

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 2017

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 Q4-2017 S\$'000	Unaudited Q4-2016 S\$'000	Change %	Unaudited FY2017 S\$'000	Audited FY2016 S\$'000	Change %
Revenue	114,152	54,721	108.6%	231,940	176,790	31.2%
Other gains	460	177	159.9%	1,375	1,307	5.2%
Material costs	(96,500)	(36,820)	162.1%	(170,829)	(114,309)	49.4%
Employee benefits expense	(4,533)	(4,523)	0.2%	(18,706)	(18,435)	1.5%
Depreciation and amortisation expense	(1,086)	(1,052)	3.2%	(4,052)	(4,230)	(4.2%)
Other losses	(226)	(789)	(71.4%)	(266)	(680)	(60.9%)
Finance costs	(425)	(477)	(10.9%)	(1,568)	(2,038)	(23.1%)
Other expenses	(7,426)	(7,369)	0.8%	(29,705)	(30,200)	(1.6%)
Profit before tax	4,416	3,868	14.2%	8,189	8,205	(0.2%)
Income tax refund/(expense)	183	(804)	N.M.	(887)	(1,737)	(48.9%)
Profit, net of tax	4,599	3,064	50.1%	7,302	6,468	12.9%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	194	(167)	N.M.	184	(144)	N.M.
Other comprehensive income for the period, net of tax	194	(167)	N.M.	184	(144)	N.M.
Total comprehensive income	4,793	2,897	65.4%	7,486	6,324	18.4%
Attributable to:						
Equity holders of the Company	4,618	3,088	49.5%	7,407	6,463	14.6%
Non-controlling interest	(19)	(24)	(20.8%)	(105)	5	N.M.
Profit, net of tax	4,599	3,064	50.1%	7,302	6,468	12.9%
Attributable to:						
Equity holders of the Company	4,812	2,921	64.7%	7,591	6,319	20.1%
Non-controlling interest	(19)	(24)	(20.8%)	(105)	5	N.M.
Total comprehensive income	4,793	2,897	65.4%	7,486	6,324	18.4%

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 Q4-2017 S\$'000	Unaudited Q4-2016 S\$'000	Change %	Unaudited FY2017 S\$'000	Audited FY2016 S\$'000	Change %
Central support service income	50	50	-	199	199	-
Depreciation and amortisation expenses	(1,086)	(1,052)	3.2%	(4,052)	(4,230)	(4.2%)
Finance costs	(425)	(477)	(10.9%)	(1,568)	(2,038)	(23.1%)
Foreign exchange adjustment gains/(losses)	212	(761)	N.M.	556	(614)	N.M.
Interest income	20	69	(71.0%)	74	277	(73.3%)
Fair value (loss) on derivative financial instruments	(109)	-	N.M.	(109)	-	N.M.
Inventories written down	-	(27)	N.M.	-	(27)	N.M.
Loss on disposal of property, plant and equipment	(117)	9	N.M.	(157)	(39)	302.6%
Miscellaneous income	78	54	44.4%	279	864	(67.8%)
Rental income	120	64	87.5%	341	244	39.8%

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 2017 S\$'000	Audited As at 31 December 2016 S\$'000	Unaudited As at 31 December 2017 S\$'000	Audited As at 31 December 2016 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	33,136	33,256	-	-
Investment in subsidiaries	-	-	11,502	12,002
Investment in associates	2	2	-	-
Deferred tax assets	271	125	-	-
Other financial assets	30	30	-	-
Intangible assets	278	807	-	-
Other assets (land use rights)	5,320	5,540	-	-
Total non-current assets	39,037	39,760	11,502	12,002
<u>Current assets</u>				
Inventories	57,762	59,644	-	-
Trade and other receivables	2,095	1,968	30,145	28,581
Other assets (land use rights)	219	219	-	-
Other assets	10,308	6,164	92	77
Cash and cash equivalents	31,263	27,488	7,048	7,596
Total current assets	101,647	95,483	37,285	36,254
Total assets	140,684	135,243	48,787	48,256
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	16,580	11,986	5,627	4,748
Other reserves	(770)	(954)	-	-
Equity attributable to owners of the Company	58,209	53,431	48,026	47,147
Non-controlling interest	215	320	-	-
Total equity	58,424	53,751	48,026	47,147
<u>Non-current liabilities</u>				
Deferred tax liabilities	126	126	-	-
Other financial liabilities	29,419	33,296	-	-
Other liabilities	984	919	-	-
Total non-current liabilities	30,529	34,341	-	-
<u>Current liabilities</u>				
Income tax payable	1,399	2,230	121	44
Trade and other payables	13,859	18,433	640	1,065
Other financial liabilities	22,072	23,832	-	-
Derivatives financial liabilities	109	-	-	-
Other liabilities	14,292	2,656	-	-
Total current liabilities	51,731	47,151	761	1,109
Total liabilities	82,260	81,492	761	1,109
Total equity and liabilities	140,684	135,243	48,787	48,256

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 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
17,117	4,955	18,845	4,987

Amount repayable by the Group after one year

As at 31 December 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
22,247	7,172	22,515	10,781

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 "**Changi Business Park Headquarters**").

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

The Group's unsecured credit facilities comprise (a) the loans extended by the Company's Non-Executive Chairman, Dato' Sri Dr. Lim Yong Guan, and the Company's Executive Directors, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, pursuant to the loan agreements dated 1 June 2015 (the "**Directors' Loans**") and (b) a loan of S\$1.20 million to the Company's 70%-owned subsidiary, SK Bullion Pte Ltd ("**SK Bullion**"), 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 Q4-2017 S\$'000	Unaudited Q4-2016 S\$'000	Unaudited FY2017 S\$'000	Audited FY2016 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	4,416	3,868	8,189	8,205
Adjustments for:				
Depreciation of property, plant and equipment	1,001	964	3,802	3,980
Amortisation of land use rights	54	55	219	219
Amortisation of intangible assets	31	31	31	31
Interest expense	425	477	1,568	2,038
Interest income	(20)	(69)	(74)	(277)
Loss on disposal of property, plant and equipment	117	(9)	157	39
Fair value loss on derivative financial instruments	109	-	109	-
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	195	(150)	87	(44)
Operating cash flows before changes in working capital	6,328	5,167	14,088	14,191
Inventories	(1,551)	(2,952)	1,883	827
Trade and other receivables	(750)	(285)	(126)	295
Other assets	(3,087)	(74)	(4,149)	(306)
Trade and other payables	2,390	3,876	(4,077)	2,504
Other liabilities	12,250	(1,557)	11,702	1,769
Net cash flows from operations	15,580	4,175	19,321	19,280
Income taxes refund/(paid)	532	201	(1,711)	(1,622)
Net cash flows from operating activities	16,112	4,376	17,610	17,658
<u>Cash flows from investing activities</u>				
Purchase of property, plant and equipment	(833)	(989)	(3,913)	(4,996)
Disposal of property, plant and equipment	21	-	21	88
Acquisition of a subsidiary	-	-	-	(300)
Interest received	20	69	74	277
Net cash flows used in investing activities	(792)	(920)	(3,818)	(4,931)
<u>Cash flows from financing activities</u>				
Increase/(decrease) in borrowings	176	(3,476)	1,000	(13,055)
(Decrease)/Increase in other financial liabilities	(62)	(346)	(2,989)	1,222
Finance lease repayments	17	-	(5)	(49)
Net movement in amounts due to directors	(910)	(610)	(3,642)	(2,532)
Interest paid	(425)	(477)	(1,568)	(2,038)
Dividend paid	-	-	(2,813)	(2,813)
Net cash flows used in financing activities	(1,204)	(4,909)	(10,017)	(19,265)
<u>Net increase/(decrease) in cash and cash equivalents</u>	14,116	(1,453)	3,775	(6,538)
Cash and cash equivalents, statement of cash flows, beginning balance	17,147	28,941	27,488	34,026
Cash and cash equivalents, statement of cash flows, ending balance	31,263	27,488	31,263	27,488

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 2017	42,399	11,986	(954)	53,431	320	53,751
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	7,407	184	7,591	(105)	7,486
Balance as at 31 December 2017	42,399	16,580	(770)	58,209	215	58,424
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

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	42,399	4,748	47,147
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	3,692	3,692
Balance as at 31 December 2017	42,399	5,627	48,026
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

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 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 Balance as at 31 December 2017	562,500,000	42,398,917

During Q4-2017 and FY2017, 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 2017 and 31 December 2016.

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 2017	As at 31 December 2016
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 2017 and 31 December 2016.

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 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 Q4-2017 and FY2017 as its most recently audited consolidated financial statements for the financial year ended 31 December 2016 ("FY2016").

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			
	Q4-2017	Q4-2016	FY2017	FY2016
Profit, net of tax attributable to equity holders of the Company (S\$'000)	4,618	3,088	7,407	6,463
Weighted average number of ordinary shares ⁽¹⁾				
(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	0.82	0.55	1.32	1.15
(b) Diluted	0.82	0.55	1.32	1.15

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 2017 and 31 December 2016.

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 2017	Audited As at 31 December 2016	Unaudited As at 31 December 2017	Audited As at 31 December 2016
NAV per ordinary share (cents)	10.35	9.50	8.54	8.38

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\$55.15 million or 31.2% from S\$176.79 million in FY2016 to S\$231.94 million in FY2017 and also increased by S\$59.43 million or 108.6% from S\$54.72 million in Q4-2016 to S\$114.15 million in Q4-2017. The increase in revenue was mainly from the increase in sales by our subsidiary, SK Bullion, of S\$62.85 million and S\$60.98 million in FY2017 and Q4-2017 respectively.

Other gains

Other gains increased by S\$0.07 million or 5.2% from S\$1.31 million in FY2016 to S\$1.38 million in FY2017. The increase was due to foreign exchange adjustment gains of S\$0.56 million and rental income of S\$0.10 million, offset by decrease in miscellaneous income of S\$0.58 million.

In Q4-2017, other gain was S\$0.46 million, as compared to S\$0.18 million in Q4-2016. The increase of S\$0.28 million was mainly due to (i) foreign exchange adjustment gains of S\$0.21 million, (ii) increase in rental income of S\$0.06 million and (iii) increase in miscellaneous income of S\$0.02 million.

Material costs

Material costs increased by S\$56.52 million or 49.4% from S\$114.31 million in FY2016 to S\$170.83 million in FY2017 and also increased by S\$59.51 million or 161.6% from S\$36.82 million in Q4-2016 to S\$96.50 million in Q4-2017. 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.

Employee benefits expense

Employee benefits expense was relative stable at approximately S\$4.52 million and S\$4.53 million in Q4-2016 and in Q4-2017 respectively.

Employee benefits expense increased by S\$0.27 million or 1.5% from S\$18.44 million in FY2016 to S\$18.71 million in FY2017. The increase was mainly due to an (i) increase in employer's CPF contribution due to increase in CPF contribution rate, (ii) increase in salaries and sales commission and (iii) increase in recruitment expenses.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by S\$0.04 million or 3.2% from S\$1.05 million in Q4-2016 to S\$1.09 million in Q4-2017. The increase was mainly due to amortisation expenses incurred for intangible assets.

Depreciation and amortisation expense decreased by S\$0.18 million or 4.2% from S\$4.23 million in FY2016 to S\$4.05 million in FY2017. The decrease was mainly due to lower depreciation expenses for renovations and plant and equipment for our Malaysian subsidiaries as certain fixed assets have been fully depreciated.

Other losses

Other losses decreased by S\$0.56 million or 71.4% from S\$0.79 million in Q4-2016 to S\$0.23 million in Q4-2017 mainly due to an absence of foreign exchange adjustment losses of S\$0.76 million attributable to the weakening of the MYR which had been recognized in Q4-2016 which was partially offset by (i) a loss on disposal of property of S\$0.12 million and (ii) a fair value loss on derivative financial instruments of S\$0.11 million.

Other losses also decreased by S\$0.41 million or 60.9% from S\$0.68 million in FY2016 to S\$0.27 million in FY2017 for the same reasons as mentioned above.

Finance costs

Finance costs decreased by S\$0.47 million or 23.1% from S\$2.04 million in FY2016 to S\$1.57 million in FY2017 and decreased by S\$0.05 million or 10.9% from S\$0.48 million in Q4-2016 to S\$0.43 million in Q4-2017. The decrease was mainly due to lower borrowings following the repayment of certain term loans facilities and the Directors' Loans.

Other expenses

Other expenses increased by S\$0.06 million or 0.8% from S\$7.37 million in Q4-2016 to S\$7.43 million in Q4-2017. This was mainly due to legal and professional fees incurred in relation to the Group's proposed joint venture in the People's Republic of China ("PRC").

Other expenses decreased by S\$0.49 million or 1.6% from S\$30.20 million in FY2016 to S\$29.71 million in FY2017. The decrease was mainly due to property tax refunds.

Profit before tax

As a result of the foregoing, profit before tax decreased by S\$0.02 million or 0.2% from S\$8.21 million in FY2016 to S\$8.19 million in FY2017 and increased by S\$0.55 million or 14.2% from S\$3.87 million in Q4-2016 to S\$4.42 million in Q4-2017.

Income tax expense

The Group recorded an income tax refund of S\$0.18 million in Q4-2017 as compared to an income tax expense of S\$0.80 million in Q4-2016. This was due to a tax refund of S\$0.88 million received in Q4-2017 arising from claiming of certain tax reliefs and deductions in relation to prior year's income tax matters in Singapore. Disregarding the income tax refund, the Group's income tax expense of S\$0.70 million in Q4-2017 was lower than that in Q4-2016 of S\$0.80 million, notwithstanding the comparably higher profit before tax recorded. This was mainly due to the unrealised foreign exchange gains arising from the strengthening of the Malaysian Ringgit in Q4-2017 which was not taxable.

Income tax expense decreased by S\$0.85 million or 48.9% from S\$1.74 million in FY2016 to S\$0.89 million in FY2017 for the same reasons as mentioned above.

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

Non-current assets decreased by S\$0.72 million or 1.8% from S\$39.76 million as at 31 December 2016 to S\$39.04 million as at 31 December 2017. This was mainly due to the (i) decrease in intangible assets of S\$0.53 million, (ii) decrease in other assets (land use rights) of S\$0.22 million and (iii) decrease in property, plant and equipment of S\$0.12 million, partially offset by the increase in deferred tax assets of S\$0.15 million.

The decrease in intangible assets was mainly due to reduction in goodwill arising from the acquisition of SK Bullion as the second tranche of the consideration of S\$0.50 million is no longer payable given that, after taking into consideration the performance of SK Bullion in FY2016 and FY2017, it will not be able to achieve an aggregated net profit after tax of at least S\$1.20 million within 3 financial years from completion of the acquisition of SK Bullion by the Group, that is, by the current financial year ending 31 December 2018.

Current assets

Current assets increased by S\$6.16 million or 6.5% from S\$95.48 million as at 31 December 2016 to S\$101.64 million as at 31 December 2017. This was mainly due to the (i) increase in other assets of S\$4.15 million, (ii) increase in cash and cash equivalents of S\$3.77 million and (iii) increase in trade and other receivables of S\$0.12 million, partially offset by decrease in inventories of S\$1.88 million.

The increase in other assets was mainly due to deposits paid to various precious metal suppliers to secure delivery of goods.

The increase in cash and cash equivalents was mainly due to deposits received from customers for purchase of precious metals of approximately S\$11.70 million offset by (i) repayment of trade payables for raw materials and finished goods purchased on credit terms of S\$4.57 million and (ii) repayment of the Directors' Loans of S\$3.64 million.

The decrease in inventories was mainly due to the decrease in inventories held in Singapore.

Non-current liabilities

Non-current liabilities decreased by S\$3.81 million or 11.1% from S\$34.34 million as at 31 December 2016 to S\$30.53 million as at 31 December 2017. This was mainly due to (i) repayment of certain term loans facilities of S\$1.27 million and (ii) repayment of the Directors' Loans of S\$3.61 million, partially offset by (i) increase in other financial liabilities due to final drawdown of the DBS construction loan of approximately S\$1.0 million and (ii) increase in other liabilities of S\$0.06 million.

Current liabilities

Current liabilities increased by S\$4.58 million or 9.7% from S\$47.15 million as at 31 December 2016 to S\$51.73 million as at 31 December 2017. This was mainly attributable to (i) increase in other liabilities of S\$11.63 million and (ii) increase in derivative financial liabilities of S\$0.11 million, partially offset by (i) decrease in trade and other payables of S\$4.57 million, (ii) decrease in other financial liabilities of S\$1.76 million and (iii) decrease in income tax payable of S\$0.83 million.

The increase in other liabilities was mainly due to deposits received from customers for purchase of precious metals.

The decrease in trade and other payables was mainly due to settlement for the jewellery products purchased on credit terms.

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

The decrease in income tax payables was mainly due to income tax expenses provided for in FY2017 of S\$1.77 million which was offset by income tax payment of S\$2.60 million.

Total equity

Total equity increased by S\$4.67 million or 8.7% from S\$53.75 million as at 31 December 2016 to S\$58.42 million as at 31 December 2017. The increase was mainly due to (i) increase in the total comprehensive income, net of tax attributable to owners of the Company of S\$7.40 million for FY2017 (ii) increase in foreign currency translation reserve (other reserves) of S\$0.18 million, offset by (i) decrease in non-controlling interest of S\$0.11 million and (ii) payment of ordinary dividends in respect of FY2016 of S\$2.81 million in Q2-2017.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For FY2017, net cash flows from operating activities was S\$17.61 million, which consisted of operating cash flows before changes in working capital of S\$14.09 million, net of income tax paid of S\$1.71 million and working capital inflows of S\$5.23 million.

The net working capital inflows arose mainly from the following:

- (a) (i) a decrease in inventories of S\$1.88 million and (ii) increase in other liabilities of S\$11.70 million,
- (b) offset by (i) decrease in trade and other payables of S\$4.08 million, (ii) increase in other assets of S\$4.15 million and (iii) increase in trade and other receivables of S\$0.13 million.

For FY2017, net cash flows used in investing activities amounted to S\$3.82 million mainly due to the purchase of property, plant and equipment relating to capital expenditures incurred in relation to the construction costs for the Group's Changi Business Park Headquarters and purchase of other plant and equipment.

For FY2017, net cash flows used in financing activities was S\$10.02 million mainly due to (i) dividend payment of S\$2.81 million, (ii) loan repayment of S\$3.00 million, (iii) net movement in amounts due to directors of S\$3.64 million arising from the repayment of the Directors' Loans and (iv) interest payment of S\$1.57 million, offset proceed from final drawdown of the DBS construction loan of approximately S\$1.0 million.

As a result of the above, there was a net increase of S\$3.77 million in cash and cash equivalents for FY2017, from a net cash surplus of S\$27.49 million as at 31 December 2016 to a net cash surplus of S\$31.26 million as at 31 December 2017.

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 FY2017 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 sector is slated to be challenging going forward. As cautious consumer spending prevails, the Group will keep up its efforts to boost top-line growth by enhancing customer engagement. This will be done *via* the introduction of new initiatives and new product offerings. Concurrently, maximising operational efficiencies will continue to be a priority as the Group seeks to generate cost savings by improving its inventory days.

Beyond the retail scene in Singapore and Malaysia, the Group is actively expanding its regional footprint to generate new revenue streams and deliver greater value for both its customers and shareholders. On 7 July 2017, the Group had entered into a joint venture agreement with Aurora Design Co., Ltd., a leading jewellery retail chain, with more than 170 stores in Thailand. This joint venture will allow the Group to penetrate the Thailand market under its *Love & Co.* brand with the exclusive supply of gold and diamond products for sale to retail customers in Thailand. In addition, the Group had on 17 January 2018, entered into a sales and purchase agreement to acquire 100% of the issued and paid-up share capital of Diamond Avenue Investments Limited. This acquisition will enable the Group to proceed with its plans to capitalise on the growth opportunities presented by PRC's growing bridal jewellery market, one of the world's largest consumer markets.

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.

No 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 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)	
	FY2017 S\$’000	FY2016 S\$’000
Purchases of products Moneymax Financial Services Ltd. and its subsidiaries (the “MoneyMax Group”)	65	5
Sales of products MoneyMax Group	394	491
Soo Kee Capital Pte Ltd	-	879
Sales of fixed assets MoneyMax Group	7	-
Central support services MoneyMax Group	199	199
Rental income MoneyMax Group	230	192
Rental expense Lim Yong Guan	324	324
	1,219	2,090

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

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

FY2017

	<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	126,464	105,476	-	231,940
Inter-segment revenues	36,878	11,905	(48,783)	-
Total revenue	163,342	117,381	(48,783)	231,940
Results				
Segment results	10,079	(322)	-	9,757
Finance costs	(1,568)	-	-	(1,568)
Profit before tax	8,511	(322)	-	8,189
Income tax expense	(887)	-	-	(887)
Profit net of tax	7,624	(322)	-	7,302
Segment assets	210,272	19,919	(89,507)	140,684
Segment liabilities	134,221	19,187	(71,148)	82,260
Capital expenditure	3,882	31	-	3,913
Depreciation and amortisation	3,944	108	-	4,052
Inventories write down	-	-	-	-
Plant and equipment written off	157	-	-	157

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

(b) Geographical Segment Information
Revenue

	Group		
	FY2017 S\$'000	FY2016 S\$'000	Change %
Singapore	212,280	159,765	32.9
Malaysia	19,660	17,025	15.5
Total	231,940	176,790	31.2

Non-current assets

	Group		
	As at 31 December 2017 S\$'000	As at 31 December 2016 S\$'000	Change %
Singapore	37,928	38,932	(2.6)
Malaysia	838	703	19.2
Total	38,766	39,635	(2.2)

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.

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		
	FY2017 S\$'000	FY2016 S\$'000	Change %
Sales reported for first half year	79,095	72,266	9.4
Operating profit after reported for first half year	2,163	3,152	(31.4)
Sales reported for the second half year	152,845	104,524	46.2
Operating profit after tax reported for second half year	5,139	3,316	55.0

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

	COMPANY	
	FY2017 ⁽²⁾ S\$'000	FY2016 ⁽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 FY2016 was paid on 18 May 2017.
- (2) The proposed final tax exempt one-tier dividend of 0.50 Singapore cents per share for FY2017 was calculated based on the number of issued ordinary shares as at 31 December 2017, 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
Ms. Lau Wan Kei, Angelina	35	Daughter of Mdm. Lim Liang Eng, and niece of Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng.	<p>General Manager, Singapore Operations since 2010.</p> <p>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.</p>	NA
Mr. Wong Jak	64	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.	<p>General Manager, Malaysia Operations since 2002.</p> <p>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.</p>	NA
Mdm. Lim Liang Cheng	53	Sister of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, and the spouse of Mr. Wong Jak.	<p>Area Manager, Malaysia Operations since 2002.</p> <p>In charge of the day-to-day running of the Group's retail operations in Malaysia.</p>	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

28 February 2018

*This announcement has been prepared by Soo Kee Group Ltd. (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (“**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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