



## SK Jewellery Group Limited

(Company Registration No.: 201214694Z)

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

### UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

#### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group					
	Unaudited Q4-2019 S\$'000	Unaudited Q4-2018 S\$'000	Change %	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Change %
<b>Revenue</b>	39,105	36,959	5.81%	138,774	133,001	4.34%
Other gains	437	339	28.91%	1,649	1,475	11.80%
Material costs	(19,925)	(19,372)	2.85%	(72,576)	(68,935)	5.28%
Employee benefits expense	(4,725)	(4,972)	(4.97%)	(19,780)	(19,968)	(0.94%)
Depreciation and amortization expense	(5,307)	(1,170)	N.M.	(23,814)	(4,459)	N.M.
Other losses	(827)	(35)	N.M.	(1,070)	(232)	N.M.
Finance costs	(574)	(374)	53.48%	(1,759)	(1,342)	31.07%
Rental expenses	(814)	(5,587)	(85.43%)	(2,848)	(21,562)	(86.79%)
Other expenses	(2,986)	(2,806)	6.41%	(9,400)	(9,928)	(5.32%)
Share of results of associates	(81)	(53)	52.83%	(303)	(217)	39.63%
<b>Profit before tax from continuing operations</b>	<b>4,303</b>	<b>2,929</b>	<b>46.91%</b>	<b>8,873</b>	<b>7,833</b>	<b>13.28%</b>
Income tax expense	(1,439)	(637)	N.M.	(2,495)	(1,891)	31.94%
<b>Profit from continuing operations, net of tax</b>	<b>2,864</b>	<b>2,292</b>	<b>24.96%</b>	<b>6,378</b>	<b>5,942</b>	<b>7.34%</b>
Loss from discontinued operations, net of tax	-	(971)	N.M.	(382)	(827)	(53.81%)
<b>Profit, net of tax</b>	<b>2,864</b>	<b>1,321</b>	<b>N.M.</b>	<b>5,996</b>	<b>5,115</b>	<b>17.22%</b>
<b>Other comprehensive income: Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations, net of tax	27	(86)	68.60%	(9)	(91)	(90.11%)
<b>Other comprehensive income for the period, net of tax</b>	<b>27</b>	<b>(86)</b>	<b>68.60%</b>	<b>(9)</b>	<b>(91)</b>	<b>(90.11)%</b>
<b>Total comprehensive income</b>	<b>2,891</b>	<b>1,235</b>	<b>N.M.</b>	<b>5,987</b>	<b>5,024</b>	<b>19.17%</b>
<b>Attributable to:</b>						
Equity holders of the Company	2,864	1,724	66.13%	6,110	5,382	13.53%
Non-controlling interest	-	(403)	N.M.	(114)	(267)	(57.30%)
<b>Profit, net of tax</b>	<b>2,864</b>	<b>1,321</b>	<b>N.M.</b>	<b>5,996</b>	<b>5,115</b>	<b>17.22%</b>
<b>Attributable to:</b>						
Equity holders of the Company	2,891	1,638	76.50%	6,101	5,291	15.31%
Non-controlling interest	-	(403)	N.M.	(114)	(267)	(57.30%)
<b>Total comprehensive income</b>	<b>2,891</b>	<b>1,235</b>	<b>N.M.</b>	<b>5,987</b>	<b>5,024</b>	<b>19.17%</b>

N.M.: Not meaningful

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

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

	Group					
	Unaudited Q4-2019 S\$'000	Unaudited Q4-2018 S\$'000	Change %	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Change %
Central support service income	78	78	-	312	255	22.35%
Foreign exchange gains/(losses)	63	(37)	70.27%	11	(142)	92.25%
Government grant	9	55	(83.64%)	151	257	(41.25%)
Share of results of associate	(81)	(53)	52.83%	(303)	(217)	39.63%
Dividend Income	21	-	N.M.	21	-	N.M.
Mark-to-market revaluation gain/(loss) of gold loan	(875)	-	N.M.	(801)	-	N.M.
Over provision of reinstatement	32	-	N.M.	32	-	N.M.
Loss on disposal of property, plant and equipment	(78)	(53)	(47.17%)	(269)	(99)	N.M.
Miscellaneous income	136	(20)	N.M.	213	64	N.M.
Rental income	225	225	-	909	899	1.11%

N.M.: Not meaningful

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

### STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited As at 31 December 2019 S\$'000	Audited As at 31 December 2018 S\$'000	Unaudited As at 31 December 2019 S\$'000	Audited As at 31 December 2018 S\$'000
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	30,456	31,988	-	-
Investment in subsidiaries	-	-	10,502	10,502
Investment in associate	-	287	-	-
Deferred tax assets	337	458	-	-
Other financial assets	30	30	-	-
Other assets (rights of use)	26,913	-	-	-
Other assets (land use rights)	5,101	5,321	-	-
<b>Total non-current assets</b>	<b>62,837</b>	<b>38,084</b>	<b>10,502</b>	<b>10,502</b>
<b><u>Current assets</u></b>				
Inventories	55,290	55,682	-	-
Trade and other receivables	3,069	2,893	34,329	33,936
Derivative financial assets	-	545	-	-
Other assets	5,682	6,888	169	53
Income tax receivable	155	181	-	-
Cash and cash equivalents	17,783	16,875	1,285	2,415
<b>Total current assets</b>	<b>81,979</b>	<b>83,064</b>	<b>35,783</b>	<b>36,404</b>
<b>Total assets</b>	<b>144,816</b>	<b>121,148</b>	<b>46,285</b>	<b>46,906</b>
<b>Equity and liabilities</b>				
<b><u>Equity</u></b>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	22,446	19,149	3,066	2,373
Other reserves	(870)	(861)	-	-
Equity attributable to owners of the Company	63,975	60,687	45,465	44,772
Non-controlling interest	-	(52)	-	-
<b>Total equity</b>	<b>63,975</b>	<b>60,635</b>	<b>45,465</b>	<b>44,772</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	198	326	-	-
Other financial liabilities	18,391	19,740	-	-
Other liabilities	884	980	-	-
Lease liabilities	12,211	-	-	-
<b>Total non-current liabilities</b>	<b>31,684</b>	<b>21,046</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	2,280	1,257	139	136
Trade and other payables	11,397	14,850	681	1,998
Other financial liabilities	18,944	21,508	-	-
Other liabilities	1,476	1,852	-	-
Lease liabilities	15,060	-	-	-
<b>Total current liabilities</b>	<b>49,157</b>	<b>39,467</b>	<b>820</b>	<b>2,134</b>
<b>Total liabilities</b>	<b>80,841</b>	<b>60,513</b>	<b>820</b>	<b>2,134</b>
<b>Total equity and liabilities</b>	<b>144,816</b>	<b>121,148</b>	<b>46,285</b>	<b>46,906</b>

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

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

As at 31 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,944	-	17,268	4,240

Amount repayable by the Group after one year

As at 31 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,391	-	19,740	-

#### Details of collaterals

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

- (a) Corporate guarantees from the Company;
- (b) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of the building agreement in respect of the Group's land located at Changi Business Park (the "**Changi Business Park Land**"); and
- (c) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of all present and future leases of any units or part thereof of the Group's building located on the Changi Business Park Land.

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

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

**CONSOLIDATED / COMBINED STATEMENTS OF CASH FLOWS**

	Unaudited Q4-2019 S\$'000	Unaudited Q4-2018 S\$'000	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	4,303	2,929	8,873	7,833
Adjustments for:				
Depreciation of property, plant and equipment	936	1,024	4,239	4,210
Amortisation of land use rights	56	54	220	219
Amortisation of other intangible assets	-	30	-	30
Amortisation of right of use assets	4,315	-	19,355	-
Goodwill written off	-	247	-	247
Interest expense	574	374	1,759	1,342
Interest income	(50)	(5)	(50)	(35)
Loss on disposal of property, plant and equipment	78	53	269	99
Loss on disposal of an associate	-	2	-	2
Share of results of associate	81	53	303	217
Fair value loss on gold loans designated at fair value through profit or loss	875	-	801	-
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	(701)	(67)	(62)	(755)
Operating cash flows before changes in working capital	10,467	4,828	35,707	13,409
Inventories	985	(1,154)	389	2,080
Trade and other receivables	(1,384)	(1,819)	182	(1,457)
Other assets	41,183	1,977	1,206	3,212
Trade and other payables	1,904	2,660	(3,131)	991
Other liabilities	(27,030)	(8,402)	(472)	(12,444)
<b>Net cash flows from operations</b>	26,125	(1,910)	33,881	5,791
Income taxes refund / (paid)	675	(275)	(1,703)	(1,996)
Net cash flows from / (used in) operating activities	26,800	(2,185)	32,178	3,795
<b><u>Cash flows from investing activities</u></b>				
Purchase of property, plant and equipment	(821)	(1,151)	(3,431)	(3,570)
Disposal of property, plant and equipment	171	189	396	254
Disposal of subsidiary	(401)	-	-	(504)
Interest received	50	5	50	35
Net cash flows used in investing activities	(1,001)	(957)	(2,985)	(3,785)
<b><u>Cash flows from financing activities</u></b>				
Loans and borrowings paid	(2,258)	(911)	(6,282)	(2,291)
Lease liabilities – principal portion paid	(18,555)	-	(19,568)	-
Increase in borrowings	4,681	-	4,681	-
Finance lease repayments	68	-	(72)	(65)
Net movement in amounts due to directors	(2,991)	35	(3,040)	(7,887)
Interest paid	(420)	(374)	(1,191)	(1,342)
Dividend paid	-	-	(2,813)	(2,813)
Net cash flows used in financing activities	(19,475)	(1,250)	(28,285)	(14,398)
<b><u>Net increase / (decrease) in cash and cash equivalents</u></b>	6,324	(4,392)	908	(14,388)
Cash and cash equivalents, statement of cash flows, beginning balance	11,459	21,267	16,875	31,263
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	17,783	16,875	17,783	16,875

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

#### STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Retained Earnings	Other Reserves	Attributable to Owners	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2019</b>	42,399	19,149	(861)	60,687	(52)	60,635
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	6,110	(9)	6,101	(114)	5,987
Disposal of subsidiary	-	-	-	-	166	166
<b>Balance as at 31 December 2019</b>	<b>42,399</b>	<b>22,446</b>	<b>(870)</b>	<b>63,975</b>	<b>-</b>	<b>63,975</b>
<b>Balance as at 1 January 2018</b>	42,399	16,580	(770)	58,209	215	58,424
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	5,382	(91)	5,291	(267)	5,024
<b>Balance as at 31 December 2018</b>	<b>42,399</b>	<b>19,149</b>	<b>(861)</b>	<b>60,687</b>	<b>(52)</b>	<b>60,635</b>

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
<b>Balance as at 1 January 2019</b>	42,399	2,373	44,772
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	3,506	3,506
<b>Balance as at 31 December 2019</b>	<b>42,399</b>	<b>3,066</b>	<b>45,465</b>
<b>Balance as at 1 January 2018</b>	42,399	5,627	48,026
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	(441)	(441)
<b>Balance as at 31 December 2018</b>	<b>42,399</b>	<b>2,373</b>	<b>44,772</b>

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

**CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL**

	Company	
	Number of shares	Issued and paid-up share capital S\$
Issued and fully paid-up share capital <b>Balance as at 31 December 2019</b>	562,500,000	42,398,917

During Q4-2019 and FY2019, there were no changes in the Company’s issued and paid-up share capital.

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

	As at 31 December 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares)	562,500,000	562,500,000

The Company has no treasury shares or securities convertible into shares that were outstanding as at 31 December 2019 and 31 December 2018.

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

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

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

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

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

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

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

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) **Updates on the efforts taken to resolve each outstanding audit issue.**

(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable as the Group's audited financial statements for the financial year ended 31 December 2018 ("FY2018") were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for Q4-2019 and FY2019 as its most recently audited consolidated financial statements for FY2018.

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

The Group has adopted the new or revised Singapore Financial Standards (International) ("SFRS(I)") which are relevant to the Group with effect from 1 January 2019.

The Group has applied the simplified transition approach of SFRS (I) 16 Leases and will not be restating the comparative amounts for the year prior to first adoption of SFRS (I) 16 Leases. On adoption of SFRS(I) 16 Leases, the Group had recognised all leases in its statement of financial position, as the distinction between operating and finance leases is removed. Under SFRS (I) 16 Leases, the assets (the right to use the leased items) and the lease liabilities to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

The right-of-use assets are measured using the cost model and are carried at cost less amortisation, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications. The adoption of the new standards and SFRS (I) have no significant impact on the Group's financial statements.



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

**EARNINGS PER SHARE (“EPS”)**

	<b>Group Unaudited</b>			
	<b>Q4-2019</b>	<b>Q4-2018</b>	<b>FY2019</b>	<b>FY2018</b>
Profit, net of tax attributable to equity holders of the Company (S\$'000)	2,864	1,724	6,110	5,382
Weighted average number of ordinary shares <sup>(1)</sup>				
(a) Basic	562,500,000	562,500,000	562,500,000	562,500,000
(b) Diluted	562,500,000	562,500,000	562,500,000	562,500,000
EPS (cents)				
(a) Basic	0.51	0.31	1.09	0.96
(b) Diluted	0.51	0.31	1.09	0.96

**Note:**

- (1) The weighted average number of ordinary shares on a basic and fully diluted basis were the same as there were no potentially dilutive instruments as at 31 December 2019 and 31 December 2018.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) **Current financial period reported on; and**  
 (b) **Immediately preceding financial year.**

**NET ASSET VALUE (“NAV”)**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited As at 31 December 2019</b>	<b>Audited As at 31 December 2018</b>	<b>Unaudited As at 31 December 2019</b>	<b>Audited As at 31 December 2018</b>
NAV per ordinary share (cents)	11.37	10.78	8.08	8.00

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

## **REVIEW OF THE GROUP'S PERFORMANCE**

### **Revenue**

Revenue increased by S\$5.77 million or 4.34% from S\$133.00 million in FY2018 to S\$138.77 million in FY2019 and by S\$2.15 million or 5.81% from S\$36.96 million in Q4-2018 to S\$39.11 million in Q4-2019. The increase was mainly due to the increase in demand for the Group's jewellery products and mementoes.

### **Other gains**

Other gains increased by S\$0.17 million or 11.80% from S\$1.48 million in FY2018 to S\$1.65 million in FY2019. The increase was mainly due to increase in (i) rental income of S\$0.01 million and (ii) miscellaneous income of S\$0.23 million.

Other gains increased by S\$0.10 million or 28.91% from S\$0.34 million in Q4-2018 to S\$0.44 million in Q4-2019. The increase was mainly due to an increase in (i) foreign exchange adjustment gains of S\$0.06 million; (ii) rental income of S\$0.01 million and (iii) dividend income of S\$0.02 million.

### **Material costs**

Material costs increased by S\$3.64 million or 5.28% from S\$68.94 million in FY2018 to S\$72.58 million in FY2019 and increased by S\$0.56 million or 2.85% from S\$19.37 million in Q4-2018 to S\$19.93 million in Q4-2019. The increase in material costs was mainly attributed to changes in product mix.

### **Employee benefits expense**

Employee benefits expense decreased by S\$0.19 million or 0.94% from S\$19.97 million in FY2018 to S\$19.78 million in FY2019 and decreased by S\$0.24 million or 4.97% from S\$4.97 million in Q4-2018 to S\$4.73 million in Q4-2019. The decrease was mainly due to reduction in employee headcount.

### **Depreciation and amortization expense**

Depreciation and amortization expense increased by S\$19.35 million from S\$4.46 million in FY2018 to S\$23.81 million in FY2019 and increased by S\$4.14 million from S\$1.17 million in Q4-2018 to S\$5.31 million in Q4-2019. The increase was mainly due to the adoption of SFRS (I) 16 Leases with effect from 1 January 2019, which resulted in the recognition of all leases as non-current assets in the Group's statement of financial position as at 31 December 2019. Please refer to paragraph 5 of this announcement for further details on SFRS (I) 16 Leases.

### **Other losses**

Other losses increased by S\$0.84 million from S\$0.23 million in FY2018 to S\$1.07 million in FY2019 and by S\$0.79 million from S\$0.04 million in Q4-2018 to S\$0.83 million in Q4-2019. The increase was mainly due to provision of revaluation loss of gold loan payable.

### **Finance costs**

Finance costs increased by S\$0.42 million or 31.07% from S\$1.34 million in FY2018 to S\$1.76 million in FY2019 and increased by S\$0.20 million or 53.48% from S\$0.37 million in Q4-2018 to S\$0.57 million in Q4-2019. The increase was mainly due to the 12 months' interest computed on the recognition of lease liabilities under the new SFRS(I) 16 Leases of S\$0.59 million, offset by the decrease in interest expenses of S\$0.17 million due to lower borrowings following the repayment of directors' loan and certain term loan facilities.

### **Rental expenses**

Rental expenses decreased by S\$18.71 million or 86.79% from S\$21.56 million in FY2018 to S\$2.85 million in FY2019 and decreased by S\$4.78 million or 85.43% from S\$5.59 million in Q4-2018 to S\$0.81 million in Q4-2019. This was mainly due to the adoption of SFRS(I) 16 Leases. Please refer to paragraph 5 of this announcement for further details of SFRS(I) 16 Leases

### **Other expenses**

Other expenses decreased by S\$0.53 million or 5.32% from S\$9.93 million in FY2018 to S\$9.40 million in FY2019. The decrease was mainly attributed to the decrease in selling and promotion expenses for the Group's jewellery segment.

Other expenses increased slightly by S\$0.18 million or 6.41% from \$2.81 million in Q4-2018 to S\$2.99 million in Q4-2019.

### **Share of results of associates**

The loss of S\$0.30 million in FY2019 and S\$0.08 million in Q4-2019 arose from the financial performance of the Group's 40% investment in LVC (Thailand) Co., Ltd.

### **Profit before tax from continuing operations**

As a result of the foregoing, profit before tax from continuing operations increased by S\$1.04 million or 13.28% from S\$7.83 million in FY2018 to S\$8.87 million in FY2019 and increased by S\$1.37 million or 46.91% from S\$2.93 million in Q4-2018 to S\$4.30 million in Q4-2019.

### **Income tax expense**

Income tax expense increased by S\$0.61 million or 31.94% from S\$1.89 million in FY2018 to S\$2.50 million in FY2019 and by S\$0.80 million from S\$0.64 million in Q4-2018 to S\$1.44 million in Q4-2019 in line with the increase in profit before tax.

### **Loss from discontinued operations, net of tax**

The loss from discontinued operations, net of tax of S\$0.38 million in FY2019 relates to the losses from the Group's 70% owned subsidiary, SKB, which had ceased operations in May 2019.

## **REVIEW OF THE GROUP'S FINANCIAL POSITION**

### **Non-current assets**

Non-current assets increased by S\$24.76 million or 65.00% from S\$38.08 million as at 31 December 2018 to S\$62.84 million as at 31 December 2019. This was mainly due to an increase in other assets (rights of use) of \$26.91 million due to recognition of right-of-use assets as "other assets (rights of use)" following the adoption of SFRS(I) 16, partially offset by (i) a decrease due to depreciation in (a) property, plant and equipment of S\$1.53 million and (b) other assets (land use rights) of S\$0.22 million, and (ii) a decrease in investments in associate by S\$0.29 million due to share of losses for the year.

### **Current assets**

Current assets decreased by S\$1.08 million or 1.31% from S\$83.06 million as at 31 December 2018 to S\$81.98 million as at 31 December 2019. This was mainly due to a decrease in (i) inventories of S\$0.39 million; (ii) other assets of S\$1.21 million mainly due to reduced deposits paid to various precious metal suppliers to secure delivery of goods and (iii) derivative financial assets of S\$0.55 million following the cessation of SKB's operations, offset by an increase in (i) trade and other receivables of S\$0.18 million and (ii) cash and cash equivalents of S\$0.91 million.

### **Non-current liabilities**

Non-current liabilities increased by S\$10.64 million or 50.5% from S\$21.05 million as at 31 December 2018 to S\$31.69 million as at 31 December 2019. This was mainly due to recognition of lease liabilities of S\$12.21 million following the adoption of SFRS(I) 16 Leases, offset by a decrease in (i) other financial liabilities of S\$1.35 million due to repayment of certain term loans facilities; (ii) deferred tax liabilities of S\$0.13 million and (iii) other liabilities of S\$0.1 million.

### **Current liabilities**

Current liabilities increased by S\$9.69 million or 24.55% from S\$39.47 million as at 31 December 2018 to S\$49.16 million as at 31 December 2019. This was mainly attributable to (i) the recognition of lease liabilities of S\$15.06 million following the adoption of SFRS(I) 16 Leases and (ii) an increase in income tax payable of S\$1.02 million, offset by the decrease in (i) trade and other payables of S\$3.45 million; (ii) other financial liabilities of S\$2.56 million due to repayment of directors' loan and (iii) other liabilities of S\$0.38 million.

### **Total equity**

Total equity increased by S\$3.34 million or 5.51% from S\$60.64 million as at 31 December 2018 to S\$63.98 million as at 31 December 2019. The increase was mainly due to the total comprehensive income, net of tax attributable to owners of the Company of S\$6.11 million for FY2019, offset by (i) decrease in non-controlling interest of S\$0.11 million and (ii) payment of interim ordinary dividends in respect of FY2019 of S\$2.81 million in the 3<sup>rd</sup> quarter of 2019.

## **REVIEW OF THE GROUP'S CASHFLOW STATEMENT**

For FY2019, net cash flows from operating activities was S\$32.18 million, which consisted of operating cash flows before changes in working capital of S\$35.71 million, net of income tax paid of S\$1.70 million and working capital outflows of S\$1.82 million.

The net working capital outflows arose mainly from the following:

- (a) decrease in (i) trade and other payables of S\$3.13 million and (ii) other liabilities of S\$0.47 million,
- (b) offset by a decrease in (i) inventories of S\$0.39 million; (ii) trade and other receivables of S\$0.18 million and (iii) other assets of S\$1.21 million.

For FY2019, net cash flows used in investing activities amounted to S\$2.99 million mainly due to the net purchase of property, plant and equipment of S\$3.43 million for investment in the new outlets in Malaysia and Singapore and offset by disposal of property, plant and equipment of S\$0.40 million.

For FY2019, net cash flows used in financing activities amounted to S\$28.29 million mainly due to (i) loan repayment of S\$6.29 million; (ii) payment of lease liabilities S\$19.57 million; (iii) net movement in amounts due to directors of S\$3.04 million arising from the repayment of the directors' loans; (iv) interest payment of S\$1.19 million and (v) interim dividend payment in respect of FY2019 of S\$2.81 million, offset by an Increase in borrowings of S\$4.68 million.

As a result of the above, there was a net increase of S\$0.91 million in cash and cash equivalents for FY2019, from a net cash surplus of S\$16.88 million as at 31 December 2018 to a net cash surplus of S\$17.78 million as at 31 December 2019.

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

Not applicable as no forecast for FY2019 was provided.

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

The challenges in the retail sector are expected to persist this year, largely owing to uncertainties brought about by the global COVID-19 outbreak which have impacted visitor arrivals and weakened consumer sentiment in the Group's main markets. In addition, global trade tensions will continue to weigh in on the global economy.

To weather the near-term economic uncertainties, the Group will remain conservative in its approach, staying focused on its core competencies in delivering better products and services to maintain its competitiveness in the market. We will continue to invest in technology and our people to drive our productivity through digital transformation, and position ourselves for the next phase of growth.

**11. Dividend**

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

Name of Dividend:	Ordinary cash dividend
Dividend Type:	Final
Dividend Amount per Ordinary Share:	0.50 Singapore cents per ordinary share
Tax Rate:	One-tier tax exempt

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

No dividend was declared in respect of Q4-2018 or FY2018.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

One-tier tax exempt.

**(d) The date the dividend is payable.**

To be announced, subject to the shareholders' approval of the final ordinary cash dividend at the annual general meeting of the Company ("AGM") to be convened.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

To be announced, subject to the shareholders' approval of the final ordinary cash dividend at the AGM to be convened.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable as a final ordinary cash dividend was declared in respect of FY2019.

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

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

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (including transactions of less than S\$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 920 of the Catalist Rules)	
	FY2019 S\$’000	FY2018 S\$’000
<b><u>Transactions with Moneymax Financial Services Ltd. and its subsidiaries</u></b>		
- Purchases of products	179	56
- Sales of products	108	53
- Sales of fixed assets	1	13
- Central support services	312	255
- Rental income	311	311
<b><u>Rental expense</u></b>		
Dato’ Sri Dr. Lim Yong Guan (Non-Executive Chairman)	326	326
<b><u>Sale of products</u></b>		
Mr. Ang Miah Khiang (Independent Director)	15	-
<b><u>Purchase of products</u></b>		
Ms. Sharon Patricia Wong Mei Ching (Spouse of Mr. Lim Yong Sheng)	588	-
	1,840	1,014

#### 14. Confirmation Pursuant To Rule 705(5) of The Catalist Rules

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

#### PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2 & Q3 or Half Year Results)

#### 15. Segment revenue and results or geographical segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

##### (a) Business segment Information

<u>FY2019</u>	<u>Jewellery</u>	<u>Bullion</u> <u>(Discontinued)</u>	<u>Others</u>	<u>Elimination</u>	<u>Group</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue by segment</b>					
Revenues from external customers	138,774	4,325	-	-	143,099
Inter-segment revenues	85,544	1,389	-	(86,933)	-
<b>Total revenue</b>	<b>224,318</b>	<b>5,714</b>	<b>-</b>	<b>(86,933)</b>	<b>143,099</b>
<b>Results</b>					
Segment results	12,534	(259)	(2,224)	-	10,051
Finance costs	(1,759)	(122)	-	-	(1,881)
<b>Profit before tax</b>	<b>10,775</b>	<b>(381)</b>	<b>(2,224)</b>	<b>-</b>	<b>8,170</b>
Income tax expense	(2,403)	-	(92)	-	(2,495)
<b>Profit net of tax</b>	<b>8,372</b>	<b>(381)</b>	<b>(2,316)</b>	<b>-</b>	<b>5,675</b>
<b>Segment assets</b>	<b>163,386</b>	<b>-</b>	<b>1,464</b>	<b>(20,371)</b>	<b>144,479</b>
<b>Segment liabilities</b>	<b>81,636</b>	<b>-</b>	<b>139</b>	<b>(612)</b>	<b>81,163</b>
Capital expenditure	3,431	-	-	-	3,431
Depreciation and amortisation	23,799	15	-	-	23,814
Plant and equipment written off	269	43	-	-	312

(a) Business segment Information (continued)

**FY2018**

	<u>Jewellery</u>	<u>Bullion</u> <u>(Discontinued)</u>	<u>Others</u>	<u>Elimination</u>	<u>Group</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue by segment</b>					
Revenues from external customers	133,001	80,313	-	-	213,314
Inter-segment revenues	70,141	39,366	-	(109,507)	-
<b>Total revenue</b>	<b>203,142</b>	<b>119,679</b>	<b>-</b>	<b>(109,507)</b>	<b>213,314</b>
<b>Results</b>					
Segment results	9,763	(1,085)	(330)	-	8,348
Finance costs	(1,342)	-	-	-	(1,342)
<b>Profit before tax</b>	<b>8,421</b>	<b>(1,085)</b>	<b>(330)</b>	<b>-</b>	<b>7,006</b>
Income tax expense	(1,780)	-	(111)	-	(1,891)
<b>Profit net of tax</b>	<b>6,641</b>	<b>(1,085)</b>	<b>(441)</b>	<b>-</b>	<b>5,115</b>
<b>Segment assets</b>	<b>161,822</b>	<b>6,033</b>	<b>46,906</b>	<b>(93,613)</b>	<b>121,148</b>
<b>Segment liabilities</b>	<b>125,506</b>	<b>6,106</b>	<b>2,134</b>	<b>(73,233)</b>	<b>60,513</b>
Capital expenditure	3,523	32	-	-	3,555
Depreciation and amortisation	4,459	78	-	-	4,537
Inventories write down	-	-	-	-	-
Plant and equipment written off	98	88	-	-	186

(b) Geographical Segment Information

Revenue

	<b>Group</b>		
	<b>FY2019</b> <b>S\$'000</b>	<b>FY2018</b> <b>S\$'000</b>	<b>Change</b> <b>%</b>
Singapore	115,239	109,599	5.15%
Malaysia	21,165	22,553	(6.15%)
PRC	2,370	849	N.M.
<b>Total</b>	<b>138,774</b>	<b>133,001</b>	<b>4.34%</b>

Non-current assets

	<b>Group</b>		
	<b>As at</b> <b>31 December 2019</b> <b>S\$'000</b>	<b>As at</b> <b>31 December 2018</b> <b>S\$'000</b>	<b>Change</b> <b>%</b>
Singapore	57,877	36,225	59.77%
Malaysia	3,815	574	N.M.
PRC	1,145	608	88.32%
<b>Total</b>	<b>62,837</b>	<b>37,407</b>	<b>67.98%</b>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments. Please refer to paragraph 8 of this announcement.



17. A breakdown of sales and results as follows:

	GROUP		
	FY2019 S\$'000	FY2018 S\$'000	Change %
Sales reported for first half year	71,382	87,215	(18.15)%
Operating profit after tax before deducting non-controlling interests reported for first half year	2,813	2,704	4.03%
Sales reported for the second half year	67,392	126,099	(46.56)%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,183	2,411	32.02%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	COMPANY	
	FY2019 S\$'000	FY2018 S\$'000
Ordinary		-
- Interim	2,813	-
- Final	2,813 <sup>(1)</sup>	-
Preference	-	-
<b>Total</b>	<b>5,626</b>	<b>-</b>

**Note:**

- (1) The proposed final tax exempt one-tier dividend of 0.50 Singapore cents per share for FY2019 was calculated based on the number of issued ordinary shares as at 31 December 2019, and is subject to the approval of the shareholders of the Company at the forthcoming AGM to be convened.

19. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of issuer pursuant to Rule 704(10)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lau Tai Wai David	29	Son of Mdm. Lim Liang Eng and nephew of Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng	Business Development Manager, Singapore operations since 2018.  In charge of all strategic, operational and management matters pertaining to the Group's associates operations in Thailand.	NA
Ms. Lau Wan Kei, Angelina	37	Daughter of Mdm. Lim Liang Eng, and niece of Dato' Sri Dr. Lim Yong	General Manager, Singapore Operations since 2010.	NA

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
		Guan and Mr. Lim Yong Sheng.	In charge of all strategic, operational and management matters pertaining to the Group's Singapore operations, which include, <i>inter alia</i> , overseeing its network of retail stores, branding and marketing activities, jewellery design, and quality control.	
Mr. Wong Jak	66	Brother-in-law to Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng, and Mdm. Lim Liang Eng, and the spouse of Mdm. Lim Liang Cheng.	General Manager, Malaysia Operations since 2002.  In charge of all strategic, operational and management matters pertaining to the Group's Malaysian operations, which include, <i>inter alia</i> , 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.	NA
Mdm. Lim Liang Cheng	55	Sister of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, and the spouse of Mr. Wong Jak.	Area Manager, Malaysia Operations since 2002.  In charge of the day-to-day running of the Group's retail operations in Malaysia.	NA

NA: Not applicable.

#### ON BEHALF OF THE BOARD OF DIRECTORS

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

Lim Yong Sheng  
Executive Director and Chief Executive Officer

25 February 2020

*This announcement has been prepared by SK Jewellery Group Limited (the "Company") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor") for compliance with Rules 226(2)(b) and 753(2) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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 Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*