



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

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## **MEMORANDUM OF UNDERSTANDING WITH BIZKEY NETWORK PTE. LTD. –**

- (1) RESPONSE TO QUERIES FROM THE SGX-ST**
  - (2) CLARIFICATION TO BUSINESS TIMES ARTICLE**
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The board of directors (the “**Board**”) of SK Jewellery Group Limited. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to (i) the Company’s announcement (“**Announcement**”) and press release dated 18 January 2019 in relation to the entering into of a memorandum of understanding with Bizkey Network Pte. Ltd. to accept cryptocurrency as an alternative form of payment at its jewellery outlets and (ii) the article “Reminder: Crypto currencies are not legal tender” published in The Business Times on 24 January 2019 (the “**Business Times Article**”).

Unless otherwise defined, capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcement.

### **(1) RESPONSE TO QUERIES FROM THE SGX-ST**

In response to queries raised by the SGX-ST dated 24 January 2019, the Board would like to provide the following response:

- i. Whether the MOU between the Company and Bizkey is legally binding? Does the MOU have an expiry date?*

#### Company’s Response

The MOU is not legally binding and has expired on 27 January 2019. Following the expiration of the MOU, the Company has ceased the acceptance of crypto currencies at its outlet located at Marina Bay Sands. The Company is currently evaluating its plans to integrate the acceptance of crypto currencies into the POS systems at its outlets and will update Shareholders accordingly of its plans *via* an SGXNET announcement.

As set out in the Announcement, the Company planned to only integrate the acceptance of crypto currencies into its POS systems at all its other outlets should the integration at its outlet located at Marina Bay Sands be successful.

- ii. What is the impact of the MOU on the Company’s financials and operations?*

#### Company’s Response

As set out in the Announcement, the MOU is not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the current financial year ending 31 December 2019.



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- iii. *What is the consideration payable by the Company to Bizkey for its blockchain-based payment platform service?*

Company's Response

Under the terms of the MOU, the Company will pay Bizkey a conversion processing fee, which is currently at 1 per cent.

- iv. *It was stated that Bizkey will handle the conversion of crypto to fiat within one business day. What will the conversion be based on? What happens during the interim prior to conversion? How will crypto currencies be valued and accounted for in the Company's books?*

Company's Response

The currency conversion will be done between Singapore dollar retail prices and the customers' coin of choice at the point of sale, with the exchange rate based on the said coin's prevailing market value and the entire process during the transition period prior to conversion is managed by Bizkey. All conversion risks of crypto to fiat will also be borne by Bizkey. The accounting treatment of accepting crypto currencies in the Group's accounting records will be similar to other forms of payment received, such as credit cards.

- v. *Has the Company consulted its auditors on implications on accounting for crypto currencies? Any other implications?*

Company's Response

The Company has consulted its auditors on the implications on accounting for crypto currencies and based on preliminary discussions with its auditors, the Company understands that accounting treatment of receiving funds in crypto currencies will be similar to the treatment from receiving other forms of payment such as credit cards.

**(2) CLARIFICATION TO THE BUSINESS TIMES ARTICLE**

The Company refers to the statement "*Bizkey reported that such transactions crossed S\$30,000 across three two-hour flash sales*" as reported in the Business Times Article and wishes to clarify that the statement was incorrect as the sales of S\$30,000 during the flash sales periods were not entirely transactions using crypto currency payments but represents the aggregate actual sales at the outlet during the flash sales periods.



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**BY ORDER OF THE BOARD**

Lim Yong Sheng  
Executive Director and Chief Executive Officer  
29 January 2019

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

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

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