



Soo Kee Group Ltd.

(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 2016

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

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

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

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Background

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

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

For the purpose of this announcement, the results of the Group for the fourth quarter ended 31 December 2016 (“**Q4-2016**”) and the comparative results of the Group for the fourth quarter ended 31 December 2015 (“**Q4-2015**”) and the results of the Group for the year ended 31 December 2016 (“**FY2016**”) with comparative results of the Group for the year ended 31 December 2015 (“**FY2015**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 January 2015.

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

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

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

	Group Unaudited					
	Unaudited Q4-2016 S\$'000	Unaudited Q4-2015 S\$'000	Change %	Unaudited FY2016 S\$'000	Audited FY2015 S\$'000	Change %
Revenue	54,721	36,439	50.2%	176,790	139,288	26.9%
Other gains	177	597	(70.4%)	1,307	801	63.2%
Material costs	(36,820)	(19,258)	91.2%	(114,309)	(72,987)	56.6%
Employee benefits expense	(4,523)	(5,206)	(13.1%)	(18,435)	(18,893)	(2.4%)
Depreciation and amortisation expense	(1,052)	(895)	17.5%	(4,230)	(2,564)	65.0%
Other losses	(789)	(195)	304.6%	(680)	(1,565)	(56.5%)
Finance costs	(477)	(626)	(23.8 %)	(2,038)	(1,407)	(44.8%)
Other expenses	(7,369)	(8,356)	(11.8%)	(30,200)	(32,242)	(6.3%)
Profit before tax	3,868	2,500	54.7%	8,205	10,431	(21.3%)
Income tax expense	(804)	(269)	198.9%	(1,737)	(2,086)	(16.7%)
Profit, net of tax	3,064	2,231	37.3%	6,468	8,345	(22.5%)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(167)	137	N.M.	(144)	(287)	(49.8%)
Other comprehensive income for the period, net of tax	2,897	2,368	22.3%	6,324	8,058	(21.5%)
Total comprehensive income	2,897	2,368	22.3%	6,324	8,058	(21.5%)
Attributable to:						
Equity holders of the Company	3,088	2,231	38.4%	6,463	8,345	(22.6%)
Non-controlling interest	(24)	-	N.M.	5	-	N.M.
Profit, net of tax	3,064	2,231	37.3%	6,468	8,345	(22.5%)
Attributable to:						
Equity holders of the Company	2,921	2,368	23.4%	6,319	8,058	(21.6%)
Non-controlling interest	(24)	-	N.M.	5	-	N.M.
Total comprehensive income	2,897	2,368	22.3%	6,324	8,058	(21.5%)

N.M.: Not meaningful

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

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

	Group					
	Unaudited Q4-2016 S\$'000	Unaudited Q4-2015 S\$'000	Change %	Unaudited FY2016 S\$'000	Audited FY2015 S\$'000	Change %
Central support service income	50	49	2.0%	199	194	2.6%
Depreciation and amortisation expenses	(1,052)	(895)	17.5%	(4,230)	(2,564)	65.0%
Finance costs	(477)	(626)	(23.8%)	(2,038)	(1,407)	44.9%
Foreign exchange adjustment gains/(losses)	(761)	281	N.M.	(614)	(1,419)	(56.7%)
Interest income	69	100	(31.0%)	277	100	177.0%
IPO-related expenses	-	(200)	N.M.	-	(1,321)	N.M.
Inventories written down	(27)	-	N.M.	(27)	-	N.M.
Gain/(Loss) on disposal of property, plant and equipment	9	(195)	N.M.	(39)	(146)	(73.3%)
Miscellaneous income	54	77	(29.9%)	864	415	108.2%
Rental income	64	192	(66.7%)	244	192	27.1%

NM: Not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited As at 31 December 2016 S\$'000	Audited As at 31 December 2015 S\$'000	Unaudited As at 31 December 2016 S\$'000	Audited As at 31 December 2015 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	33,256	32,374	-	-
Investment in subsidiaries	-	-	12,002	10,210
Investment in associates	2	2	-	-
Deferred tax assets	125	146	-	-
Other financial assets	30	30	-	-
Intangible assets	807	-	-	-
Other assets (land use rights)	5,540	5,759	-	-
Total non-current assets	39,760	38,311	12,002	10,210
<u>Current assets</u>				
Inventories	59,644	60,470	-	-
Trade and other receivables	1,968	2,262	28,581	14,708
Other assets (land use rights)	219	219	-	-
Other assets	6,164	5,857	77	149
Cash and cash equivalents	27,488	34,026	7,596	22,111
Total current assets	95,483	102,834	36,254	36,968
Total assets	135,243	141,145	48,256	47,178
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	11,986	8,336	4,748	3,320
Other reserves	(954)	(810)	-	-
Equity attributable to owners of the Company	53,431	49,925	47,147	45,719
Non-controlling interest	320	-	-	-
Total equity	53,751	49,925	47,147	45,719
<u>Non-current liabilities</u>				
Deferred tax liabilities	126	160	-	-
Other financial liabilities	33,296	37,978	-	-
Other liabilities	919	1,015	-	-
Total non-current liabilities	34,341	39,153	-	-
<u>Current liabilities</u>				
Income tax payable	2,230	1,839	44	11
Trade and other payables	18,433	15,930	1,065	1,448
Other financial liabilities	23,832	33,507	-	-
Other liabilities	2,656	791	-	-
Total current liabilities	47,151	52,067	1,109	1,459
Total liabilities	81,492	91,220	48,256	1,459
Total equity and liabilities	135,243	141,145	48,256	47,178

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

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

As at 31 December 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,845	4,987	29,907	3,600

Amount repayable by the Group after one year

As at 31 December 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
22,515	10,781	24,478	13,500

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 Changi Business Park Land (as defined in the Offer Document); 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 Changi Business Park Headquarters (as defined in the Offer Document).

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

The Group's unsecured credit facilities comprise (a) the Directors' Loans (as defined in the Offer Document) and (b) a loan of S\$1.20 million to the Company's 70%-owned subsidiary, SK Bullion Pte Ltd, from its minority shareholders.

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

CONSOLIDATED / COMBINED STATEMENTS OF CASH FLOWS

	Unaudited Q4-2016 S\$'000	Unaudited Q4-2015 S\$'000	Unaudited FY2016 S\$'000	Audited FY2015 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	3,868	2,500	8,205	10,431
Adjustments for:				
Depreciation of property, plant and equipment	964	858	3,980	2,527
Amortisation of land use rights	55	37	219	37
Amortisation of intangible assets	31	-	31	-
Interest expense	477	626	2,038	1,407
Interest income	(69)	(100)	(277)	(100)
Loss/(Gain) on disposal of property, plant and equipment	(9)	195	39	146
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	(150)	106	(44)	(136)
Operating cash flows before changes in working capital	5,167	4,222	14,191	14,312
Inventories	(2,952)	(6,422)	827	(8,649)
Trade and other receivables	(285)	(476)	295	163
Other assets	(74)	557	(306)	(46)
Trade and other payables	3,876	(4,439)	2,504	(8,292)
Other liabilities	(1,557)	(349)	1,769	(435)
Net cash flows from operations	4,175	(6,907)	19,280	(2,947)
Income taxes (paid) refund	201	(124)	(1,622)	(2,546)
Net cash flows from / (used in) operating activities	4,376	(7,031)	17,658	(5,493)
<u>Cash flows from investing activities</u>				
Purchase of other financial assets	-	-	-	(30)
Purchase of property, plant and equipment	(989)	(4,812)	(4,996)	(23,686)
Disposal of property, plant and equipment	-	6	88	55
Acquisition of a subsidiary	-	-	(300)	-
Interest received	69	100	277	100
Net cash flows used in investing activities	(920)	(4,706)	(4,931)	(23,561)
<u>Cash flows from financing activities</u>				
(Decrease)/Increase in borrowings	(3,476)	6,510	(13,055)	30,123
(Decrease)/Increase in other financial liabilities	(346)	(4,158)	1,222	(3,159)
Finance lease repayments	-	(268)	(49)	(52)
Net movement in amounts due to directors	(610)	7,225	(2,532)	16,576
Proceeds from issuance of shares	-	-	-	32,650
Interest paid	(477)	(807)	(2,038)	(1,593)
Dividends paid	-	-	(2,813)	(20,000)
Net cash flows (used in) / from financing activities	(4,909)	8,502	(19,265)	54,545
<u>Net decrease in cash and cash equivalents</u>	(1,453)	(3,235)	(6,538)	25,491
Cash and cash equivalents, statement of cash flows, beginning balance	28,941	37,261	34,026	8,535
Cash and cash equivalents, statement of cash flows, ending balance	27,488	34,026	27,488	34,026

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

STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Retained Earnings	Other reserves	Attributable to Owners	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	8,336	(810)	49,925	-	49,925
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	6,463	(144)	6,319	5	6,324
Acquisition of interest in subsidiary	-	-	-	-	315	315
Balance as at 31 December 2016	42,399	11,986	(954)	53,431	320	53,751
Balance as at 1 January 2015	1,572	28,691	(523)	29,740	-	29,740
Dividends paid	-	(20,000)	-	(20,000)	-	(20,000)
Shares swap pursuant to the Restructuring Exercise	(1,572)	(8,700)	523	(9,749)	-	(9,749)
	-	(9)	-	(9)	-	(9)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	-	-	9,749	-	9,749
New shares issued pursuant to the IPO	33,750	-	-	33,750	-	33,750
Listing expenses taken to equity	(1,100)	-	-	(1,100)	-	(1,100)
	42,399	(9)	-	42,390	-	42,390
Total comprehensive income/(loss) for the period	-	8,345	(810)	7,535	-	7,535
Balance as at 31 December 2015	42,399	8,336	(810)	49,925	-	49,925

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	42,399	3,320	45,719
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	4,241	4,241
Balance as at 31 December 2016	42,399	4,748	47,147
Balance as at 1 January 2015	+	(6)	(6)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	9,749	-	9,749
New shares issued pursuant to the IPO	33,750	-	33,750
Listing expenses taken to equity	(1,100)	-	(1,100)
Total comprehensive income/(loss) for the period	-	3,320	3,320
Balance as at 31 December 2015	42,399	3,320	45,719

+ Amount less than S\$1,000.

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

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

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

During FY2016, there was no change in the Company’s issued and paid-up share capital. There were no outstanding convertibles or shares held as treasury shares as at 31 December 2016 and 31 December 2015.

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

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

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

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for Q4-2016 and FY2016 as its most recently audited consolidated financial statements for FY2015.

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

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

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

EARNINGS PER SHARE (“EPS”)

	Group			
	Unaudited Q4-2016	Unaudited Q4-2015	Unaudited FY2016	Audited FY2015
Profit, net of tax attributable to equity holders of the Company (S\$’000)	3,088	2,231	6,463	8,345
Weighted average number of ordinary shares ^{(1) (2)}				
(a) Basic	562,500,000	562,500,000	562,500,000	491,301,370
(b) Diluted ⁽³⁾	562,500,000	562,500,000	562,500,000	491,301,370
EPS (cents)				
(a) Basic	0.55	0.40	1.15	1.70
(b) Diluted	0.55	0.40	1.15	1.70

Notes:

- (1) For comparative purposes, the pre-IPO issued and paid-up share capital of the Company of 450,000,000 shares after the Sub-division of Shares (as defined in the Offer Document) is assumed to have been in issue since 1 January 2015.
- (2) The weighted average number of shares of the Company for FY2015 has been computed based on the pre-IPO issued and paid-up share capital of 450,000,000 shares and the post-IPO issued and paid-up capital of 562,500,000 shares.
- (3) The weighted average number of shares on a basic and fully diluted basis were the same as there were no potentially dilutive instruments as at 31 December 2016 and 31 December 2015.

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

NET ASSET VALUE (“NAV”)

	Group		Company	
	Unaudited As at 31 December 2016	Audited As at 31 December 2015	Unaudited As at 31 December 2016	Audited As at 31 December 2015
NAV per ordinary share (cents)	9.50	8.88	8.38	8.13

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

REVIEW OF THE GROUP’S PERFORMANCE

Revenue

Revenue increased by S\$37.50 million or 26.9% from S\$139.29 million in FY2015 to S\$176.79 million in FY2016 and increased by S\$18.28 million or 50.2% from S\$36.44 million in Q4-2015 to S\$54.72 million in Q4-2016. The increase in revenue was mainly from the sales by our subsidiary, SK Bullion Pte Ltd. In Q4-2016 and FY2016, the revenue contribution from SK Bullion Pte Ltd was S\$18.95 million and S\$42.63 million respectively.

Other gains

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

In Q4-2016, other gains was S\$0.18 million, as compared to S\$0.60 million in Q4-2015. The decrease of S\$0.42 million or 70.4% was mainly due to absence of foreign exchange gain of S\$0.28 million which has been recognized in Q4-2015 arising from the strengthening of MYR and the decrease in rental income of S\$0.13 million.

Material costs

Material costs increased by S\$41.32 million or 56.6% from S\$72.99 million in FY2015 to S\$114.31 million in FY2016 and increased by S\$17.56 million or 91.2% from S\$19.26 million in Q4-2015 to S\$36.82 million in Q4-2016. The more than proportionate increase in material costs as compared to the increase in revenue in the respective periods was mainly due to the change in product mix following the acquisition of the Group’s bullion business in April 2016.

Employee benefits expense

Employee benefits expense decreased by S\$0.45 million or 2.4% from S\$18.89 million in FY2015 to S\$18.44 million in FY2016 and decreased by S\$0.69 million or 13.1% from S\$5.21 million in Q4-2015 to S\$4.52 million in Q4-2016. The decrease was mainly due to reduction in staff-related expenses because of reduced headcount.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by S\$1.67 million or 65.0% from S\$2.56 million in FY2015 to S\$4.23 million in FY2016 and increased by S\$0.15 million or 17.5% from S\$0.90 million in Q4-2015 to S\$1.05 million in Q4-2016. The increase was mainly attributable to depreciation expenses for the Group's Changi Business Park Headquarters and amortisation expenses on the land use rights relating to the Changi Business Park Land commencing from November 2015 upon completion.

Other losses

The decrease in other losses of S\$0.89 million from S\$1.57 million in FY2015 to S\$0.68 million in FY2016 was mainly due to the decrease in foreign exchange adjustment losses of S\$0.81 million mainly attributable to the weakening of the MYR and the decrease in loss on disposal of property, plant and equipment of S\$0.11 million offset by inventories written down of S\$0.03 million.

The increase in other losses of S\$0.59 million from S\$0.20 million in Q4-2015 to S\$0.79 million in Q4-2016 was due to an increase in foreign exchange adjustment losses of S\$0.76 million and inventories written down of S\$0.03 million offset by the absence of a loss on disposal of property, plant and equipment of S\$0.20 million which had been recognized in Q4-2015.

Finance costs

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

Finance costs, however, decreased by S\$0.15 million or 23.8% from S\$0.63 million in Q4-2015 to S\$0.48 million in Q4-2016. The decrease was mainly due to lower borrowings following the re-payment of certain term loans facilities and the Directors' Loans.

Other expenses

Other expenses decreased by S\$2.04 million or 6.3% from S\$32.24 million in FY2015 to S\$30.20 million in FY2016 and decreased by S\$0.99 million or 11.8% from S\$8.36 million in Q4-2015 to S\$7.37 million in Q4-2016. This decrease was mainly due to (i) the absence of IPO-related expenses of S\$1.32 million; (ii) decrease in advertising and promotion expenses; and (iii) decrease in rental expenses, offset by expenses incurred for the upkeep of the Group's Changi Business Park Headquarters commencing from its completion in November 2015.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$2.22 million or 21.3% from S\$10.43 million in FY2015 to S\$8.21 million in FY2016 and increased by S\$1.37 million or 54.7% from S\$2.50 million in Q4-2015 to S\$3.87 million in Q4-2016.

Income tax expense

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

Income tax expense, however, increased by S\$0.53 million from S\$0.27 million in Q4-2015 to S\$0.80 million in Q4-2016 due to the increase in profit before tax.

REVIEW OF THE GROUP'S FINANCIAL POSITION**Non-current assets**

Non-current assets increased by S\$1.45 million or 3.8% from S\$38.31 million as at 31 December 2015 to S\$39.76 million as at 31 December 2016. This was mainly due to the (i) increase in property, plant and equipment of S\$0.88 million and (ii) increase in intangible assets of S\$0.81 million arising from the acquisition of the 70% interest in SK Bullion Pte Ltd, partially offset by the decrease in other assets (land use rights) of S\$0.22 million and decrease in deferred tax assets of S\$0.02 million.

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

Current assets

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

Non-current liabilities

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

Current liabilities

Current liabilities decreased by S\$4.92 million or 9.4% from S\$52.07 million as at 31 December 2015 to S\$47.15 million as at 31 December 2016. This was mainly attributable to a decrease in other financial liabilities of S\$9.75 million partially offset by the (i) increase in trade and other payables of S\$2.50 million; (ii) increase in other liabilities of S\$1.87 million; and (iii) increase in income tax payable of S\$0.39 million.

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

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

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

Total equity

Total equity increased by S\$3.82 million or 7.7% from S\$49.93 million as at 31 December 2015 to S\$53.75 million as at 31 December 2016. The increase was mainly due to the total comprehensive income, net of tax of S\$6.47 million for FY2016 and an increase in non-controlling interest of S\$0.32 million which was offset by payment of ordinary dividends in respect of FY2015 of S\$2.81 million in Q2-2016 and increase in foreign currency translation reserve (other reserves) of S\$0.15 million.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For FY2016, net cash flows from operating activities was S\$17.66 million, which consisted of operating cash flows before changes in working capital of S\$14.19 million, net of income tax paid of S\$1.62 million and working capital inflow of S\$5.09 million.

The net working capital inflow arose mainly from the following:

- (a) a decrease in inventories of S\$0.83 million, a decrease in trade and other receivables of S\$0.30 million, an increase in other liabilities of S\$1.77 million due mainly to higher sales orders deposits received from customers and an increase in trade and other payables of S\$2.50 million;
- (b) offset by an increase in other assets of S\$0.31 million.

For FY2016, net cash used in investing activities amounted to S\$4.93 million mainly due to the purchase of property, plant and equipment relating to capital expenditures incurred on renovation works for the Group's retail stores, building improvements for the Group's Changi Business Park Headquarters and purchase of other plant and equipment.

For FY2016, net cash used in financing activities was S\$19.27 million mainly due to loan repayment of S\$13.06 million, dividend payment of S\$2.81 million, interest payment of S\$2.04 million and net movement in amounts due to directors of S\$2.53 million arising from the repayment of the Directors' Loans. This was offset by an increase in other financial liabilities of S\$1.22 million which relates to loan payable to non-controlling interest and finance leases for motor vehicles.

As a result of the above, there was a net decrease of S\$6.54 million in cash and cash equivalents for FY2016, from a net cash surplus of S\$34.03 million as at 31 December 2015 to a net cash surplus of S\$27.49 million as at 31 December 2016.

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 FY2016 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 retail scene in Singapore is expected to remain challenging for the coming periods amidst volatile economic conditions, changing consumer behaviour and rising rentals. Consumer spending is likely to remain cautious as consumer sentiment faces headwinds from muted economic conditions.

The Group is also continuously on the lookout for new business channels and new initiatives that are complementary and synergistic in nature, as well as new markets to meet the demands of the evolving retail landscape, increase its market share and to achieve sustainable growth.

On 9 February 2017, the Company announced that it has entered into a memorandum of understanding (“**MOU**”) with Aurora Design Co., Ltd (“**Aurora**” and together with its subsidiaries, the “**Aurora Group**”), marking its foray into Thailand. Under the terms of the MOU, the Group intends to establish a joint venture company with the Aurora Group that will offer a range of gold and diamond products in Thailand under the Group’s bespoke bridal jewellery brand, “*Love & Co.*”. The Group’s entry into Thailand comes as increasing affluence and rising consumerism fuel the luxury goods market in Thailand. The Group is cautiously optimistic about its growth potential in the Thailand market.

11. Dividend

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

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?

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

(c) Date 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.

(d) Books closure date

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.

Not applicable.

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

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

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (including transactions of less than S\$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 920 of the Catalyst Rules)	
	FY2016 S\$’000	FY2015 S\$’000
Purchases of pre-owned jewellery Moneymax Financial Services Ltd. and its subsidiaries (the “MoneyMax Group”)	5	-
Sales of products MoneyMax Group	491	55
Soo Kee Capital Pte Ltd	879	-
Central support services MoneyMax Group	199	194
Rental income MoneyMax Group	192	184
Rental expense SK Properties Pte. Ltd.	-	264
Lim Yong Guan	324	320
Working capital advances to Easimine Group Sdn. Bhd.	-	556 ⁽¹⁾
	2,090	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 1H-2015 (based on month-end balances) was MYR1.5 million or approximately S\$556,000. No fees or other benefits were payable or accrued to SK Malaysia for the provision of the advances. As at 30 June 2015, the bridging advances have been fully repaid to SK Malaysia.

14. Use of IPO proceeds

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

Purpose	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expansion of network of retail stores and introduction of new product lines	12,000	12,000	-
Capital expenditure for new Changi Business Park Headquarters including jewellery product design and development facilities and equipment which will be housed at the same premises	3,000	3,000	-
Repayment in part of DBS Bank loans in connection with the construction of the new Changi Business Park Headquarters	6,000	1,979	4,021
Working capital and general corporate purposes	10,564	10,564	-
	31,564	27,543	4,021

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

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

16. **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

FY2016

	<u>Jewellery</u> S\$'000	<u>Bullion</u> S\$'000	<u>Elimination</u> S\$'000	<u>Group</u> S\$'000
Revenue by segment				
Revenues from external customers	134,160	42,630	-	176,790
Inter-segment revenues	35,191	1,404	(36,595)	-
Total revenue	169,351	44,034	(36,595)	176,790
Results				
Segment results	10,228	15	-	10,243
Finance costs	(2,038)	-	-	(2,038)
Profit before tax	8,190	15	-	8,205
Income tax expense	(1,737)	-	-	(1,737)
Profit net of tax	6,453	15	-	6,468
Segment assets	210,494	9,533	(84,784)	135,243
Segment liabilities	139,545	8,479	(66,532)	81,492
Capital expenditure	4,735	281	-	4,996
Depreciation and amortisation	4,210	20	-	4,230
Inventories write down	27	-	-	27
Plant and equipment written off	72	-	-	72

Note:

For FY2015, the Group operates predominantly in only one business segment, which is the retail and trading of jewellery business segment. Accordingly, no segmental information based on business segments in respect of FY2015 has been presented as it is not meaningful.

(b) Geographical Segment Information

Revenue

	Group		
	FY2016 S\$'000	FY2015 S\$'000	Change %
Singapore	159,765	122,759	30.1%
Malaysia	17,025	16,529	3.0%
Total	176,790	139,288	26.9%

Non-current assets

	Group		
	As at 31 December 2016 S\$'000	As at 31 December 2015 S\$'000	Change %
Singapore	38,932	37,295	4.4%
Malaysia	703	870	(19.2%)
Total	39,635	38,165	3.9%

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 tax assets.

17. **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.

18. **A breakdown of sales and results as follows:**

	GROUP		
	FY2016 S\$'000	FY2015 S\$'000	Change %
Sales reported for first half year	72,266	65,329	10.6%
Operating profit after reported for first half year	3,152	5,362	(41.2%)
Sales reported for the second half year	104,524	73,959	41.3%
Operating profit after tax reported for second half year	3,316	2,983	11.2%

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

	COMPANY	
	FY2016 ⁽²⁾ S\$'000	FY2015 ⁽¹⁾ S\$'000
Ordinary Preference	2,813 -	2,813 -
Total	2,813	2,813

Notes:

- (1) The final tax exempt one-tier dividend of 0.50 Singapore cents per share for FY2015 was paid on 18 May 2015.
- (2) The proposed final tax exempt one-tier dividend of 0.50 Singapore cents per share for FY2016 was calculated based on the number of issued ordinary shares as at 31 December 2016, and is subject to the approval of the shareholders of the Company at the forthcoming AGM to be convened.

20. 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
Ms. Lau Wan Kei, Angelina	34	Daughter of Mdm. Lim Liang Eng, and niece of Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng.	General Manager, Singapore Operations since 2010. 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.	NA
Mr. Wong Jak	63	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	52	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

24 February 2017