ACTIVITIES AND AWARDS

MAY — SK JEWELLERY PRESENTS GROUNDBREAKING ART-PAIRING EXHIBITION

SK Jewellery celebrated Singapore's Golden Jubilee SG50 with Transcending Gold, affirming its status as the leading 999 Pure Gold jeweller with the ground-breaking concept of Art-Pairing gold jewellery with Singaporean artwork pieces.

The largest 100 gram 999 Pure Gold bar was unveiled during the event, earning *SK Jewellery* a place in the Singapore Book of Records.

JUN — SOO KEE JEWELLERY UNVEILS A NEW LOGO

SOOKEE JEWELLERY

Soo Kee Jewellery's logo was given a fresh update, with angular lines and a progressive arrow in its new logo, along with a new tagline, "Spark Your Brilliance", which is meant to inspire and reflect the modern, bold and unique women of today.

The white and gold corporate colours show off gold facets, reflecting our multi-faceted expertise in different precious metals and *Soo Kee Jewellery's* commitment to multi-faceted women.

JUL — SOO KEE GROUP LAUNCHES 999 PURE GOLD BAR

Inspired by the power of dreams and as an encouragement to all to boldly pursue their dreams, the limited edition Soo Kee Group 999 Pure Gold Bar showcased the new Soo Kee Group corporate headquarters, celebrating Soo Kee Group's 25 years of brilliance together with Singapore's jubilee SG50.

"Going Beyond" signifies Soo Kee Group's commitment to its core pillars of Innovation, Value and Design, in creating beautiful jewellery and jewellery products and momentos.

AUG — SK JEWELLERY CELEBRATES SG50 EXHIBITON AT VIVOCITY

In celebration of Singapore's 50th Birthday, *SK Jewellery* held a SG50 themed exhibition at the VivoCity Central Atrium in August.

The entire range of *SK Jewellery* limited edition 999 Pure Gold Golden Jubilee SG50 Gold Bars were showcased, celebrating various iconic landmarks and images of Singapore. Various information panels provided consumers with interesting facts and information about Singapore's founding and our past five decades of nation-building.

AUG — SOO KEE GROUP LISTED ON SINGAPORE EXCHANGE

Soo Kee Group celebrated a successful listing on the Singapore Exchange on 20 August 2015, where the first trading of Soo Kee Group shares were marked with a 'gong' at 9am.

Together with Soo Kee Group staff, many global partners flew in from around the world to celebrate this special occasion at the Singapore Exchange (SGX). The Group's successful listing was celebrated with a lion dance performance, gift exchange between SGX and Soo Kee Group and a never-before-seen spectacular fashion show.

SEP

LAUNCH OF SOOKEE ESTORE

Embracing the proliferation of digital media among consumers, we launched the SOOKEE Estore (estore.sookee.com), an ecommerce platform featuring a vast range of internationally certified diamonds. Built with innovative features, such as 360 degree view at 40 times magnification and a "virtual trial" room, one can experience diamond jewellery up close, anywhere, anytime.

NOV

MOVE TO THE NEW SOO KEE HQ AT CHANGI BUSINESS PARK

The new SOO KEE HQ building heralds a new chapter in view of the Group's vision to dedicate more resources for innovation, design and creating value. Multiple facets are a prominent design feature symbolising the abundance of growth opportunities and the many spectrums of dreams.

The building's design serves as a continual reminder for the Group and its staff to strive for an even brighter future.

SEP

LOVE & CO.'S LIMITED EDITION ANNIVERSARIES RINGS

Love & Co.'s signature wedding bands collection *LVC Promise*, based on a bolt and nut forming an everlasting integration, is reminiscent of true love and marriage.

In this latest limited edition release, the rings can change between rose gold, white gold and yellow gold with a simple twist and come in its own Anniversaries box housing both sets of rings with an exclusive *LVC Promise* pendant.

NOV

ASIA'S TOP INFLUENTIAL BRAND IN GOLD AND JEWELLERY CATERGORY

SK Jewellery was extremely proud to be awarded the title of Asia's Top Influential Brand – Gold and Jewellery Category as a recognition to it's dedication to exceptional product offering, persistent research and development, and personalised customer engagement.

The highly-coveted award recognises brands that go beyond merely providing a product or service to its customers. The brand also has to possess the emotive capacity and ability to connect with their customers on an emotional level. The final shortlist and ultimate decision of choosing a brand is based on nationwide study derived from 3 consolidated years of extensive research, field surveys and assessment brand qualities.

DEC

SOO KEE GROUP HOSTS INAUGURAL DIAMOND INDUSTRY LEADERS CONFERENCE

The inaugural Diamond Industry Leaders Conference 2015, hosted by Soo Kee Group at Fullerton Hotel allowed trade leaders and experts across the entire supply chain around the world from diamond sourcing, certification, trading, manufacturing to retailing to share their insights and expertise and to network amongst themselves.

The conference comprises industry-leading keynote and luminary sessions and discussion panels with experts about insights and experience on cutting-edge innovations, trends and transformations in the diamond jewellery industry.

DEC

EXCLUSIVE DISTRIBUTORSHIP WITH THE ALLOVE DIAMOND

SK Jewellery was awarded the exclusive distributorship rights in Singapore and Malaysia for the *ALLOVE* diamond, which boldly pushes the boundaries in diamond-cutting techniques with an all-new 81-facet and 10 Hearts & 10 Arrows cut specifically created to maximise light performance and eliminate light leakage.

ALLOVE and *SK Jewellery* also unveiled the revolutionary *ALLOVE* diamond in a glamorous global launch event, attended by luminaries in the international diamond industry, socialites and media, in Singapore on 10 December 2015. Mediacorp artiste Ms Zoe Tay also graced the event.

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

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 Non-Executive Chairman of the Company. As the Group's founder, 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 presently holds the position of Executive Chairman and CEO of MoneyMax Financial Services Ltd.. 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 Vice Chairman for the Radin Mas Citizens' Consultative Committee, the Bedok Centre Merchants' Association, Sian Chay Medical Institution, Teochew Poit Ip Huay Kuan, and is Chairman for the Hua Yan Buddhist Society. Dr. Lim received an Honorary Doctorate from the University of Honolulu. He was also awarded the prestigious Pingat Bakti Masyarakat, or the Public Service Medal, in 2015.

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 the Executive Director and Group CEO. 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 Financial Services Ltd.. 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 the Executive Director and Group COO. 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 Financial Services Ltd. 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. 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., PS Group Holdings Ltd. and Uni-Asia Holdings Limited. In the preceding three years, he was also an independent director of Ley Choon Group Holdings Ltd..

MR. SIM ENG HUAT

Independent Director

Mr. Sim Eng Huat is an Independent Director of the Company and was appointed on 30 June 2015. Mr. Sim currently serves as executive director with RS Advisory & Consultancy Pte. Ltd., which provides advisory and consultancy services, and managing director of SunChest Property Consultants Pte. Ltd., which provides real estate sales, marketing and consultancy services. Mr. Sim served with the Singapore civil service from 1977 to 1994, during which he was appointed a diplomat in Hong Kong and Bangkok, for periods of six (6) years and three (3) years respectively. From 1994 to 2013, Mr. Sim served as chief operating officer of Suntec Investment Pte. Ltd.. He was concurrently Managing Director of Chesterton Suntec International Pte. Ltd. from 1997 to 2013. He also served as an Honorary Advisor to the Real Estate Developers' Association of Singapore from 2005 to 2013. Mr. Sim currently also serves as an independent director on the board of Lafe Corporation Limited, which is listed on the Main Board of the SGX-ST and Metech International Ltd. which is listed in SGX Catalist.

MR. LYE HOONG YIP RAYMOND

Independent Director

Mr. Lye Hoong Yip Raymond is an Independent Director of the Company and was appointed on 30 June 2015. Mr. Lye was called to the Singapore Bar in 1991, and presently serves as Managing Partner with Union Law LLP. Mr. Lye had previously practised with, *inter alia*, CitiLegal LLC from 2010 to 2013, Pacific Law Corporation from 2005 to 2010, and Tay Lye & Ngaw Partnership from 2000 to 2005. He had previously served in the legal service as a Magistrate in the Subordinate Courts of Singapore from 1990 to 1991. Mr. Lye currently also serves as an independent director on the boards of Goodland Group Limited, which is listed on the Main Board of the SGX-ST, and 800 Super Holdings Limited which is listed on Catalist. Mr. Lye received a Bachelor of Laws from the National University of Singapore, and was awarded the Pingat Bakti Masyarakat, or the Public Service Medal, in 1998, and Bintang Bakti Masyarakat or the Public Service Star, in 2008.

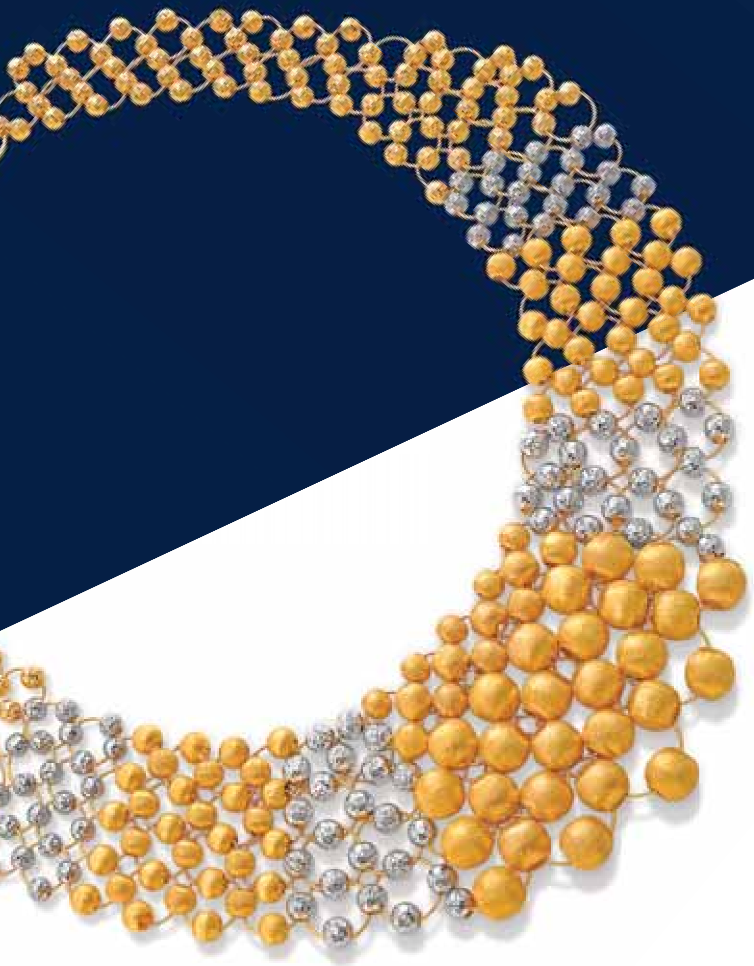
MR. LOW CHIA WING

Independent Director

Mr. Low Chia Wing is an Independent Director of the Company and was appointed on 30 June 2015. Mr. Low currently serves as executive director with Inspire Integrated Marketing Pte. Ltd., which provides exhibitions and, events planning, as well as 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.

BOARD OF DIRECTORS

MANAGEMENT



MS. LAU WAN KEI, ANGELINA

General Manager, Singapore Operations

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. 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 Commence (Accountancy) from Nanyang University in 1979.

MR. WONG JAK

General Manager, Malaysia Operations

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 of directors (the "**Board**" or "**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 CEO	-	-	-
Mdm. Lim Liang Eng	Executive Director and COO	-	-	-
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 ("**AGMs**") are planned in advance. The Board meets at least four 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**") 2015 are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	2	2	1	1
No. of meetings attended by the Directors				
Dato' Sri Dr. Lim Yong Guan	2	2*	1*	1*
Mr. Lim Yong Sheng	2	2*	1*	1*
Mdm. Lim Liang Eng	2	2*	1*	1*
Mr. Ang Miah Khiang	2	2	1	1
Mr. Sim Eng Hua	2	2	1	1
Mr. Lye Hoong Yip Raymond	2	2	1	1
Mr. Low Chia Wing	2	2	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;

Corporate Governance Report

- 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.

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 as 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.

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 Executive Directors, one Non-Executive Director and four 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.

There is no Independent Director who has served on the Board beyond nine 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. 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. 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 formulate 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 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 NC Chairman, are independent.

Chairman:	Mr. Sim Eng Huat	(Independent Director)
Members:	Mr. Ang Miah Khiang	(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 set 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;
- 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 years, and to recommend Directors who are retiring by rotation to be put forward for re-election;

Corporate Governance Report

- 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 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 of the Company. 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 Articles 88 and 89 of the Constitution of the Company:

(i) Mdm. Lim Liang Eng;
(ii) Mr. Ang Miah Khiang;
(iii) Mr. Sim Eng Huat;
(iv) Mr. Lye Hoong Yip Raymond; and
(v) Mr. Low Chia Wing.

Mr. Ang Miah Khiang, Mr. Sim Eng Huat, Mr. Lye Hoong Yip Raymond and Mr. Low Chia Wing, being the members of the NC, have abstained from deliberation in respect of their own respective 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 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. It will do so when deemed 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 of the Company, notwithstanding his or her respective board representations.

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.

Corporate Governance Report

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 the Directors, each Director has been able to devote sufficient time and attention in adequately carrying out his or her duties as a Director of the Company.

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 distributed to the Directors in advance of the Board and Board Committee meetings, as well as on an on-going basis, as practicable. Any additional material 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, attends 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 Company's 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 with 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 of any changes, 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 RC Chairman, are independent.

Chairman:	Mr. Lye Hoong Yip Raymond	(Independent Director)
Members:	Mr. Ang Miah Khiang	(Independent Director)
	Mr. Sin 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.

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 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 years, the employment of each Executive Director shall be renewed for a further three years on such terms and conditions as may be agreed by the RC unless terminated by either party giving six 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 FY2015 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 Soo Kee Group Performance Share Plan 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 reclaim 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 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 FY2015 (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]	-	68.0%	3.0%	29.0%	100.0%
Mdm. Lim Liang Eng[3]	-	68.0%	3.0%	29.0%	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 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 key management personnel (who are not Directors or the CEO) for FY2015 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$550,749

Note:

(1) This includes Ms. Lau Wan Kei, Angelina, 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, 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 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 FY2015, 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, 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 bands of S$100,000 to S$150,000.

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 FY2015.

In connection with the Listing, the Soo Kee Group Performance Share Plan 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 FY2015, no awards have been granted to eligible participants under the Soo Kee Group Performance Share Plan.

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 to the Board 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 and IT risks 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 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 FY2015 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 AC Chairman, are independent.

Chairman:	Mr. Ang Miah Khiang	(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, 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 in FY2015, 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 61 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 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 FY2015.

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 newspaper 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 Company's Constitution allows a Shareholder of the Company to appoint up to two 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 FY2015, the Board has proposed a final cash dividend of 0.5 Singapore cents per ordinary share comprising 33.7% of the Group's profit, net of tax for FY2015.

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 Company's Constitution allows for a Shareholder of the Company to appoint up to two 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

Rule 1204(21) of the Catalist Rules

In compliance with Rule 1204(21) of the Catalist Rules, the nature and amount of fees for non-sponsor services rendered by the Company's sponsor, United Overseas Bank Limited, to the Group in FY2015 were as follows:

Non-sponsor services	**(S$'000)**
Underwriting and placement commission in relation to the IPO	844
Receiving bank fees in relation to the IPO	10
Total	854

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 FY2015 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during FY2015 (excluding 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**")	55
Central support services	
MoneyMax Group	194
Rental income	
MoneyMax Group	184
Rental expense	
SK Properties Pte Ltd	264
Lim Yong Guan	320
Working capital advances to Easimine Group Sdn. Bhd	556[1]
Total	**1,573**

Note:

(1) This relates to advances extended by the Company's wholly-owned subsidiary, SK Jewellery Sdn. Bhd. ("**SK Malaysia**") as bridging advances to Easimine Group Sdn. Bhd. and its wholly-owned subsidiary for working capital purposes. The advances were interest-free and unsecured, and made over two tranches in January 2015 and February 2015. The advances had a repayment term of four months and three months, respectively. The largest amount due from Easimine Group Sdn. Bhd. and its wholly-owned subsidiary over 9M-2015 (based on month-end balances) was MYR1.5 million or approximately S$556,000. No fees or other benefits were payable or accrued to SK Malaysia for the provision of the advances. As at 30 June 2015, the bridging advances have been fully repaid to SK Malaysia.

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the material contracts previously disclosed in the Offer Document and in the Company's announcements, 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 2015 or if not then subsisting entered into since 31 December 2015.

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 treatment 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	4,791	7,209
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	1,452	1,548
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	794	5,206
Working capital and general corporate purposes	10,564	5,577	4,987
	31,564	12,614	18,950

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 2015.

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 this 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 in office at date of statement

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 (appointed on 30 June 2015)
Sim Eng Huat (appointed on 30 June 2015)
Lye Hoong Yip, Raymond (appointed on 30 June 2015)
Low Chia Wing (appointed on 30 June 2015)

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[(1)]	51	66,556,653	–	321,649,765
Lim Yong Sheng	44	57,421,427	–	319,496,765
Lim Liang Eng	5	6,525,155	–	319,496,765

(1) 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.

By virtue of section 7 of the Act, Mr. Lim Yong Guan, Mr. Lim Yong Sheng and Ms Lim Liang Eng with the above shareholdings is deemed to have an interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2016 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 information technology controls 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; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist).

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 are 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 group, work performed by the internal and external auditors, and reviews performed by the board, the audit committee and the management, the board, with the concurrence of the audit committee, is of the opinion that internal control systems of the group, addressing financial, operational, compliance and information technology risks, are adequate and effective as at the end of the reporting year 31 December 2015.

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 28 February 2016, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

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

On behalf of the directors

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

11 March 2016

Independent Auditor’s Report

TO THE MEMBERS OF SOO KEE GROUP LTD. (Registration No: 201214694Z)

Report on the financial statements

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 2015, 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 significant accounting policies and other explanatory information.

Management’s responsibility 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 Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards, 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.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

TO THE MEMBERS OF SOO KEE GROUP LTD. (Registration No: 201214694Z)

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

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 Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

11 March 2016

Partner in charge of audit: Woo E-Sah
Effective from year ended 31 December 2011

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2015

		Group	
	Notes	2015 $'000	2014 $'000
Revenue	5	139,288	134,542
Other gains	6	801	890
Raw materials and consumables used		(72,987)	(70,590)
Employee benefits expense	7	(18,893)	(16,608)
Depreciation and amortisation expense		(2,564)	(2,565)
Other losses	6	(1,565)	(1,152)
Finance costs	8	(1,407)	(638)
Other expenses	9	(32,242)	(30,159)
Profit before tax from continuing operations		10,431	13,720
Income tax expense	10	(2,086)	(2,914)
Profit from continuing operations, net of tax		8,345	10,806
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(287)	(189)
Other comprehensive income for the year, net of tax:		(287)	(189)
Total comprehensive income		8,058	10,617
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic & diluted	12	1.7	2.4
Total		1.7	2.4

The accompanying notes form an integral part of these financial statements

Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Notes	**2015**	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Non-current assets					
Property, plant and equipment	13	32,374	11,130	–	–
Investment in subsidiaries	14	–	–	10,210	–
Investments in associates	15	2	2	–	–
Deferred tax assets	10	146	168	–	–
Other financial assets		30	–	–	–
Other assets (land use rights)	16	5,759	6,015	–	–
Total non-current assets		38,311	17,315	10,210	–
Current assets					
Inventories	17	60,470	51,821	–	–
Trade and other receivables	18	2,262	2,425	14,708	–
Other assets (land use rights)	16	219	–	–	–
Other assets	19	5,857	5,811	149	–
Cash and cash equivalents	20	34,026	8,535	22,111	–
Total current assets		102,834	68,592	36,968	–
Total assets		141,145	85,907	47,178	–
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	42,399	1,572	42,399	–
Retained earnings / (accumulated losses)		8,336	28,691	3,320	(6)
Other reserves	21	(810)	(523)	–	–
Total equity		49,925	29,740	45,719	(6)
Non-current liabilities					
Deferred tax liabilities	10	160	160	–	–
Other financial liabilities	22	37,978	699	–	–
Other liabilities	24	1,015	1,076	–	–
Total non-current liabilities		39,153	1,935	–	–
Current liabilities					
Income tax payable		1,839	2,299	11	–
Trade and other payables	23	15,930	24,222	1,448	6
Other financial liabilities	22	33,507	26,546	–	–
Other liabilities	24	791	1,165	–	–
Total current liabilities		52,067	54,232	1,459	6
Total liabilities		91,220	56,167	1,459	6
Total equity and liabilities		141,145	85,907	47,178	–

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

Statements of Changes in Equity

Year Ended 31 December 2015

Group	Total equity $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000
Current year:				
Opening balance at 1 January 2015	29,740	1,572	28,691	(523)
Movements in equity:				
Dividends paid (Note 11)	(20,000)	–	(20,000)	–
Total comprehensive income for the year	8,058	–	8,345	(287)
Foreign exchange adjustment	(523)	–	(523)	–
Shares swap pursuant to the restructuring exercise (Note 21)	(9,749)	(1,572)	(8,177)	–
Issue of shares pursuant to the acquisition of subsidiaries as part of the restructuring (Note 21)	9,749	9,749	–	–
New shares issued pursuant to the initial public offering ("IPO") (Note 21)	33,750	33,750	–	–
Listing expenses taken to equity (Note 21)	(1,100)	(1,100)	–	–
Closing balance at 31 December 2015	49,925	42,399	8,336	(810)
Previous year:				
Opening balance at 1 January 2015	21,761	1,572	20,523	(334)
Movements in equity:				
Total comprehensive income for the year	10,617	–	10,806	(189)
Dividends paid (Note 11)	(2,638)	–	(2,638)	–
Closing balance at 31 December 2015	29,740	1,572	28,691	(523)

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

Statements of Changes in Equity

Year Ended 31 December 2015

Company	Total equity $'000	Capital $'000	Retained earnings / accumulated losses $'000
Current 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 21)	9,749	9,749	–
New shares issued pursuant to the IPO (Note 21)	33,750	33,750	–
Listing expenses taken to equity (Note 21)	(1,100)	(1,100)	–
Closing balance at 31 December 2015	45,719	42,399	3,320
Previous year:			
Opening balance at 1 January 2014	(5)	–+	(5)
Movements in equity:			
Total comprehensive loss for the year	(1)	–	(1)
Closing balance at 31 December 2014	(6)	–	(6)

+ 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 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Cash flows from operating activities		
Profit before tax	10,431	13,720
Adjustment for:		
Depreciation of property, plant and equipment	2,527	2,565
Amortisation of land use rights	37	–
Interest expense	1,407	638
Interest income	(100)	–
Loss on disposal of plant and equipment	146	146
Net effect of exchange rate changes in consolidating foreign subsidiaries	(136)	(86)
Operating cash flows before changes in working capital	14,312	16,983
Inventories	(8,649)	(3,913)
Trade and other receivables	163	595
Other assets	(46)	1,444
Trade and other payables	(8,292)	528
Other liabilities	(435)	(419)
Net cash flows (used in) from operations	(2,947)	15,218
Income taxes paid	(2,546)	(1,108)
Net cash flows (used in) from operating activities	(5,493)	14,110
Cash flows from investing activities		
Disposal of plant and equipment	55	4
Purchase of other financial assets	(30)	–
Purchase of property, plant and equipment (Note 20A)	(23,686)	(8,744)
Interest received	100	–
Net cash flows used in investing activities	(23,561)	(8,740)
Cash flows from financing activities		
Cash restricted in use	–	252
Increase from new borrowings	30,123	1,682
Decrease in other financial liabilities	(3,159)	(4,231)
Finance lease repayments	(52)	(35)
Net movements in amounts due to directors	16,576	872
Proceeds from issuance of shares pursuant to the IPO; net of listing expense taken to equity (Note 21)	32,650	–
Interest paid	(1,593)	(704)
Dividends paid	(20,000)	(2,638)
Net cash flows from (used in) financing activities	54,545	(4,802)
Net increase in cash and cash equivalents	25,491	568
Cash and cash equivalents, statement of cash flows, beginning balance	8,535	7,967
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	34,026	8,535

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

Notes to the Financial Statements

31 December 2015

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 company changed its name from Soo Kee Group Pte. Ltd. to Soo Kee Group Ltd. in connection with its conversion to a public company limited by shares on 29 July 2015.

On 19 August 2015, the company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

Restructuring exercise

Prior to the invitation of the company in respect of new shares, a restructuring exercise was carried out to rationalise and streamline the corporate structure, resulting in the company becoming the parent company of the group. The details of the restructuring exercise are as follows:

(a) Acquisition of shares in SKJ Group Pte Ltd, SK Jewellery Pte Ltd, Love & Co Pte Ltd, SK Jewellery Sdn Bhd, Love & Co Sdn Bhd and SK Jewellery (Hong Kong) Ltd by the company

On 30 June 2015, the company entered into an agreement with the non-executive chairman, Mr. Lim Yong Guan, and executive directors, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, to acquire 100% of the equity interests in each of (i) SKJ Group Pte Ltd; (ii) SK Jewellery Pte Ltd; (iii) Love & Co Pte Ltd; (iv) SK Jewellery Sdn Bhd; (v) Love & Co Sdn Bhd and SK Jewellery (Hong Kong) Ltd for an aggregate purchase consideration of $9,749,117, taking into consideration the net asset values (adjusted for the $20,000,000 dividend paid in 2015 to its existing shareholders prior to the restructuring exercise) of the relevant companies as at 31 December 2014, and to be satisfied by the allotment and issuance of 9,749,117 new shares credited as fully paid to the executive directors and their nominee, Soo Kee Capital Pte. Ltd.

(b) Acquisition of Institution of Advance Gemology Pte Ltd by the company from Guan Sheng Capital Pte Ltd

On 30 June 2015, the company entered into an agreement with Guan Sheng Capital Pte Ltd to acquire 100% of the equity interest in Institution of Advance Gemology Pte Ltd, for a nominal purchase consideration of $1.00, taking into consideration the net liabilities of Institution of Advance Gemology Pte Ltd as at 31 December 2014 and to be satisfied in cash.

(c) Acquisition of shares in Singapore International Jewellery Pte Ltd by SKJ Group Pte Ltd from Mr. Lim Yong Guan.

On 30 June 2015, SKJ Group entered Pte Ltd into an agreement with Mr. Lim Yong Guan to acquire 10,000 shares representing approximately 4.4% of the equity interest in Singapore International Jewellery Pte Ltd, for a purchase consideration of S$30,000 to be satisfied in cash, taking into consideration the net asset value of Singapore international Jewellery Pte Ltd as at 31 December 2014.

The subsidiaries held by the company on the basis that the group had existed since 1 January 2014 are disclosed in Note 14.

Notes to the Financial Statements

31 December 2015

1. General (cont'd)

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("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 made if the information is immaterial. 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 restructuring exercise involved companies under common control. The consolidated financial statements have been prepared using the "pooling-of-interests" method. Such manner of presentation reflects the economic substance of the combining entities as a single economic enterprise, although the legal parent-subsidiary relationship was only established just prior to the public listing of the company. Accordingly, the group's consolidated financial statements for the reporting year ended 31 December 2014 have been prepared as if the group had been in existence prior to the restructuring exercise. The assets and liabilities are brought into the consolidated statement of financial position at the existing carrying amounts. The figures of the group for the reporting year ended 31 December 2014 represent the combined results, state of affairs, changes in equity and cash flows as if the group had existed since 1 January 2014.

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 2015

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

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.

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.

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.

Notes to the Financial Statements

31 December 2015

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

2A. Significant accounting policies (cont'd)

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 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.

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 2015

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 properties	-	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 24 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 2015

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.

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.

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.

Notes to the Financial Statements

31 December 2015

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

2A. Significant accounting policies (cont'd)

Associates (cont'd)

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

Business combinations not under common control are accounted for by applying the acquisition method. There were no acquisition during the reporting year. Also see Basis of Presentation.

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 2015

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. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

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 2015

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.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

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. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

Notes to the Financial Statements

31 December 2015

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

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement: (cont'd)

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. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific 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. 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.

Notes to the Financial Statements

31 December 2015

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

2A. Significant accounting policies (cont'd)

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.

2B. Other explanatory information

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.

Notes to the Financial Statements

31 December 2015

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

2C. Critical judgements, assumptions and estimation uncertainties

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 17.

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 18.

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.

Notes to the Financial Statements

31 December 2015

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

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.

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	
	2015 $'000	**2014 $'000**
Revenue	55	12
Purchase of goods	–	(1)
Rental income	184	384
Rental expense	(264)	(284)
Bad debts (written off) reversal	–	3
Central support service income	194	180
Printing and maintenance expense	–	(2)

	Director	
	2015 $'000	**2014 $'000**
Interest expense	(491)	–
Purchase of plant and equipment	(90)	–
Rental expense	(320)	(312)

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

Notes to the Financial Statements

31 December 2015

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

3C. Key management compensation:

	2015 $'000	2014 $'000
Salaries and other short-term employee benefits	1,636	863

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

	2015 $'000	2014 $'000
Remuneration of directors of the company	1,085	526
Fees to directors of the company	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.

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	
	2015 $'000	2014 $'000
Other receivables/(other payables):		
Balance at beginning of the year	13	338
Amounts paid out and settlement of liabilities on behalf of another party	473	190
Amounts paid in and settlement of liabilities on behalf of the company	(450)	(515)
Balance at end of the year – net debit	36	13
Presented in the statement of financial position as follows:		
Other receivables (Note 18)	36	13
Balance at end of the year - net debit	36	13

Notes to the Financial Statements

31 December 2015

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

3D. Other receivables from and other payables to related parties (cont'd):

	Directors	
	2015	**2014**
	$'000	**$'000**
Other receivables/(other payables):		
Balance at beginning of year	(8,367)	(7,495)
Amounts paid out and settlement of liabilities on behalf of another party	8,367	728
Interest expense	(491)	–
Directors' loans	(18,270)	–
Repayments	1,661	–
Dividends	–	(1,600)
Balance at end of the year – net credit	(17,100)	(8,367)

Presented in the Statement of Financial Position as follows:

Directors' loans (Note 22)	(17,100)	–
Other receivables (Note 18)	–	38
Other payables (Note 23)	–	(8,405)
Balance at end of the year – net credit	(17,100)	(8,367)

3E. Commitments and contingencies:

A bank loan of $23,579,000 to a subsidiary is guaranteed by the company. The loan is 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.

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. Geographical information

	Revenue		Non-current assets	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	122,759	115,335	37,295	16,103
Malaysia	16,529	19,207	870	1,044
Total	139,288	134,542	38,165	17,147

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.

Notes to the Financial Statements

31 December 2015

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

4C. Information about major customers

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

5. Revenue

	Group	
	2015	**2014**
	$'000	**$'000**
Sale of goods	139,188	134,542
Interest income	100	–
Total	139,288	134,542

6. Other gains and (other losses)

	Group	
	2015	**2014**
	$'000	**$'000**
Bad debts written off	–	3
Central support service income	194	180
Foreign exchange adjustments losses	(1,419)	(651)
Gain arising on derivative not in a designated hedge accounting relationship	–	(255)
Government grants	306	251
Inventories written down	–	(100)
Loss on disposal of plant and equipment, net	(146)	(146)
Rental income (Note 28)	192	414
Miscellaneous income	109	42
Net	(764)	(262)
Presented in profit or loss as:		
Other gains	801	890
Other losses	(1,565)	(1,152)
Net	(764)	(262)

Notes to the Financial Statements

31 December 2015

7. Employee benefits expense

	Group	
	2015 **$'000**	**2014** **$'000**
Short term employee benefits expense	17,287	15,249
Contributions to defined contribution plan	1,606	1,359
Total employee benefits expense	18,893	16,608

8. Finance costs

	Group	
	2015 **$'000**	**2014** **$'000**
Interest expense	1,593	704
Less: Amounts included in the cost qualifying assets	(186)	(66)
Total finance costs	1,407	638

9. Other expenses

The major components and other selected components include the following:

	2015 **$'000**	**2014** **$'000**
IPO related expenses	1,321	–
Rental expenses (Note 27)	21,655	21,961
Audit fees to the independent auditor of the company	158	89
Audit fees to the other independent auditor	30	18
Other fees to the independent auditor of the company	35	15
Other fees to the other independent auditor	16	15
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 2015

10. Income tax

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

	2015 $'000	2014 $'000
Current tax expense:		
Current tax expense	2,303	2,931
(Over) Under adjustments in respect of prior periods	(195)	65
Sub-total	2,108	2,996
Deferred tax expense:		
Deferred tax expense (income)	21	(12)
Over adjustments in respect of prior periods	(43)	(70)
Subtotal	(22)	(82)
Total income tax expense	2,086	2,914

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% (2014: 17.0%) to profit or loss before income tax as a result of the following differences:

	2015 $'000	2014 $'000
Profit before tax	10,431	13,720
Income tax expense at the above rate	1,773	2,332
Not deductible items	762	735
Tax exemptions	(112)	(187)
Enhanced allowance	(180)	(99)
Over adjustments in tax in respect of prior periods	(238)	(5)
Effect of different tax rate in different countries	81	131
Other minor items less than 3% each	–	7
Total income tax expense	2,086	2,914

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

Notes to the Financial Statements

31 December 2015

10. Income tax (cont'd)

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

	2015 $'000	2014 $'000
Excess of tax value over net book value of plant and equipment	18	(154)
Excess of book value of plant and equipment over tax values	(3)	56
Provisions	(47)	16
Tax loss carryforwards	7	–
Others	3	–
Total deferred income tax expense recognised in profit or loss	(22)	(82)

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

	2015 $'000	2014 $'000
Deferred tax assets (liabilities) recognised in profit or loss:		
Excess of tax value over net book value of plant and equipment	62	44
Excess of book value of plant and equipment over tax values	(157)	(160)
Provisions	77	124
Tax loss carryforwards	7	–
Others	(3)	–
Net balance	(14)	8

Presented in the statement of financial position as follows:

	2015 $'000	2014 $'000
Deferred tax assets	146	168
Deferred tax liabilities	(160)	(160)
Net balance	(14)	8

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 2015

11. Dividends on equity shares

	2015 $'000	2014 $'000
Interim exempt (1-tier) dividend paid	20,000	1,600
Interim exempt (1-tier) dividend paid	–	1,038
Total dividends paid in the year [a]	20,000	2,638

[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 0.5 cents per share with a total of $2,813,000 be paid to shareholders after the annual general meeting to be held on 29 April 2016. 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:

	2015 $'000	2014 $'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	8,345	10,806
B. Total basic and diluted earnings	8,345	10,806
D. Denominators: weighted average number of equity shares	**No: '000**	**No: '000**
E. Basic and diluted	491,301	450,000

The weighted average number of equity shares refers to shares in outstanding during the reporting period. It 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 21.

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 2015

13. Property, plant and equipment

	Leasehold property $'000	Property under construction $'000	Renovations $'000	Plant and equipment $'000	Total $'000
Cost:					
At 1 January 2014	–	678	8,783	5,808	15,269
Additions	–	7,096	1,440	333	8,869
Disposals	–	–	(1,389)	(402)	(1,791)
Translation adjustment	–	–	(100)	(16)	(116)
At 31 December 2014	–	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
Accumulated depreciation:					
At 1 January 2014	–	–	5,987	4,273	10,260
Depreciation for the year	–	–	1,880	685	2,565
Disposals	–	–	(1,250)	(391)	(1,641)
Translation adjustment	–	–	(71)	(12)	(83)
At 31 December 2014		–	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
Net book value:					
At 1 January 2014	–	678	2,796	1,535	5,009
At 31 December 2014	–	7,774	2,188	1,168	11,130
At 31 December 2015	27,163	–	1,467	3,744	32,374

Certain items are under finance lease agreements. (See Note 22).

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

	2015	2014
Capitalisation rates	1.45% to 2.35%	1.31% to 1.51%
	$'000	$'000
Borrowing costs capitalised included in additions during the year	186	66
Accumulated interest capitalised included in the cost total	300	114

Notes to the Financial Statements

31 December 2015

14. Investment in subsidiaries

	Company 2015 $'000	Company 2014 $'000
Movements during the year:	–	–
Balance at beginning of the year	–	–
Acquisition of subsidiaries pursuant to the restructuring exercise (Note 21)	9,749	–
Acquisition of additional share capital issued by subsidiaries	461	–
Cost at the end of the year	10,210	–
Total cost comprising:		
Unquoted equity shares at cost	10,210	–

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**		**Percentage of equity held by the group**	
	2015 $'000	**2014 $'000**	**2015 %**	**2014 %**
SKJ Group Pte Ltd [(b)] Singapore Retail sale of jewellery, watches and luxury goods	2,853	(a)	100	100
SK Jewellery Pte Ltd [(b)] Singapore Retail sale of jewellery, watches and luxury goods	3,529	(a)	100	100
Love & Co Pte Ltd [(b)] Singapore Retail sale of jewellery, watches and luxury goods	1,322	(a)	100	100
Institution of Advanced Gemology Pte Ltd [(c)] Singapore Dormant	–+	(a)	100	100
SK Jewellery Sdn Bhd [(d)] Malaysia Retail sale of jewellery, watches and luxury goods	888	(a)	100	100
Love & Co Sdn Bhd [(d)] Malaysia Retail sale of jewellery, watches and luxury goods	1,618	(a)	100	100

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14. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditor	**Cost in books of company**		**Percentage of equity held by the group**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**%**	**%**
SK Jewellery (Hong Kong) Ltd [c]	–+	(a)	100	100
Hong Kong				
Logistics and distribution management				

Note: + Amount less than S$1,000

(a) Presented on the basis that the group had existed since 1 January 2014 as set out in Note 1.

(b) Audited by RSM Chio Lim LLP in Singapore, a member firm of RSM International.

(c) Not audited as it was dormant and inactive.

(d) 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	
	2015	**2014**
	$'000	**$'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 books of company**		**Percentage of equity held by the group**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**%**	**%**
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.

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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.

	2015 $	2014 $
Aggregate for the non-material associate:		
Loss for the year	(10,585)	(47,867)
Net liabilities of the associate	(68,444)	(57,859)

16. Other assets (land use rights)

	Group	
	2015 $'000	2014 $'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		
Amortisation for the year included under depreciation and amortisation expense	37	–
At the end of the year	37	–
Balance to be amortised:		
Not later than one year	219	–
Later than one year and not later than five years	878	915
Later than five years	4,881	5,100
	5,978	6,015

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.

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17. Inventories

	Group	
	2015	**2014**
	$'000	**$'000**
Finished goods	57,340	48,876
Raw materials	3,130	2,945
	60,470	51,821
Inventories are stated after allowance. Movement in allowance:		
Balance at beginning of the year	181	81
Charged to profit or loss included in other losses (Note 6)	–	100
Balance at end of the year	181	181

There are no inventories pledged as security for liabilities.

	Group	
	2015	**2014**
	$'000	**$'000**
Raw materials and consumables used	81,451	75,248
Changes in inventories of finished goods (increase)	(8,464)	(4,658)

18. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Outside parties	1,856	2,253	–	–
Related parties (Note 3)	–	2	–	–
Net trade receivables – subtotal	1,856	2,255	–	–
Other receivables:				
Director (Note 3)	–	38	–	–
Subsidiaries (Note 3) [(a)]	–	–	14,708	–
Related parties (Note 3)	36	13	–	–
Other receivables	370	119	–	–
Net other receivables – subtotal	406	170	14,708	–
Total trade and other receivables	2,262	2,425	14,708	–

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19. Other assets

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits to secure services	5,193	5,198	–	–
Prepayments	664	613	149	–
	5,857	5,811	149	–

20. Cash and cash equivalents

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not restricted in use	34,026	8,535	22,111	–

The interest earning balances are not significant.

20A. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of S$228,000 (2014: nil) acquired by means of finance leases.

21. Share capital

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2014 and end of the year 31 December 2014 [(a)]	1,572	1,572
Share swap pursuant to the restructuring exercise [(b)]	(1,572)	(1,572)
Issue of shares pursuant to the acquisition of subsidiaries as part of the restructuring [(c)]	9,749	9,749
	9,749	9,749
After the sub-division of shares	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	562,500	42,399

(a) The share capital represents combined capital of the subsidiaries prior to the restructuring exercise (Note 1).

(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. As disclosed in Note 1, 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 2015

21. 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.

	2015 $'000	**2014 $'000**
Net debt:		
All current and non-current borrowings including finance leases	71,485	27,245
Less cash and cash equivalents	(34,026)	(8,535)
Net debt	37,459	18,710
Capital:		
Total equity	49,925	29,740
Debt-to-capital ratio	75.0%	62.9%

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debt.

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

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22. Other financial liabilities

	Group 2015 $'000	Group 2014 $'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 22A)	24,330	682
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 22B)	13,500	–
Finance leases (Note 22C)	148	17
Total non-current portion	37,978	699
Current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 22A)	29,850	26,534
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 22B)	3,600	–
Finance leases (Note 22C)	57	12
Total current portion	33,507	26,546
Total non-current and current	71,485	27,245

	Group 2015 $'000	Group 2014 $'000
The non-current portion is repayable as follows:		
Due within 2 to 5 years	20,640	699
After 5 years	17,338	–
	37,978	699

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

	Group 2015 %	Group 2014 %
Bank loans (secured)	1.46% - 3.52%	1.30% - 2.50%

Notes to the Financial Statements

31 December 2015

22. Other financial liabilities (cont'd)

22A. Bank loans (secured)

	Group	
	2015	2014
	$'000	$'000
Short term loans	29,921	19,921
Term loan A	–	986
Term loan B	4,080	4,278
Term loan C	19,498	682
Term loan D	681	1,349
	54,180	27,216

(i) Short term loans are revolving short term bank loan maturing in 2016. The loans are secured by a joint and several personal guarantees from some directors of the company.

In addition, a short term loan of $3,000,000 is secured by a second legal mortgage of leasehold commercial properties belonging to a related party and a short term loan of $1,000,000 is secured by a corporate guarantee from a related company.

(ii) Term loan A is repayable by 36 monthly instalments commencing September 2012. This loan was fully repaid during the reporting year 2015.

(iii) Term loan B is repayable by 240 equal monthly instalments from July 2013. The loan was used to finance the acquisition of a land use right (Note 16). Refer to part (iv) for security.

(iv) Term loan C is used to finance the construction of a building (Note 13) on the land indicated in (iii). It is repayable by 240 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 B and C, 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.

(v) Term loan D is repayable by 36 monthly instalments commencing December 2013. The loan is secured by joint and several guarantee from some directors of the company.

During the reporting year 2014 and 2015, there was a breach of loan agreement term by a subsidiary. The required gearing ratio of not less than 0.85 was not maintained. The breach remained unresolved. The lender has not made a demand for accelerated repayment. The lender agreed to accommodate the breach until 31 May 2016.

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.

Notes to the Financial Statements

31 December 2015

22. Other financial liabilities (cont'd)

22B. Directors' loans

	Group 2015 $'000	Group 2014 $'000
Movements during the year:		
Balance at beginning of the year	–	–
Additions at cost	18,270	–
Interest charged	491	–
Repayment	(1,661)	–
Balance at end of the year	17,100	–

The loan payable agreement provides that it is unsecured, with fixed interest of 4.65% (2014: Nil) 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).

22C. Finance leases

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

2014	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	13	(1)	12
Due within 2 to 5 years	18	(1)	17
Total	31	(2)	29
Net book value of plant and equipment under finance leases			54

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% - 4.48% (2014: 2.43%) 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).

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23. Trade and other payables

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade payables:				
Outside parties and accrued liabilities	15,235	15,279	953	6
Trade payables – subtotal	15,235	15,279	953	6
Other payables:				
Outside parties	695	538	495	–
Directors (Note 3)	–	8,405	–	–
Other payables – subtotal	695	8,943	495	–
Total trade and other payables	15,930	24,222	1,448	6

24. Other liabilities

	Group	
	2015 $'000	**2014 $'000**
Other liabilities, non-current:		
Deferred rent	170	193
Provision for restoration costs (1)	845	883
Total	1,015	1,076
Other liabilities, current:		
Deposits	791	1,165
Total	1,806	2,241
Movements in provision for restoration cost:		
At beginning of the year	883	930
Additions	48	125
Used	(94)	(162)
Foreign exchange adjustments	8	(10)
At end of the year	845	883

(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.

Notes to the Financial Statements

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25. Derivative financial instruments

The table below summarises the fair value of derivatives at end of the year:

	2015 $'000	2014 $'000
Interest rate swaps	–	6

For the reporting year ended 31 December 2014, the notional amount of the interest rate swaps was $3,000,000. The fair values were not recognised in the financial statements as the amount was not considered material.

The fair value of the interest rate swap is determined on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The fair value is regarded as a level 2 fair value measurement for financial instruments.

26. 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	
	2015 $'000	2014 $'000
Commitments to purchase of property, plant and equipment	3,163	20,948

27. 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	
	2015 $'000	2014 $'000
Not later than one year	16,852	16,780
Later than one year and not later than five years	14,616	14,264
Rental expenses for the year	21,655	21,961
Contingent rents recognised as expense	1,075	1,023

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$1,895,000 (2014: S$2,405,000).

Notes to the Financial Statements

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28. 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	
	2015 $'000	2014 $'000
Not later than one year	160	116
Rental income for the year	192	414

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.

29. Financial instruments: information on financial risks

29A. 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets:				
Cash and cash equivalents	34,026	8,535	22,111	–
Loan and receivables	2,262	2,425	14,708	–
At end of the year	36,288	10,960	36,819	–
Financial liabilities:				
Trade and other payables measured at amortised cost	15,930	24,222	1,448	6
Other financial liabilities measured at amortised costs	71,485	27,245	–	–
At end of the year	87,415	51,467	1,448	6

Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements

31 December 2015

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

29B. 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.

29C. 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.

29D. 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 20 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.

Notes to the Financial Statements

31 December 2015

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

29E Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:					
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

	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
Non–derivative financial liabilities:					
2014:					
Gross borrowings commitments	28,449	691	–	–	29,140
Gross finance lease obligations	13	18	–	–	31
Trade and other payables	24,222	–	–	–	24,222
At end of year	52,684	709	–	–	53,393

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 (2014: 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:

Notes to the Financial Statements

31 December 2015

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

29E Liquidity risk – financial liabilities maturity analysis (cont'd)

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

Bank Facilities:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Bankers' guarantees in favour of landlord	978	1,495	–	–
Bankers' guarantees in favour of subsidiaries	23,579	–	23,579	–
Bankers' guarantees in favour of related parities banking facilities	–	1,885	–	–
Undrawn borrowing facilities	11,495	30,666		

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.

29F 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 2015 $'000	Group 2014 $'000
Financial liabilities with interest:		
Fixed rate	17,305	29
Floating rate	54,180	27,216
Total at end of the year	71,485	27,245

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

Notes to the Financial Statements

31 December 2015

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

29F Interest rate risk (cont'd)

Sensitivity analysis:

	Group	
	2015	**2014**
	$'000	**$'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	542	272

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).

29G Foreign currency risks

Analysis of amounts denominated in non-functional currency.

2015	US dollars	Japanese Yen	Chinese RMB	Hong Kong Dollars	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities:					
Trade and other payables	5,783	290	719	647	7,439
Total financial liabilities	5,783	290	719	647	7,439
2014					
Financial liabilities:					
Trade and other payables	7,796	112	758	262	8,928
Total financial liabilities	7,796	112	758	262	8,928

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

Notes to the Financial Statements

31 December 2015

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

29G Foreign currency risks (cont'd)

Sensitivity analysis:

	Group	
	2015	**2014**
	$'000	**$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US Dollars with all other variables held constant would have a favourable effect on post-tax profit of	578	780
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	29	11
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	72	76
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	65	26

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.

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.

30. Events after the end of the reporting year

On 15 January 2016, the Company increased its investment in its wholly-owned subsidiary, SK Jewellery Pte Ltd ("SKPL") by the allotment and issuance of 292,000 ordinary shares in the capital of SKPL to the Company for a total cash consideration of S$292,000.

On 16 February 2016, the Company entered into a non-binding memorandum of understanding with Dai Keng Trading Pte Ltd ("Dai Keng"), Kwek Chew Bong and Kwek Seow Ean (collectively, the "Parties") to acquire 70% of the total issued and paid-up share capital of DK Bullion Pte Ltd.

Notes to the Financial Statements

31 December 2015

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 (early application)
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions
Various	Improvements to FRSs (Issued in January 2014). Relating to
	FRS 102 Share-based Payment
	FRS 103 Business Combinations
	FRS 108 Operating Segments
	FRS 113 Fair Value Measurement
	FRS 16 Property, Plant and Equipment
	FRS 24 Related Party Disclosures
	FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to
	FRS 103 Business Combinations
	FRS 113 Fair Value Measurement

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.

FRS No.	Title	Effective date for periods beginning on or after
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

Statistics of Shareholdings

18 March 2016

Number of shares issued	:	562,500,000
Class of shares	:	Ordinary shares
Voting rights	:	On a 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 – 1,000	115	7.15	108,100	0.02
1,001 – 10,000	911	56.62	5,066,400	0.90
10,001 – 1,000,000	563	34.99	50,159,300	8.92
1,000,001 and above	20	1.24	507,166,200	90.16
Total	1,609	100.00	562,500,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 18 March 2016, 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	19,410,000	3.45
5	Phillip Securities Pte Ltd	7,146,900	1.27
6	Lim Liang Eng	6,525,155	1.16
7	Lim Hock Chee	3,449,600	0.61
8	Tan Yong Jin	2,922,000	0.52
9	Tuah Pei Koon	2,829,100	0.50
10	Lim Lai Hiang Delphine	2,800,000	0.50
11	Chan Kian Kuan	2,360,000	0.42
12	Tan Yang Hong	2,153,000	0.38
13	Lim Liang Soh	2,138,000	0.38
14	Lim Liang Cheng	2,138,000	0.38
15	Lim Liang Keng	2,138,000	0.38
16	Kang Puay Seng	1,940,000	0.35
17	Lew Tuan Tat	1,800,000	0.32
18	Gay Soon Watt	1,403,700	0.25
19	Tang Kim Siong	1,400,000	0.25
20	Hong Leong Finance Nominees Pte Ltd	1,137,900	0.20
		507,166,200	90.16

Statistics of Shareholdings

18 March 2016

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)	66,556,653	11.8	321,649,765	57.2
Lim Ying 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 the equity interest in 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 of Soo Kee Group Ltd. (the "Company") will be held at 7 Changi Business Park Vista #01-01 Singapore 486042 on Friday, 29 April 2016 at 10:00 am 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 2015 together with the Auditors' Report thereon. Resolution 1

2. To declare a first and final tax exempt (one-tier) dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2015. Resolution 2

3. To re-elect Mdm. Lim Liang Eng who is retiring in accordance with Article 89 of the Constitution of the Company, as a Director of the Company. Resolution 3

4. To re-elect Mr. Ang Miah Khiang who is retiring in accordance with Article 88 of the Constitution of the Company, as a Director of the Company. Resolution 4

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

5. To re-elect Mr. Sim Eng Huat who is retiring in accordance with Article 88 of the Constitution of the Company, as a Director of the Company. Resolution 5

   [Mr. Sim Eng Huat shall, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee. Mr. Sim Eng Huat shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.]

6. To re-elect Mr. Lye Hoong Yip Raymond who is retiring in accordance with Article 88 of the Constitution of the Company, as a Director of the Company. Resolution 6

   [Mr. Lye Hoong Yip Raymond shall, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee. Mr. Lye Hoong Yip Raymond shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.]

7. To re-elect Mr. Low Chia Wing who is retiring in accordance with Article 88 of the Constitution of the Company, as a Director of the Company. Resolution 7

   [Mr. Low Chia Wing shall, upon re-election as a Director of the Company, remain as a member of the Nominating Committee, Audit Committee and Remuneration Committee. Mr. Low Chia Wing shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.]

8. To approve the Directors' fees of S$232,500 for the financial year ended 31 December 2015. Resolution 8

9. To approve the Directors' fees of S$465,000 for the financial year ending 31 December 2016, payable quarterly in arrears. Resolution 9

Notice of Annual General Meeting

10. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 10

<u>**AS SPECIAL BUSINESS**</u>

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

11. **Authority to allot and issue shares up to one hundred per centum (100%) of the issued shares in the capital of the Company**

"That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company 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); Resolution 11

(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 the resolution approving the mandate, 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 Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

Notice of Annual General Meeting

12. **Authority to allot and issue shares under the Soo Kee Group Performance Share Plan** Resolution 12

"That approval be and is hereby given to the Directors of the Company 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 fully paid-up shares in the capital of the Company 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 in the capital of the Company from time to time."

[See Explanatory Note (ii)]

13. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The proposed Resolution 11, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, 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 Annual General Meeting.

(ii) The proposed Resolution 12, if passed, will empower the Directors of the Company to offer and grant awards and to issue and allot shares in the capital of the Company pursuant to the Soo Kee Group Performance Share Plan (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 in the capital of the Company.

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 09 May 2016 for the purpose of determining members' entitlements to the first and final exempt (one-tier) dividend (the "First and Final Dividend") to be proposed at the Annual General Meeting of the Company to be held on 29 April 2016.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 08 May 2016 by the Company's Share Registrar, B.A.C.S Private Limited, 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 in the Company as at 5:00 p.m. on 08 May 2016 will be entitled to such proposed First and Final Dividend.

The proposed First and Final Dividend, if approved at the Annual General Meeting will be paid on 18 May 2016.

By Order Of the Board

SEAH KIM SWEE
Company Secretary

Date: 13 April 2016

Notes:

a) A member entitled to attend and vote at this meeting 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, 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the meeting.

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 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 (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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SOO KEE GROUP LTD.

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

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Soo Kee Group Ltd, this proxy form is not valid for use and shall be in effective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this 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 (delete as appropriate)

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

or failing whom the Chairman of the Annual General Meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf at the Annual General Meeting of the Company to be held at 7 Changi Business Park Vista, #01-01 Singapore 486042 on Friday, 29 April 2016 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 Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting 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 Audited Financial Statements, Directors' Statement and the Report of the Auditors		
2	To approve payment of a first and final tax exempt (one-tier) dividend		
3	To re-elect Mdm. Lim Liang Eng as Director		
4	To re-elect Mr. Ang Miah Khiang as Director		
5	To re-elect Mr. Sim Eng Huat as Director		
6	To re-elect Mr. Lye Hoong Yip Raymond as Director		
7	To re-elect Mr. Low Chia Wing as Director		
8	To approve Directors' fees for financial year ended 31 December 2015		
9	To approve Directors' fees for financial year ending 31 December 2016, payable quarterly in arrears		
10	To re-appoint Messrs RSM Chio Lim LLP as Auditors		
11	To authorize the Directors to allot and issue shares		
12	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 _________ 2016

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 Meeting. 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 Meeting.

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

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized 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 authorized. 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 authorize 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 CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 13 April 2016.

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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

GOING BEYOND

www.sookeegroup.com

7 Changi Business Park Vista, #01-01, Singapore 486042 | Tel +65 6812 2833 | Fax +65 6812 2844